No.0470 - 2023: Fifth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Tuesday, 05 December 2023

# **ANNOUNCEMENTS**

none

# **TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Standing Committee on Public Accounts, Hon. S Khanyile, tabled the Committee’s Oversight Report on the Report of the Auditor-General of South Africa to the Gauteng Provincial Legislature on Financial Statements of the Department of Community Safety for year ended 31 March 2023, as attached:**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS OVERSIGHT REPORT ON THE REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 10: GAUTENG DEPARTMENT OF COMMUNITY SAFETY FOR THE YEAR ENDED 31 MARCH 2023**

**30 NOVEMBER 2023**

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**Acronyms**

AGSA Auditor-General of South Africa

AARTO Administrative Adjudication of Road Traffic Offences Act

CFO Chief Financial Officer

CPR Community Police Relations

DAC Departmental Acquisition Committee

EMT Executive Management Team

GAS Gauteng Audit Services

GBV Gender-Based Violence

GPL Gauteng Provincial Legislature

GPG Gauteng Provincial Government

HR Human Resource

LEA Law Enforcement Agency

MEC Member of the Executive Council

M&E Monitoring and Evaluation

MANCOM Management Committee

MMS Middle Management Service

NGOs Non-Governmental Organisations

PFMA Public Finance Management Act

RTMC The Road Traffic Management Corporation

SCOPA Standing Committee on Public Accounts

SITA State Information Technology Agency

SLA Service Level Agreement

SMS Senior Management Service

SOP Standard Operating Procedures

TR Treasury Regulations

VECs Victim Empowerment Centres

1. **INTRODUCTION**

The Standing Committee on Public Accounts (SCOPA) has examined the Report of the Auditor-General of South Africa (AGSA) to the Gauteng Provincial Legislature (GPL) on the financial statements of Vote 10: Gauteng Department of Community Safety for the year ended 31 March 2022. This was done as per GPL Rule 178 (2).

The function of SCOPA is to examine the financial statements of the Legislature, all executive organs of the province and other provincial organs of state, including any reports issued by the AGSA on the affairs of GPL, Office of Premier (OoP) and the Departments & Entities of Gauteng Provincial Government (GPG). SCOPA is required to do this on behalf of the Legislature, to ensure accountable utilization of resources and prudent financial management, and to make recommendations to the Legislature.

In the process of examining the financial statements and reports of an organ of state, SCOPA must ensure that they comply with of the Constitution of RSA, the Public Financial Management Act, and the requirements of the Public Audit Act No 5 of 2018. SCOPA must also consider the previous statements and reports of such an organ and report on the degree to which shortcomings have been rectified as required by GPL Rule 178 (3).

1. **PROCESS FOLLOWED**

The Report of the AGSA on the financial statements of the Gauteng Department of Community Safety for the year ended 31 March 2023, was tabled together with its 2022/23 Annual Report on 31 August 2023. This was done in terms of Sections 188(1) and (2) of the Constitution of the Republic of South Africa, (Act No. 108 of 1996), read with Sections 4, 20, and 21 of the Public Audit Act No 5 of 2018.

The report was referred by the Speaker to SCOPA on 31 August 2023 for consideration, as per Rule 149 read with Rule 233 of the Standing Rules of the GPL.

The Committee analysed the report and produced preliminary questions which were sent to the Gauteng Department of Community Safety for responses by 10 November 2023. The Gauteng Department of Community Safety submitted its responses to the preliminary questions on the stipulated time.

On Thursday, 26 October 2023, the Committee was briefed by the Auditor-General of South Africa on the audit outcome of the Gauteng Department of Community Safety.

In the process of SCOPA considering the reports of the AGSA, the following reports were received from the Stakeholders of the Committee on 19 October 2023:

* The report by the Office of the Premier on the Gauteng Forensic Unit report on progress made on special focus cases and investigations referred by Departments;
* The report by the MEC for Finance on the Assessment of consolidated AFS and consolidated Audit Outcomes;
* The report by the Office of the Public Service Commission in Gauteng on GPG Departments Public Administration Practices; and
* The report by the Gauteng Office of the Public Protector on Investigations related to Gauteng for the period 2022/23 and outstanding for prior years.

In examining the report and responses by the Gauteng Department of Community Safety the Committee resolved not to conduct a public hearing with the Department.

On Friday, 30 November 2023, the Standing Committee on Public Accounts (SCOPA) considered and adopted its Oversight Report on the report of the Auditor-General of South Africa for the Gauteng Department of Community Safety, for the year ended 31 March 2023.

1. **FINDINGS BY THE AGSA ON THE REPORT**
   1. **Audit Opinion**

The Auditor-General of South Africa issued an unqualified audit opinion with findings on the financial statements of the Gauteng Department of Community Safety.

This is an unchanged audit opinion compared to that which it received in the previous two financial years (2021/22 and 2020/21).

* 1. **Emphasis of Matters**

Emphasis of matters were raised on the following:

* Material impairment
* Material uncertainty relating to contingent liabilities
  1. **Audit Findings**

The AGSA did not identify any findings or significant deficiencies in the following areas of the audit.

* Audit of annual performance report, Programme 2 - Provincial Secretariat

There were however findings or significant deficiencies raised on the following, which will be discussed in detail in this report.

* Audit of compliance with legislation
* Audit of internal controls

1. **COMMITTEE FINDINGS AND CONCLUSIONS ON THE FINDINGS BY AGSA**

As reported earlier, the Committee engaged the Gauteng Department of Community Safety through preliminary questions which were generated during the analysis of the report of the Auditor-General of South Africa. The Committee has analysed the responses by the Gauteng Department of Community Safety and has determined as indicated in this section on areas of findings.

* 1. **MATERIAL IMPAIRMENTS**
     1. **Finding by the AGSA**

The AGSA reported that the department incurred material impairments of   
R654 258 000 as a result of the impairment of accrued departmental revenue. In addition, as disclosed in note 20.1 to the financial statements, the department wrote off or reversed accrued departmental revenue amounting to R4 225 000.

* + 1. **Committee findings**

The Committee noted that the total impairment amount of R654 258 000 comprises the AARTO fines which amounted to R522 806 000 and J534 fines which amounted to R131 452 000.

The department reported that its policy on impairment is to use the discounting method, this method involves calculating the value of the future economic benefits, and the difference between the present value and the current year's balance represents the impairment.

* 1. **MATERIAL UNCERTAINTY RELATING TO CONTINGENT LIABILITIES**
     1. **Finding by the AGSA**

The AGSA reported that the department is the defendant in various lawsuits and labour disputes amounting to R105 018 000. The outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

* + 1. **Committee findings**

The Committee noted that the department has developed and implemented the following plan to minimise litigations:

* Conduct regular awareness sessions on Litigations, the Firearms Control Act, the Departmental Loss Control Policy, Private defense, and the conducting of lawful arrests. These sessions assist officials to ensure that they perform their duties within the legal proscripts;
* Conducted 7 (Seven) awareness sessions which covered the Northern and Southern corridor as of 30 September 2023. In the remaining quarters of this financial year (2023/24), the department intends to cover the remaining corridors which are the Central, Eastern, and Western corridors;
* Upon receipt of Letters of Demand and Summons, conducts merit assessments to measure the strength of the department’s case against the allegations contained in the letter of demand and Summons; and
* In responding to motor vehicle accidents, it is implementing the Departmental Loss Control Policy, wherein accidents of loss or damage to state property are reported to the department. The departments investigate these accidents for the purposes of recoveries where employees are found to have been negligent in loosing or damaging state property.
  1. **IRREGULAR EXPENDITURE**
     1. **Finding by the AGSA**

The AGSA reported that the irregular expenditure incurred in the current year was still under investigation to determine the extent.

**4.3.2 Committee finding**

The Committee noted that the department had not reported the Irregular expenditure for the 2022/2023 Financial Year. During the audit however, the AGSA identified the participation by the Department in the RT57 2019 Transversal Contract for the purchase of motor vehicles for the crime prevention which happened to be irregular.

This has also led to AGSA finding that the participation by the department in some of the contracts was not approved by other Organs of State in accordance with Treasury regulation 16A6.5, and in a RT57 contract for the procurement of Motor vehicles as per Treasury regulation 16A6.5 this non-compliance was identified in the procurement processes for the vehicles of elevated priorities.

Furthermore, AGSA reported that management did not review and monitor compliance and there was non-compliance relating to supply chain management identified.

The Committee has noted the department’s report that it was in the process of assessing the extent of the irregular expenditure and that this process will also assist the Department to determine whether management did not review and monitor compliance to supply chain management.

1. **CULTURE SHIFT TO SUSTAIN AUDIT OUTCOMES AND SERVICE DELIVERY**

The Committees noted the following with which the AGSA has also concurred:

* The department must implement and monitor audit action plans to prevent repeat non-compliance findings.

1. **COMMITTEE CONCERNS**

6.1 The Committee is concerned that the department has not completed the implementation of its plan to minimise litigations.

6.2 The Committee is concerned that where the department has implemented the plan to minimise the litigations there are areas where it has not been able to bear the required results.

6.3 The Committee is concerned with the period it is taking for the department to assess the extent of the irregular expenditure resulting from its participation in an RT57 Transversal Contract for the purchase of motor vehicles for crime prevention which was identified by AGSA.

1. **COMMITTEE RECOMMENDATIONS**

7.1 That the Department must investigate the revision of its impairment policy to minimise the difference between the present value of the future economic benefits and the current year's balance and submit the report by 30 April 2024.

7.2 That the department must provide the committee with the progress report detailing the effectiveness of the methods of its impairment policy by 30 April 2024.

7.3 That the department must establish mechanisms to assess the impact of the measures put in place to minimize contingent liabilities and provide the Committee with a quarterly progress report by 30 April 2024 continuing until June 2024.

7.4 That the Department must report on the progress of its plan to minimise litigations in the remaining areas of focus to the Committee by 30 April 2024.

7.5 That the department must accelerate its analysis of the extent of irregular expenditure for the 2022/2023 F/Y which was identified by the AGSA and provide the Committee with the outcomes of the analysis and measures taken in the case where non-compliance with Supply Chain Management would be found by 30 April 2024.

7.6 That the department must develop and implement adequate mechanisms and systems of internal controls to verify the completeness and accuracy of reported performance indicator, number of GBVF victims receiving support and provide the committee with a progress report by 30 April 2024.

7.7 That the Department must submit its plan to improve its audit outcome which must include its assessment of the impact of the plan in its financial management for the first three quarters of the 2023/2024 F/Y by 30 April 2024.

1. **CONCLUSION**

In conclusion, the Committee managed to establish the issues that contributed to the Auditor-General of South Africa issuing an unqualified audit opinion on the financial statements of the Gauteng Department of Community Safety on issues raised under emphasis of matters.

1. **ACKNOWLEDGEMENTS**

I would like to thank the following Members: MJ Kanyane; RJ Kekana; BP Mncube; MJ Modise; DP Malema; A De Lange; P Atkinson; AW Cilliers; and P Mdlankomo for their diligent deliberations during this process.

I would also like to express my appreciation to the MEC of Finance, J Mamabolo and officials of the Gauteng Provincial Treasury; the Gauteng Business Unit Leader of the Office of Auditor-General South Africa (AGSA), Mr. Dumisani Cebekhulu and his team; Group Committee Co-ordinator, Monica Vaas for tabling the report; Senior Committee Co-ordinators, Simon Magolego, and Mompati Gaonnwe; Committee Co-ordinator, Catherine Thobejane; Committee Researchers, Bongi Dlamini and Lerato Mofokeng; Administrative Assistants, Sizakele Mthembu Media Officer, Pfano Bulasigobo; Senior Information Officer, Jacky Letsoalo; Legal & Procedural Advisor, Winnie Ngubane; Service Officer, Lithemba Simon, PPP Lerato Bodman and the Hansard Operator, Sylvester Baloyi without whom this process would not have been successfully completed.

1. **ADOPTION OF THE REPORT**

After due deliberations, the Standing Committee on Public Accounts (SCOPA) unanimously adopted its report on the Report of the Auditor-General of South Africa to the Gauteng Provincial Legislature on the financial statements of Gauteng Department of Community Safety for the year ended 31 March 2023.

In terms of Standing Rule 117 (2)(c) read together with Rule 164, the Committee presents to this House the above-mentioned report for consideration and adoption.

**Mr Sochayile Khanyile, MPL**

**Chairperson: Standing Committee on Public Accounts**