

PART C:



GOVERNANCE

1. Introduction

This part of the report deals with governance within the Department. It discusses governance structures put in place by the Department to ensure that state resources are utilised effectively, efficiently and economically.

2. Risk Management

Risk Management Policy, Strategy and Assessment

- LDOE does have a Risk management Strategy that is been reviewed annually
- The Department conducts Strategic and Operational risk assessment on an annual basis. Top ten risk are been lifted from the main risk register. Mitigation strategies are been developed in order to mitigate the risks identified
- The Department also identifies emerging risks and are reported to Risks Management and Audit Committee on a quarterly basis.

Risk Management Committee

- Department has established Risk Management Committee and its members have been appointed in writing.
- The Committee provides advisory role to the Accounting Officer on the effectiveness of Risk Management processes within the Department
- The Committee seats on a quarterly basis as prescribed by the terms of reference.

Audit Committee

- The Audit Committee has been established in terms of PFMA S77
- It consists of four (04) independent members who are not in the employ of Government.

- The Committee gets appointed by Provincial Treasury its functions are a shared service under Cluster 1
- The Committee seats on a quarterly basis and they provide independent assurance to the Accounting Officer on the effectiveness of the Risk Management processes within the Department and also monitors the progress on the implementations of the recommendations made during its meeting

Risk Management Monitoring

- The Department monitor the risk mitigation through Risk Management Unit by using the prescribed template
- The Department report the progress made to the Audit Committee

3. Fraud And Corruption

- **Description of the department's fraud prevention plan**

The fraud prevention plan is an integral part of fraud risk management and intends to create awareness to all employees within the Department on detection, prevention, and management of fraud.

- **Progress made in implementing the fraud prevention plan**

29 cases were reported in 2014 and in 2015, 14 cases were reported including 07 from the Public service Commission which gives a tremendous positive impact in implementing the fraud prevention plan

The directorate has fraud prevention plan which includes awareness campaigns Mechanism are in place to report fraud and corruption and how these operate.eg. Whistle blowing – the need for officials to make confidential disclosure about suspect fraud and corruption

- **Mechanisms in place to report fraud and corruption**

- Presidential Hot-line number
- Premier's hot-line
- Office of the MEC of the Executive Council (MEC)
- Head of the Department (HOD)
- Public Service Commission (PSC)
- National Anti-Corruption Hotline (NACH)
- Personal visit to the Office of the Senior Manager

- **How these operate**

A reported complaint will be registered in the Departmental case Register and allocated a case number which commences with EDU, number, month and a year in which the case was reported and thereafter investigation process follow:

Whistleblowing activities are based on the following principles

- Confidentiality
- Prohibition of retaliation
- Seriousness of false allegations

- **Action taken**

After completed investigation, the investigator compiles a report based on the finding and recommendation

Reports are submitted to the HOD for approval and further implementation of the recommendations

4. Minimising Conflict of Interest

All SMS Members have submitted their Financial Disclosures as required by the Public Regulations and other related prescripts. Road shows were conducted to educate all employees regarding Remunerative Work Outside the Public Service (RWOPS). No cases of conflict of interest were identified during the year under review.

5. Code Of Conduct

All employees have received and signed the Public Service Code of Conduct. In events where there were cases of breach of the Code of Conduct, disciplinary actions were instituted against them.

6. Health Safety And Environmental Issues

The Department has appointed Health and Safety Committees in line with Section 16(2) of the Occupational Health and Safety Act No. 85, 1993. All reported cases of Injuries and Diseases on Duty have been supported.

It should be noted that most of our buildings do not comply with safety regulations of the Occupational Health and Safety Act No. 85, 1993. The Department has prioritised the provision of water and sanitation services in schools and renovation of office accommodation and school buildings, in order to address some of these challenges.

7. Portfolio Committees

Date of the Meeting	Matters raised by the Portfolio Committee	How has the department addressed these matters
21 August 2014	<ul style="list-style-type: none"> - Late payment of School funding Norms and standards - Merging of schools - APP aligned to the Premiers pronouncements of 80% Matric pass rate - Learners without scholar transport 	<ul style="list-style-type: none"> -All schools received their transfers on school funding Norms and Standards -The 2014/15 APP has been aligned to the Premier's pronouncement of 80% -The Department is engaging new service provider to transport learners on a contract basis until the new model is in operation
20 November 2014	Report on state of readiness for	
02 December 2014	<ul style="list-style-type: none"> - Plan to improve learner performance in Maths and Science - The Committee requested a baseline report on Section 100 (1)(b) 	<ul style="list-style-type: none"> - Department has established MASTEC to re-train Maths and Science educators on content and methodology. - The Administrator was unable to provide the Committee with the report and has since referred the matter to the Minister of Basic Education
09 December 2014	<ul style="list-style-type: none"> - Department should engage AG on Interim Audit - Conditions for ECD practitioners 	<ul style="list-style-type: none"> - Department is holding weekly meeting with AG to discuss Interim Audit - The Department is training ECD Practitioners and pays them a stipend for 12 months as part of job creation
13 March 2015	<ul style="list-style-type: none"> - Payment of AET educators 	<ul style="list-style-type: none"> - The Administrator, after extensive

Date of the Meeting	Matters raised by the Portfolio Committee	How has the department addressed these matters
	<ul style="list-style-type: none"> - Measure to deal with under-performing schools 	<p>representations, consultations and persuasion by SADTU and the representatives of the educators in the sector, approved that all AET educators be paid through the PERSAL system. The implications of this move were made known to all and sundry.</p> <ul style="list-style-type: none"> - The Department is conducting Grade 12 Matric Analysis roadshow which includes the population of the strategy to deal with under performing schools. Small schools that performed at 0% are merged to share the resources.

8. SCOPA RESOLUTIONS

The Department has not as yet received SCOPA resolutions for the 2012/13 and 2013/14 financial years. The Provincial Treasury has done an assessment of how the Department has attended to the previous SCOPA resolutions. That assessment is indicated in the table below:

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
SCOPA resolutions - 2011/12				
1	<p>The Committee recommended that the MEC must institute an investigation on why officials did not submit adequate and appropriate documentations during the time of the audit to support the completeness, accuracy and valuation of assets. The Committee further recommended that the MEC must take appropriate action against the Accounting Officer as required by PFMA. The Accounting Officer must also take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must conduct proper management of assets as required by PFMA, including the development of credible and reliable asset management register, and filing and record management system. It is further recommended that the Accounting Officer must also develop a system to properly record, reconcile and verify assets. The Accounting Officer must also implement proper control systems to safeguard and maintain assets of the department.</p>	<p>They were advised to take action against the responsible officials as per the SCOPA resolution.</p> <p>The department was once again advised to develop a credible and reliable asset register by seeking the assistance of Provincial Treasury as well as other provincial departments which do not have challenges with their asset registers.</p>	<p>The department is still having some challenges with regard to their assets and they were advised to come up with a strategy that will assist in resolving them.</p> <p>Regarding the action against the responsible officials the Accounting Officer has been suspended and action was also taken against the other official but he has since retired.</p> <p>During the follow up meeting it was indicated that Provincial Treasury is assisting them with the movable assets.</p> <p>Partially implemented.</p>	Not resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
2	<p>The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop an effective system of control over receivables for departmental revenue for proper allocation of receivables, reconciliation of debtors and charging of interests. It is further recommended that the Accounting Officer must develop a plan to effectively collect debts before they are written-off.</p>	<p>They were advised to take action against the responsible officials, including the development of plan to effectively collect debts before they are written-off as per the resolution of SCOPA.</p> <p>The department indicated that action was taken against the GM: Financial administration but they were advised to provide proof to this effect.</p> <p>The department was strongly advised to speed up this process since it is long overdue</p>	<p>They indicated that PWC has been appointed to assist to resolve these issues.</p> <p>To do the follow up on the matter regarding the action taken against the GM: Financial administration.</p> <p>The matter is still pending but the progress will be provided.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Not implemented</p>	<p>Not resolved</p>
3	<p>The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. It is further recommended that the Accounting Officer must develop a proper and reliable record management system, and a system to properly record and reconcile expenditures.</p>	<p>They were advised to take action against the responsible officials as well as to develop a proper and reliable record management system, and a system to properly record and reconcile expenditures.</p> <p>The department was strongly advised to speed up this process since it is long overdue.</p>	<p>To do the follow up on the progress made regarding the action taken against the eight (8) district officials and the Mopani DSM.</p> <p>Records management policy had been developed and approved.</p> <p>Copies of the letters regarding the action taken against the eight (8) district officials and the Mopani DSM to be provided before the end of September 2014.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Partially implemented</p>	<p>Not resolved</p>

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
4	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop a reliable record management system for easy recording and retrieval of documents. It is further recommended that the Accounting Officer must ensure that overpayments to service providers must be recovered with immediate effect.	They were advised to take action against the responsible officials and to ensure that overpayments to service providers must be recovered with immediate effect. It was indicated that the overpayments have been recovered but they were advised to provide proof to this effect. The department was strongly advised to speed up this process since it is long overdue.	To do the follow up on the progress made regarding the matter and to provide proof that the overpayments were indeed recovered. Still in the process of doing the follow up regarding the above matter. Nothing was provided during the meeting. Not implemented	Not resolved
5	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop effective internal control systems for proper classification of expenditures and record management system.	The department was advised to take action against the responsible officials and also to develop effective internal control systems for proper classification of expenditures and record management system.	The department that the development of effective internal control systems for proper classification of expenditures and record management system has been done. Regarding the action against the responsible officials they indicated that no action could be taken because all documents were with Section 100 (1) (b) Forensic Investigation Team. Fully implemented	Resolved
6	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop credible and reliable systems of control over commitments in order to properly identify, classify and recognise all commitments. It is further recommended that the Accounting Officer must develop a credible record and filing management system.	The department was advised to take action against the responsible officials as well as developing credible and reliable systems of control over commitments in order to properly identify, classify and recognise all commitments.	Regarding the action against the responsible officials they indicated that no action could be taken because all documents were with Section 100 (1) (b) Forensic Investigation Team. Each Cost Centre keeps a register for all orders and that EFMS is used for all infrastructure projects. Fully implemented	Resolved
7	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop credible and reliable systems of control over accruals in order to properly identify and recognise accruals. It is further recommended that the Accounting Officer must develop a credible record and filing	The department was advised to take action against the responsible officials, including the development of credible and reliable systems of control over accruals in order to properly identify and recognise accruals. The department indicated that action was taken against the GM: Financial	They have indicated that there is improvement on the management of accruals since they the PWC left. To do the follow up on the matter regarding the action taken against the GM: Financial administration. The Acting Head of Department to be approached	Not resolved

No.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	management system. The Accounting Officer must also develop an effective system to ensure that payments due to service providers are settled within 30 days of receipt of invoice.	administration but they were advised to provide proof to this effect. The department was strongly advised to speed up this process since it is long overdue.	regarding the matter. Partially implemented	
8	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop credible and reliable systems of control over contingent liabilities. It is further recommended that the Accounting Officer must develop a credible record and filing management system.	The department was advised to take action against the responsible officials, including the development of credible and reliable systems of control over contingent liabilities. The department indicated that action was taken against the SM: Legal Services who has since resigned but they were advised to provide proof to this effect.	Records management policy had been developed and approved. Proof has been provided by the department that a credible and reliable system of control over contingent liabilities has been developed. Fully implemented	Resolved
9	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must establish a credible and reliable record management system.	The department was advised to take action against the responsible officials and that credible and reliable record management systems should be established. The department indicated that action could not be taken against the responsible officials because the information was rejected by the AG; hence they were requested to provide the explanations why the information was rejected by the AG.	The record management strategy and action plan have been developed and implemented. To investigate why the information was rejected by the Auditor General. The information was rejected by the AG because it was submitted late and we therefore agreed that the resolution should be closed, but the department was warned not to repeat the same mistake again. Fully implemented	Resolved
10	The Committee recommended that the MEC must institute an investigation on why the department is incurring irregular expenditures and take appropriate action to address such anomaly. The Committee recommended that the Accounting Officer must provide a detail breakdown of irregular expenditure incurred. The Committee further recommended that the MEC must take action against the Accounting Officer for failure to include details of irregular expenditure in the financial statements. The Committee	However, the department was advised to take effective steps to detect and prevent irregular expenditure and also develop and implement systems and procedures to ensure that all officials comply with procurement and contract management.	No action has been taken against the responsible officials as they have resigned from the public service and the Accounting Officer has been suspended. Section 100 (1)(b) has established an invoice verification unit that checks all invoices received for compliance before payments can be effected. To investigate the other issues so that progress can be provided.	Not resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	recommended that Accounting Officer must take appropriate action against the responsible officials, including the recovery of irregular expenditure which cannot be condoned as required by Treasury Regulation. The Committee further recommended that the Accounting Officer must take effective steps to detect and prevent irregular expenditure and also develop and implement systems and procedures to ensure that all officials comply with procurement and contract management rules and regulations.		To do the follow up with the relevant officials. Nothing was reported during the meeting. Partially implemented	
1 1	The Committee recommended that the MEC must take appropriate action against the Accounting Officer for failing to include material fruitless and wasteful expenditure in the financial statements. The Committee further recommended that the Accounting Officer must also take appropriate action against the responsible officials. The Accounting Officer must also take effective and appropriate steps to detect and prevent wasteful and fruitless expenditures. It is further recommended that the Accounting Officer must take appropriate steps to recover fruitless and wasteful expenditure amounting to R95 954 191 by 30 November 2013. The Accounting Officer must provide a quarterly progress report on the recovery of fruitless and wasteful expenditure.	They were advised to take action against the responsible officials and to ensure that appropriate steps are being taken to recover fruitless and wasteful expenditure in order to comply with the resolution.	The Accounting officer has been suspended. To do the follow up on other issues in order to provide the progress report. The Acting Head of Department to be approached regarding the matter. Partially implemented	Not resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
1 2	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials found guilty of negligence and non-compliance with rules and regulations. The Committee further recommended that the Accounting Officer must establish mechanisms and systems to control and manage lawsuits and also report the outcomes of the pending lawsuits.	<p>They were advised to take action against the responsible officials and that the Accounting Officer to establish mechanisms and systems to control and manage lawsuits and also report the outcomes of the pending lawsuits.</p> <p>The department indicated that action was taken against the responsible officials but they were advised to provide proof to this effect.</p> <p>The department was strongly advised to speed up this process since it is long overdue.</p> <p>The department was strongly advised to speed up this process since it is long overdue.</p>	<p>To do the follow up on other issues and to provide proof that action was taken against the responsible officials.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Not implemented</p>	Not resolved
1 3	The Committee recommended that the Accounting Officer must properly train officials dealing with assets management in order to properly classify assets.	They were advised to comply with the resolution by properly training officials dealing with assets management in order to correctly classify assets.	<p>Officials have been trained on the framework which includes disclosure of assets.</p> <p>Fully implemented</p>	Resolved
1 4	The Committee recommended that the Accounting Officer must strengthen their internal control system in order to ensure that all debts are identified and collected before they are written-off. The Committee further recommended that the Accounting Officer must ensure that staff debt is automatically recovered using the PERSAL system.	They were advised to comply with the resolution by strengthening their internal control system in order to ensure that all debts are identified and collected before they are written-off.	<p>Debts are recovered through Persal deductions.</p> <p>Persal reports were produced to show that debts are being recovered through the system.</p> <p>Fully implemented</p>	Resolved
1 5	The Committee recommended that the Accounting Officer must develop plan to effectively utilise its budget.	<p>The department was advised to develop a plan to effectively utilise its budget as per the resolution.</p> <p>Budget committee meetings are held monthly to discuss and analyse the spending trends as part of the IYM, hence they were requested to provide minutes of such meetings.</p>	<p>The IYM report was provided but minutes for the monthly meetings were still outstanding and they promised to provide them.</p> <p>Minutes were provided by the department to indicate that meetings are being held to discuss their budget and other related issues.</p> <p>Fully implemented</p>	Resolved
1 6	The Committee recommended that unauthorised expenditure incurred due to underfunding of conditional grants under Programme 5 (R5, 021 million), and budget constraints for	They were advised to take action against the responsible officials as per the resolution and the issue of the Unauthorised expenditure has	The issue of unauthorized expenditure has been resolved and the Bill was passed by the Legislature.	Resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	transfers and subsidies for norms and standards funding to schools under Programme 2 (R127, 957 million) be approved with funding. The Committee further recommended that unauthorised expenditure for compensation of employees under Programme 1 (R28, 839 million) and Programme 6 (R13, 395 million) be approved without funding and that the Accounting Officer must take appropriate action against the responsible officials.	been approved by the Legislature by passing the Bill.	Fully implemented	
17	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop processes and systems to verify performance information in-line with the requirement of the National Treasury Framework for Managing Programme Performance Information (FMPPPI). It is further recommended that the Accounting Officer must adequately review performance information.	They were advised to take action against the responsible officials and that the Accounting Officer must develop processes and systems to verify performance information in-line with the requirement of the National Treasury Framework for Managing Programme Performance Information (FMPPPI).	The department indicated that action could not be taken against the responsible officials because it was something beyond their control because of financial constraints. Fully implemented	Resolved
18	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must conduct proper planning in order to ensure that planned targets are achieved.	They were advised to take action against the responsible officials and to develop processes and systems to verify performance information in-line with the requirement of the National Treasury Framework for Managing Programme Performance Information (FMPPPI).	They have developed a turnaround strategy for all unachieved targets. No action could be taken against the responsible officials because they were having budget constraints to do some of the projects. Fully implemented	Resolved
19	The Committee recommended that the MEC must take appropriate action against the Accounting Officer for failing to provide the Legislature with the strategic plan or annual performance plan within the required period. The Committee further recommended that the MEC must take appropriate action against the Accounting Officer for failing to ensure that the department has an effective, efficient and transparent system of internal control regarding performance management.	They were advised to ensure that the department has an effective, efficient and transparent system of internal control regarding performance management.	The Accounting Officer has been suspended. The department has indicated that it has an effective, efficient and transparent system of internal control regarding performance management in place. Fully implemented	Resolved
20	The Committee recommended that the Accounting Officer must develop and implement appropriate and strict control measures in order to enforce spending within the available budget.	The department was advised to develop and implement appropriate and strict control measures in order to enforce spending within the available budget.	Summary of payments is approved by the Accounting officer before every run. The IYM report was provided but minutes for the monthly	Resolved

No.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
		Budget committee meetings are held monthly to discuss and analyse the spending trends as part of the IYM, hence they were requested to provide minutes of such meetings.	meetings were still outstanding and they promised to provide them. Minutes were provided by the department to indicate that meetings are being held to discuss their budget and other related issues. Fully implemented	
2 1	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must enhance their internal control systems regarding financial and performance management as required by PFMA. It is further recommended that the Accounting Officer must ensure that financial statements and performance information are adequately reviewed before they are submitted for auditing.	The department was advised to take action against the responsible officials as well as to ensure that financial statements and performance information are adequately reviewed before they are submitted for auditing. The department indicated that action was taken against the GM: Financial administration but they were advised to provide proof to this effect. The department was strongly advised to speed up this process since it is long overdue.	To do the follow up on the matter regarding the action taken against the GM: Financial administration. Procedure manual on the preparation of the financial statements has been developed and it was provided and that financial statements and performance information are adequately reviewed before they are submitted for auditing. The Acting Head of Department to be approached regarding the matter. Partially implemented	Not resolved
2 2	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop effective mechanisms to ensure that the implementation of HIV and Aids (life skills education) grant is adequately monitored. The Committee recommended that for effective implementation of the grant, the Accounting Officer must also develop a plan to provide appropriate support to districts and schools. The Accounting Officer must also develop an effective record management system for easy monitoring of the grant and to ensure that the grant is used for its intended objectives.	The department was advised to take action against the responsible officials as well as the development an effective record management system for easy monitoring of the grant and to ensure that the grant is used for its intended objectives. However, they were requested to provide a copy of the procurement plan.	A procurement plan in line with the approved budget is drawn at the beginning of the financial year and used as the blue print for all grant activities and a copy of the plan has been provided. Regarding the action against the responsible officials they were given verbal warnings. Fully implemented	Resolved
2 3	The Committee recommended that the Accounting Officer must develop mechanisms to monitor the implementation of National School Nutrition Programme grant. The Committee further recommended that the Accounting Officer must	They were advised to develop mechanisms to monitor the implementation of National School Nutrition Programme grant as per the resolution. They were requested to	Guidelines were developed and a copy has been provided. Fully implemented	Resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	ensure that schools comply with the requirements of the Division of Revenue Grant Framework, Gazette No. 34280 and take action against non-complying schools.	provide the copy of the guidelines developed		
2 4	The Committee recommended that the MEC must take action against the Accounting Officer for failure to provide sufficient and appropriate audit evidence on LTSM. The Accounting Officer must also take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop and implement an effective plan to ensure that LTSM are supplied to schools in time and that records are effectively managed. The Accounting Officer must also develop a plan outlining how the challenges on textbook delivery will be addressed in the future.	They were advised to take action against other responsible officials and also to develop and implement an effective plan to ensure that LTSM are supplied to schools in time and that records are effectively managed.	The Accounting Officer has been suspended. Regarding the action against the responsible officials they are still looking into the matter so that proper action can be taken. Documents are with GOBODO forensic auditors. Partially implemented	Not resolved
2 5	The Committee recommended that the Accounting Officer must develop an effective plan to ensure that spending on Compensation on Employees is adequately budgeted for. The Committee further recommended that the Accounting Officer must take appropriate steps to properly plan, estimate and budget allocation of funds to schools.	They were advised to take appropriate steps to properly plan, estimate and budget allocation of funds to schools.	It was indicated by the department that spending on Compensation on Employees is adequately budgeted for. The IYM report was provided and that they are having monthly meetings to discuss the budget and other related issues and minutes for the monthly meetings were provided. Fully implemented	Resolved
2 6	The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop mechanisms to ensure that schools adhere and fully comply with the requirements of the Division of Revenue Grant Framework, Gazette No.34280.	However, they were advised to comply with the resolution by taking action against the responsible officials.	It was indicated by the department that schools are fully complying with the requirements of the Division of Revenue Grant Framework. Regarding the action against the responsible officials they were given verbal warnings. Fully implemented	Resolved
2 7	The Committee recommended that the MEC must take appropriate action against the Accounting Officer as required by the PFMA. The Accounting Officer must provide a breakdown of all the transactions and take appropriate action against the responsible officials, including the recovery of money earned irregularly. The Committee further recommended that the Accounting Officer must develop measures and	They were advised to comply with the resolution by taking action against the responsible officials who did not comply with procurement and contract management rules and regulations, including the recovery of money earned irregularly. The department was strongly advised to speed up this	The Accounting officer has been suspended. Regarding the action against the responsible officials they are going provide a list of officials which they indicated that action was taken against them. Circular no.14 of 2012 was issued	Not resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	<p>procedures to ensure that officials comply with procurement and contract management rules and regulations. It is further recommended that the Accounting Officer must prevent employees from doing remunerative work without permission, and if found their businesses should be blacklisted.</p>	<p>process since it is long overdue.</p>	<p>to all Education staff regarding the procedure to be followed when performing remunerative work outside the employment in the Public service.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Partially implemented</p>	
2 8	<p>The Committee recommended that the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop systems and procedures in order to verify and certify that employees receiving payments are entitled to such payments. It is further recommended that the Accounting Officer must take appropriate steps to ensure that leave taken by employees are properly recorded and verified.</p>	<p>The department was advised to take action against the responsible officials, including the development of appropriate steps to ensure that leave taken by employees are properly recorded and verified.</p> <p>The department was strongly advised to speed up this process since it is long overdue.</p>	<p>The department to investigate the issue of leave management.</p> <p>Regarding the action against the responsible officials they are going provide a list of officials which they indicated that action was taken against them and copies of the letters to be provided during our next meeting.</p> <p>Procedure Manual for terminations has been developed and a copy was provided.</p> <p>To provide the leave management plan during our next meeting.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Partially implemented</p>	Not resolved
2 9	<p>The Committee recommended that the MEC must take action against the Accounting Officer. The Accounting Officer must also take action against the responsible officials. The Committee further recommended that the Accounting Officer must develop effective and reliable systems and procedures to ensure that payments due to creditors are settled within 30 days from receipt of an invoice. It is further recommended that the Accounting Officer must take effective and appropriate steps to detect and prevent unauthorised, irregular and fruitless and wasteful expenditures.</p>	<p>The department was advised to take action against the responsible officials, including the development of effective and reliable systems and procedures to ensure that payments due to creditors are settled within 30 days from receipt of an invoice.</p> <p>The department indicated that action was taken against the GM: Financial administration but they were advised to provide proof to this effect.</p> <p>The department was strongly advised to speed up this process since it is long overdue.</p>	<p>The Accounting officer has been suspended.</p> <p>Payments to creditors are being done on a monthly basis with the exception of invoices having some challenges.</p> <p>To do the follow up on the matter regarding the action taken against the GM: Financial administration.</p> <p>The Acting Head of Department to be approached regarding the matter.</p> <p>Partially implemented</p>	Not resolved
3	<p>The Committee recommended that</p>	<p>The department was advised</p>	<p>Summary of payments is</p>	Not

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
0	the Accounting Officer must take appropriate action against the responsible officials. The Committee further recommended that the Accounting Officer must develop strict measures to effectively utilize transfer of funds and also enforce compliance with the Division of Revenue Act framework.	to take action against the responsible officials and also to develop strict measures to effectively utilize transfer of funds and also enforce compliance with the Division of Revenue Act framework. The department was strongly advised to speed up this process since it is long overdue.	approved by the Accounting officer before every run. Regarding the action against the responsible officials they are going to provide reasons why action could not be taken. Procedure manual to be provided during our next meeting. The Acting Head of Department to be approached regarding the matter. Partially implemented	resolved
3 1	The Committee recommended that the MEC must take appropriate action against the Accounting Officer. The Accounting Officer must also take action against the responsible officials. The Committee further recommended that the Accounting Officer must develop and implement appropriate processes to provide for the identification, recording and reconciliation of revenue. It is further recommended that the Accounting Officer must take effective and appropriate steps to collect all money due to the department, and that the reasonable steps are taken to recover all debts before they are written-off.	The department was advised to take action against the responsible officials and also to develop and implement appropriate processes to provide for the identification, recording and reconciliation of revenue.	The department promised to provide report that revenue is being regularly collected. The Accounting officer has been suspended. Regarding the action against the responsible officials they are still looking into the matter so that proper action can be taken. Procedure manual to be provided during our next meeting. Nothing was provided during the meeting. Partially implemented	Not resolved
3 2	The Committee recommended that the MEC must institute a disciplinary hearing into the allegation of financial misconduct by the department officials. The Committee further recommended that the Accounting Officer must take appropriate action against officials found guilty for financial misconduct. A quarterly progress report on the investigation must be presented to the SCOPA and Portfolio Committee on Education.	The department was advised to <i>comply with the resolution by</i> instituting disciplinary hearings into the allegations of financial misconduct by the department officials. The department was strongly advised to speed up this process since it is long overdue.	The Accounting officer has been suspended. Regarding the action against the responsible officials they are still looking into the matter so that proper action can be taken. The Acting Head of Department to be approached regarding the matter. Partially implemented	Not resolved
3 3	The Committee recommended that the MEC must take appropriate action against the Accounting Officer for failure to review the annual performance report, and failure to adequately exercise oversight responsibility regarding financial and performance reporting and internal controls. The Committee further	The resolution has been fully implemented.	The Accounting officer has been suspended according to the information from the department. Fully implemented	Resolved

N o.	Challenges/Issues Discussed	Provincial Treasury advice	Recommended strategy/Way forward by department	Resolved or Not Resolved
	recommended that the Accounting Officer must develop a plan and mechanisms to effectively execute his/her responsibilities.			
3 4	The Committee recommended that the Accounting Officer must develop effective mechanisms to review and correct financial statements on monthly basis. The Committee further recommended that the Accounting Officer must take full responsibility in ensuring that the internal audit adequately performs its function.	The resolution has been fully implemented.	They indicated that effective mechanisms to review and correct financial statements are being done on a monthly basis. Fully implemented	Resolved
3 5	<i>The Committee recommended that the Accounting Officer must ensure that progress reports on the investigations be sent to SCOPA and the Portfolio Committee on Education. The Committee further recommended the Accounting Officer must ensure that final reports of these investigations are forwarded to SCOPA and the Portfolio Committee on Education.</i>	The department was advised to <i>comply with the resolution by sending the progress reports on the investigations to SCOPA and the Portfolio Committee on Education as soon as possible.</i>	To investigate progress made on all the investigations in the department. Some of the investigations have been finalized but they cannot be provided to Provincial Treasury due to their confidentialities. Partially implemented	Not resolved
3 6	The Committee recommended that the Accounting Officer must fully implement the recommendations provided in the performance audit report.	The department was advised to fully implement the recommendations provided for in the performance audit report.	They are still busy implementing the recommendations provided in the performance audit report. Partially implemented	Not resolved
3 7	The Committee recommended that the Accounting Officer must take appropriate steps against officials that did not perform during the year under review and must not get performance bonuses. It is further recommended that the Accounting Officer must take appropriate steps when awarding performance bonus to deserving officials.	The resolution has been fully implemented.	It was indicated by the department that senior management did not receive performance bonuses. Fully implemented	Resolved

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Include a discussion on mechanisms put in place by the Accounting Officer to resolve the matters reported by the AGSA in the previous financial year. This should include all matters in the audit report and those noted as important in the management report.

The discussion should be limited to all matters that gave rise to a qualification, disclaimer, adverse opinion and matters of non-compliance only. The department may include the information in a table as follows:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Immovable tangible capital assets <ul style="list-style-type: none"> - Insufficient audit evidence to support the disclosures in the AFS - Differences between the supporting documents and the underlying accounting records 	2008/2009	<ul style="list-style-type: none"> - The Department has engaged the CSIR to conduct a conditional assessment of all its immovable assets. This exercise will assist in placing a fair value on all those assets for which there are not supporting documents. - The Department started the process of reconstructing the asset register from the available records. The first phase of this entails obtaining supporting documents for all completed projects in order to transfer these to the Department of Public Works. Currently of the 2 505 completed projects supporting documents have been obtained for 1 444 projects which will be transferred to the Department of Public Works.
Movable tangible capital assets <ul style="list-style-type: none"> - Asset register did not have all mandatory information and assets could not be located at the locations as indicated by the Asset Register 	2008/2009	<ul style="list-style-type: none"> - The challenge with the maintenance of the asset register was the fact that it was excel based. The Department has installed the BAUD asset management system which will assist in asset verification. The results thereof will then be transferred to the excel asset register.
Expenditure for capital assets <ul style="list-style-type: none"> - Current expenditure was incorrectly classified as capital expenditure 	2012/13	The budget for current expenditure on capital assets has been provided for under current payments to ensure proper reporting and classification on all current expenditure
Commitments <ul style="list-style-type: none"> - No system in place to maintain records of contracts which resulted in misstatement of receivables 	2010/11	A contract management unit and register has been established and through the transversal contract arranged by Provincial Treasury the Department is busy updating its contract register and capacitating the officials in that unit
Receivables <ul style="list-style-type: none"> - No system in place to maintain records of receivables for overpayments in employee related costs and no supporting documents to support the amount disclosed as receivables in the Financial Statements 	2008/09	Receivables for which no supporting documents could be obtained have been written off. Training is being offered to the relevant officials to ensure that they are able to maintain the receivables.
Fruitless and wasteful expenditure <ul style="list-style-type: none"> - Particulars of fruitless and wasteful expenditure were not included in the AFS and there was no system in place to identify fruitless and wasteful expenditure 	2012/13	The Department is busy investigating all fruitless and wasteful expenditure to update its register accordingly. A register of all invoices is kept on which fruitless and wasteful expenditure must be recorded and used to update the fruitless and wasteful expenditure register
Transfer payments <ul style="list-style-type: none"> - There were duplicate transfer payments made to schools in terms of the transfer for norms and standards 	2012/13	The Department is busy investigating all transfers to schools for the year to identify all duplicate transfers made to schools. Any duplicate amounts will be recovered from future transfers to the particular schools.
Compensation of Employees <ul style="list-style-type: none"> - No supporting documents to support allowances paid to employees 	2013/14	The Department has embarked on an exercise to update all HR and Finance records. The exercise has been completed for Head Office in respect of HR records. It will be rolled out to the Districts during the 2015/16 financial year.
Employee benefits <ul style="list-style-type: none"> - There were high volumes of capped leave, negative capped leave and high volumes of leave captured late. 	2009/10	Capped leave is being re-audited at the time when an employee exits the employ of the Department before any leave gratuity can be paid out. Capturing of leave forms is being monitored to ensure that cases of late capturing are identified and appropriate corrective steps taken.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Accruals <ul style="list-style-type: none"> - The department did not accrue for payments made after year-end relating to goods received prior to year-end and for payments that was rejected during the year under review 	2013/14	All invoices are received centrally and a register kept thereof. This is used to disclose accruals at the end of the year.
Unauthorised expenditure <ul style="list-style-type: none"> - The department failed to derecognise unauthorised expenditure approved without funding by the legislature in the periods for which the approvals were effective, as assented to by the provincial legislature. 	2013/14	This was due to budgetary constraints. The Department is engaging the Provincial Treasury to assist with the overall budget challenges facing the Department.
Annual financial statements, performance and annual reports <ul style="list-style-type: none"> - Material misstatements identified in the Financial Statements were not corrected. 	2009/10	An audit file developed by the Provincial Treasury for all Departments is being used in preparing AFS which assist in ensuring that all relevant information together with the required supporting information is considered and appropriately accounted for. A team composed of officials from all units responsible for the compilation of financial statements is set up at the time when financial statements are compiled to ensure credibility of the Financial Statements
Asset management and liability management <ul style="list-style-type: none"> - No proper control systems to safeguard and maintain assets - The Department was committed to liabilities for which no money had been appropriated 	2009/10	The Department is implementing the BAUD system to account for and to facilitate the management of its movable tangible assets. The Department has trained its SCM officials to ensure that they fully implement the recently issued SCM instruction notes through which no order or commitment can be made unless a budget is available for this.
Budgets <ul style="list-style-type: none"> - No effective steps taken to prevent overspending of the budget 	2009/10	In Year Monitoring has been strengthened to ensure that budget pressures are identified and addressed in a timely manner.
Conditional grants received <ul style="list-style-type: none"> - Unspent conditional grants retained without the approval of National Treasury 	2012/13	Unspent conditional grants have been surrendered to Treasury at the end of the financial year.
Expenditure management <ul style="list-style-type: none"> - Contractual obligations not settled within 30 days - Steps not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure - Money spent without the approval of the accounting officer 	2009/10	<ul style="list-style-type: none"> - Register of all invoices is kept to monitor the ageing thereof and ensure that payments is made within the prescribed period and to identify challenges that need to be addressed - All invoices are checked by a team from the National Department of Basic Education to ensure compliance with all prescripts before payment can be made
Financial misconduct <ul style="list-style-type: none"> - Investigations were not conducted into all cases of financial misconduct 	2012/13	A register of all reported cases of financial misconduct is kept and investigations conducted on outstanding cases.
Human Resource Management <ul style="list-style-type: none"> - Payrolls were not certified by the responsible officials - Appointments made in posts that were not approved and funded - Employees acted in higher vacant posts for more than 12 months - Employees were appointed without following the proper processes of verifying claims in their application - No evidence that appointments were 	2009/10	HR systems were reviewed and the officials trained thereon to ensure compliance.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
made in posts that were advertised		
Procurement and contract management <ul style="list-style-type: none"> - Procurement made in contravention of SCM prescripts and no action taken against the responsible officials - Employees of the Department performed remunerative work without prior permission 	2009/10	<ul style="list-style-type: none"> - A checklist to guide officials to ensure that they comply with SCM prescripts has been developed and officials trained thereon - Disciplinary action has been taken against officials who did business without prior approval
Revenue management <ul style="list-style-type: none"> - Revenue due to the state was not collected timeously - Interest was not charged on debts 	2009/10	<ul style="list-style-type: none"> - The process to obtain supporting documents for all debts of the Department is underway which will assist in ensuring that confirmation of the debt is received from the responsible debtors and collections made - Interest will be charged for all debt except staff debtors.
Strategic planning and performance management <ul style="list-style-type: none"> - Strategic plan was not submit to the legislature at least 10 days prior to the discussion of the Department's budget - No system in place to monitor achievement of goals - No procedures for quarterly reporting to the executive authority - No system in place on how the Department's processes of performance monitoring measurement, review and reporting were conducted, organised and managed. 	2011/12	<ul style="list-style-type: none"> - A calendar of mandatory dates is in place to ensure that processes are undertaken timeously to ensure tabling of the strategic plan within the prescribed period. - Quarterly meetings are held where performance reporting is done and achievement of goals assessed. The executive authority is part of these meetings.
Service delivery <ul style="list-style-type: none"> - The HIV and AIDS (Life Skills) grants and the NSNP grant were not managed in terms of the DORA requirements 	2012/13	All reporting and compliance requirements of the grants have been complied with.
Transfer of funds and conditional grants <ul style="list-style-type: none"> - Funds were transferred to schools without submitting audited financial statements 	2012/13	Systems are in place to ensure that no transfers can be made to schools without submitting audited financial statements

10. INTERNAL CONTROL UNIT

An internal control unit has been established with the Finance branch. During the year under review the unit was responsible for coordinating all internal and external audit work and conducting verification of all invoices and travelling claims before they could be submitted for payment.

**REPORT OF THE AUDIT COMMITTEE ON
THE DEPARTMENT OF EDUCATION**

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee Structure

Limpopo has an Audit Committee which is two tiered consisting of 4 Cluster Audit Committees, dealing with specific departments, and a shared Central Audit Committee

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the Department.

The following internal audit work was completed during the year under review:

No.	Audit Project
1	Adult Education and Training
2	Asset Management
3	DoRA: Dinaledi Schools Grant
4	DoRA: Infrastructure Grant
5	DoRA: Life Skills and HIV/AIDS
6	DoRA: Technical Secondary School Recapitalisation
7	Early Childhood Development
8	Examination Management
9	Fleet Management
10	Governance Structures
11	Interim Financial Reporting
12	Internal Audit Follow-up
13	Learner Numbers
14	Learner Teacher Support Material
15	Leave Management
16	Management of Schools
17	National School Nutrition Programme
18	Norms and Standards
19	Payroll Management
20	Predetermined Objectives
21	Special Schools Admission

No.	Audit Project
22	Supply Chain Management
23	Transfer of Funds
24	Fraud and Prevention Plan and Anti-Corruption
25	IT governance phase 1 and BAS and PERSAL user account management
26	Travel Claims
27	Curriculum Implementation

The following were areas of concern:

- Continuous delays in providing management comments on audit projects;
- Unavailability of staff and unwillingness to provide documentation during audits as a result of poor records management remains a concern.
- Slow rate of clearing internal audit findings.

The Department's system of internal control failed to detect material misstatements in the financial statements in the following areas:

- Immovable and movable assets;
- Receivables;
- Unauthorised, Irregular and Fruitless and Wasteful expenditure;
- Related party transactions;
- Assets both immovable and movable;
- Contingent liabilities;
- Accruals and commitments;
- Employee benefits; and
- Employee related costs.

The Audit Committee raised the following concerns with Management during the period under review in quarterly audit committee reports for the Department to fully resolve all audit findings reduce and ultimately avoid negative audit findings from the Auditor-General:

1. The Department materially failed to report in line with the Accounting Officer's reporting framework as approved by the Audit Committee. On several occasions the meetings did not achieve the intended objectives as critical information was not provided by management resulting in the postponement of meetings.
2. The poor quality of the Audit Committee pack submitted to the AC was either for malicious compliance or the Department did not fully comprehend what was expected in the audit committee pack.
3. The critical areas identified by the Audit Committee for the financial year 2014/15 for close monitoring remained the same as the previous year (2013/14) due to failure by management to satisfactorily deal with prior year internal and external audit findings. The areas that require rigorous intervention by management and oversight structures are:
 - Budget Management
 - Asset Management
 - Records Management
 - Supply Chain Management
 - Leave management and termination of employees
 - Clearing and reconciling suspense and control accounts
 - Debt Management
 - Commitments and accruals
4. During the period under review the Audit Committee raised concerns on the Department's non-compliance with Laws and Regulations. In particular the area of Supply Chain Management was highly affected.
5. Management failed on three consecutive occasions during the financial year to respond to matters as raised by the Audit Committee and also to provide reports as requested by the Audit Committee from previous meetings. We are concerned at the manner and the rate at which Audit Committee activities are undermined and this makes it impossible for the committee to execute its responsibilities. It appears that the quarterly meetings are only held for compliance sake and not to improve the control environment.

We remain resolute that until such a time that management thoroughly attends to all findings and negative observations as reported by the Auditor General, Internal Audit, Audit Committee and other oversight structures the Department will remain in the same if not worst state for some time. The lack of consequence management on the part of management has also worsened the state of affairs in the Department. We still maintain that drastic interventions are required to improve the control environment in the Department and placing of right skills in the rightful positions.

In-Year Management and Monthly/Quarterly Report

The Department has been reporting monthly and quarterly to the Treasury as is required by the PFMA. However, the Audit Committee made the following observations:

- **Department had significantly projected to overspend on Cost of Employees (COE) and at year end the Department reported a significant under-spending on COE. This is indicative of poor expenditure and budget management in the Department.**
- **Suspense accounts were not cleared on a monthly basis**

Evaluation of Financial Statements

Year-end reporting is a very important milestone in the Provincial Calendar, as Accounting Officers have to ensure annual financial statements, performance information reports and Accounting Officers' reports are prepared for year-end audit. It is a further requirement that the Audit Committee must ensure quality review of these statements. The current state of affairs has made it impossible for the Audit Committee to fully discharge this obligation as required.

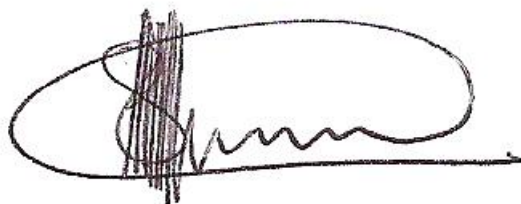
The annual financial statements were also not recommended for submission to the Auditor General for audit because the statements as presented to the Audit Committee were materially incomplete and short of critical notes and disclosures. The asset information and other areas that led to disclaimer audit opinion remained a concern to the Audit Committee as Management failed to satisfactorily and decisively deal with qualifications matters as reported previously by the Auditor General.

The Audit Committee did not recommend the annual report for audit as the major part of the report was incomplete. This is the second consecutive year that the Audit Committees did not recommend the annual report for audit - a matter for serious concern in the performance of the oversight function.

Auditor General's Report

On several occasions during the course of the year the Accounting Officer was urged to provide progress reports on the implementation plan of audit issues. Needless to say that during the year and at year end the Department failed to present the progress made in resolving audit issues as reported by the Auditor General.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Tebogo Collen Modipane CA (SA)
Chairperson of the Audit Committee
Department of Education
31 July 2015