

## **Report of the Auditor-General on a**

performance audit of entities that are  
connected with government employees  
and doing business with departments of  
the North West Provincial Administration

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# REPORT OF THE AUDITOR-GENERAL ON A PERFORMANCE AUDIT OF ENTITIES THAT ARE CONNECTED WITH GOVERNMENT EMPLOYEES AND DOING BUSINESS WITH DEPARTMENTS OF THE NORTH WEST PROVINCIAL ADMINISTRATION

## 1. EXECUTIVE SUMMARY

- 1.1 The Auditor-General issued a report to Parliament in January 2006 on the approval for government employees to perform other remunerative work and the disclosure of financial interests by ministers, deputy ministers and senior managers. This report indicated that designated employees (senior managers) and certain ministers failed to declare their interests and that the majority of government employees did not have approval to perform remunerative work outside their employment in government as prescribed by the relevant legislation and regulations.
- 1.2 Based on the above, a transversal performance audit was conducted on government employee-related entities doing business with national and provincial departments.
- 1.3 During the audit specific emphasis was placed on:
- 1.3.1 performance of remunerative work
  - 1.3.2 declaration of interest in standard bidding documentation (SBD)
  - 1.3.3 deviation from the supply chain management process.
- 1.4 The audit revealed, inter alia, the following:
- 1.4.1 The extent of business conducted by employee- or spouse-related companies in the North West Provincial Administration for the period 1 April 2004 to 31 March 2006 amounted to approximately R34 million. Although some of the departments are still determining whether employees, who are directors or members of companies and CCs that did business with departments of the North West Provincial Administration, had the necessary approval, the majority did not have approval to perform other remunerative work.
  - 1.4.2 Tenderers made misrepresentations by not declaring in the tender documentation that employees are related to the companies and CCs that are tendering.
  - 1.4.3 In certain instances provincial departments did not apply the prescripts of the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations for all procurement equal to or above R30 000 (VAT included).
  - 1.4.4 In some instances a conflict of interest existed as employees of a department signed service level agreements on behalf of the employee-related entities with the department.

- 1.5 There are inconsistencies between departments in rectifying the above shortcomings. In some instances departments charged employees with misconduct and discharged the employees or issued final warnings, while others indicated that disciplinary steps could not be taken as employees were not aware that they should have obtained approval to perform other remunerative work. A consistent approach, which includes awareness, training, disciplining and legal action as well as the blacklisting of entities, should be encouraged.
- 1.6 In response to the findings made by the Auditor-General, the Accountant-General, the Public Service Commission (PSC) and the Department of Public Service and Administration (DPSA) indicated that the current legislation and regulations would be reviewed and consideration would be given to amending them, if necessary, to limit and avoid the shortcomings identified in this report.

## **2. PURPOSE AND CONTENT OF THE REPORT**

- 2.1 A performance audit was conducted of entities that are connected with government employees and are doing business with departments of the North West Provincial Administration, as per section 188(4) of the Constitution of the Republic of South Africa, read in conjunction with sections 5(3) and 20(3) of the Public Audit Act, 2004 (Act No. 25 of 2004). The purpose of this report is to facilitate public accountability by bringing to the attention of the provincial legislature the findings of the performance audit.
- 2.2 Sufficient audit work was performed to provide substantiating audit evidence for the findings set out herein.
- 2.3 It is anticipated that this report, which reflects comments received from various departments, would give rise to corrective steps that would contribute constructively to the establishment and implementation of appropriate management measures and controls, and consequently to improve value for money.
- 2.4 The responsibility to institute these management measures rests with management. The primary objective of performance auditing is to confirm independently that these measures do exist and are effective, and to provide the executive and legislative bodies with findings and examples of the effects thereof, by means of a structured reporting process.

## **3. AUDIT SCOPE**

- 3.1 The performance audit focused on the following aspects:
- 3.1.1 Employees of the North West Provincial Administration who are directors or members of companies and CCs that did business with the departments where such employees work (annexure A has reference).

- 3.1.2 Transactions by employees' spouses who are directors or members of companies and CCs that did business with departments where the husband/wife is employed (annexure B has reference).
- 3.1.3 Employees of departments who are directors or members of companies and CCs that did business with other departments of the North West Provincial Administration (annexure C has reference).
- 3.2 The transactions included in this report cover the period 1 April 2004 to 31 March 2006 unless stated otherwise.
- 3.3 The scope was also limited to the procurement process up to approval of the payments and included determining whether employees who had an interest in the company or CC that rendered the service or supplied the goods to the department were involved in the procurement process and authorisation of the payments.
- 3.4 The objective of the performance audit was to identify companies and CCs that are primarily profit driven and are transacting with departments. For this reason the following types of companies were excluded from the scope of the performance audit:
  - 3.4.1 Section 21 (not for profit) companies as defined in the Companies Act, 1973 (Act No. 61 of 1973).
  - 3.4.2 Public entities listed under the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).
  - 3.4.3 Companies where the person is appointed as an independent contractor or board member in an executive capacity at a department. The reason for this is that in those cases the person's details are loaded on the Personnel and Salary System (Persal) for income tax purposes, and not because he/she is a permanent employee of the department.
  - 3.4.4 Employees who hold shares in listed companies.
- 3.5 The objectives of the procedures performed were the following:
  - 3.5.1 To identify the extent of employee-related entities that did business with departments of the North West Provincial Administration
  - 3.5.2 To enhance transparency and adherence to relevant legislation
  - 3.5.3 To identify and report on findings in the current processes and systems
  - 3.5.4 To possibly reduce the risk of corruption.

#### **4. SCOPE LIMITATION**

- 4.1 Due to cost implications and time constraints the Auditor-General only focused on entities that are connected to employees of the departments of the North West Provincial Administration that did business with the departments and received payments in excess of R10 000 during the 2004-05 and 2005-06 financial years.
- 4.2 Due to time and cost constraints the departments were also requested to investigate internally the transactions not included in the audit sample and to report the outcome of the internal investigations to the Auditor-General. The extent of transactions that the departments should have followed up is indicated in annexures A and B. At the time of compiling this report, the respective departments were still in the process of investigating these transactions and therefore the outcomes have not yet been communicated to the Auditor-General.

#### **5. MODUS OPERANDI**

- 5.1 Performance audits are conducted in accordance with the internal guidelines for the planning, execution, reporting and follow-up of performance audits.
- 5.2 Computer-assisted audit techniques (CAATs) were used extensively to compile exception reports and procedures were developed for following up on these exceptions. The following databases were used in the compilation of exception reports during the performance audit:
- 5.2.1 Companies and Intellectual Property Registration Office (CIPRO) database of directors of companies and members of CCs as at 31 January 2006. Actual dates of appointments and resignations from companies/CCs were confirmed with CIPRO.
- 5.2.2 Persal payroll data for March 2006.
- 5.2.3 Walker financial system payment data for the period 1 April 2004 to 31 March 2006, unless stated otherwise.
- 5.3 The relevant supporting documentation was requested from the departments and audited. After the performance audits of each of the departments had been finalised, management letters and/or reports with findings were submitted to the departments for comment. The comments received were considered and incorporated in this report.

#### **6. SCOPE EXCLUSION**

- 6.1 The scope of the performance audits did not include the verification of shares held in companies, as this information is not available on the CIPRO database. Consequently, where an individual resigned as a director of a company it was not possible to confirm that the employee had also sold his/her shares in the company unless this was discovered by

chance. Therefore a risk exists that employees might have resigned as directors from companies, but had not sold their shares in the companies. If the shareholding was not declared or the employee had not requested permission to perform other remunerative work outside his/her employment at the department, it was not possible to identify employees who held shares in companies that conducted business with departments of the North West Provincial Administration.

6.2 Similarly, the procedures conducted during the performance audits will not reveal collusion between employees employed at a department and the company that did business with the department. This relates to employees who may be receiving another form of gratuity or emolument from the company that did business with the department.

## 7. OVERVIEW OF EMPLOYEE-RELATED COMPANIES AND/OR CCs DOING BUSINESS WITH DEPARTMENTS OF THE NORTH WEST PROVINCIAL ADMINISTRATION

7.1 The exception reports that were compiled listed a significant number of cases where employee-related companies and/or CCs were doing business with departments. Where the individual resigned before the transaction occurred, the information was omitted from the final summary. The table below is a summary of the number of employees, number of companies or CCs and amounts paid to companies or CCs that transacted with the departments. Refer to annexure A to C for detail.

<b>Summary of employee-related companies and/or CCs doing business with departments of the North West Provincial Administration</b>				
<b>Exception</b>	<b>Number of employees</b>	<b>Number of companies</b>	<b>Amount paid 01/04/2004 to 31/03/2006 R</b>	<b>Annexure</b>
Companies/CCs, of which employees of departments were directors/members, which did business with own department	47	47	14 627 671	A
Companies/CCs, of which spouses of employees of departments were directors/members, which did business with own department <b>(Note)</b>	29	29	5 810 730	B
Companies/CCs, of which employees of departments were directors/members, which did business with other departments of the North West Provincial Administration	102	101	13 715 690	C

**Note:** This exception report was compiled to audit the procurement process followed in awarding tenders/contracts to spouse-related companies and/or CCs

## 8. FINDINGS, RECOMMENDATIONS AND COMMENTS FROM DEPARTMENTS

### 8.1 Performance of remunerative work

Regulations regarding the performance of other remunerative work by government employees differ in certain instances between departments of the North West Provincial Administration and, where relevant, these differences were taken into account.

#### 8.1.1 Regulations

- (a) Chapter VII, sections 30 and 31 of the Public Service Act of 1994 (Act No. 103 of 1994) (PSA) stipulates: *Unless it is otherwise provided for in his or her conditions of employment every officer and employee shall place the whole of his or her time at the disposal of the State. No officer or employee shall perform or engage himself or herself to perform remunerative work outside his/her employment in the public service, without permission granted by the relevant executing authority or officer authorised by the said authority. If an officer receives any remuneration, allowance or other reward, other than in accordance with this act, an amount equal to such remuneration received should be paid into the revenue account.*
- (b) Chapter 7, section 33 of the Employment of Educators Act, 1998 (Act No. 76 of 1998) states that *unless an Educator's conditions of service provide otherwise, an educator shall place such time as the Minister may determine at the disposal of the Employer; no educator shall without permission of the employer perform or undertake to perform remunerative work outside the educator's official duty or work.*
- (c) The *Explanatory manual on the code of conduct for the public services* (a practical guide to ethical dilemmas in the workplace), paragraph 4.5.5 with regard to employees who undertake remunerative work outside their official employment without approval states that *employees are expected to place their undivided attention, time and skills at the disposal of the public service as employer. The nature and demands of the job in the public service are such that the interests of both the public service and community may be prejudiced by a public servant undertaking remunerative work outside official duties. It is therefore mandatory to obtain prior approval to perform remunerative work outside official hours.*

#### 8.1.2 Findings

- (a) A total of 47 employees were identified who were directors or members of companies or CCs that did business with the provincial department where the person was employed (annexure A has reference). With respect to obtaining approval to perform remunerative work it was found that three of these employees, as verified by the respective departments, had approval to perform other remunerative work. However, in various instances the departments were still determining whether employees had

approval to perform remunerative work outside their official employment at the department. The total amount paid to these companies and CCs during the period under review was R14 627 671.

- (b) In addition, 102 employees were identified who were directors or members of companies or CCs that did business with other provincial departments (annexure C has reference). With respect to obtaining approval to perform remunerative work it was found that one of these employees, as verified by the respective departments, had approval to perform other remunerative work. However, in various instances the departments were still determining whether employees had approval to perform remunerative work outside their official employment at the department. The total amount paid to these companies and CCs during the period under review was R13 715 690.
- (c) At the **Department of Education** an employee had a 100% interest in a CC that was listed as a computer equipment supplier on the State Information Technology Agency (SITA) database. As he was directly involved in the day-to-day operation of the CC, he did not place all his time at the disposal of the state as stipulated in section 30 of the PSA and the code of conduct for public services. This CC did extensive business with the department and other departments in the provincial administration. The payments made to the CC by the department amounted to R474 670.
- (d) In seven instances employees were identified as members of CCs that did extensive business with their own or other departments, which could have an effect on their ability to effectively perform their duties in the relevant departments. Details are reflected in the table below:

<b>Employees doing extensive business</b>		
<b>Department</b>	<b>Number of employees</b>	<b>Amounts paid by the provincial administration for the period 01/04/2004 to 31/01/2006 R</b>
Education	4	3 152 531
Health	1	* 1 237 277
Transport, Roads and Community Safety	1	
Office of the Premier	1	4 083 121
<b>Total</b>	<b>7</b>	<b>8 472 929</b>

\* The amount is for the same transactions pertaining to related employees at two departments with interests in the same CC

### 8.1.3 Recommendations by the Auditor-General

- (a) As indicated in paragraph 8.1.2(a) and (b) above, only a few employees had requested and received approval to perform other remunerative work. Therefore the relevant departments were urged to take disciplinary action against employees whose companies or CCs did business with the departments of the North West Provincial Administration but had not requested approval to do so.

- (b) The departments should implement action plans to monitor progress made with respect to disciplinary action taken against employees who had not applied for and received approval to perform other remunerative work. The departments should also report back to the provincial legislature on the outcomes of the disciplinary action and the action plans implemented.
- (c) The departments should monitor on a yearly basis the extent of business conducted by their employees. If it is found that the extent of business conducted by these entities is excessive and impacts on the employees' ability to perform their duties at the departments, the departments should consider withdrawing the approval granted. Approval to perform other remunerative work should not be granted if an executive authority is certain that the approval would lead to the work being performed for a government department.
- (d) The departments should implement and actively monitor the systems of control to manage the performance of other remunerative work by employees. This could include the annual issuing of letters to employees, informing them of the requirement to obtain approval to perform other remunerative work. Copies of the letters of approval should be either kept centrally or placed on the employees' files. Where possible, the completeness of certain aspects of the declarations should also be verified by, for example, conducting CIPRO searches to confirm the completeness of the declared directorships and memberships of companies and/or CCs.
- (e) Designated employees should be informed of the requirement that they should also request approval to perform other remunerative work. The fact that the disclosure in the financial disclosure forms is not sufficient, should be emphasised.
- (f) Companies should be requested to supply their shareholding, and not just directorship, in the tender documentation to allow departments to identify related-party transactions.
- (g) Consideration should be given to amending the existing regulations with regard to the declaration of interests and the performance of other remunerative work by government employees, as follows:
  - (i) Non-designated employees should disclose their directorships and memberships of companies and/or CCs. These disclosures need only be submitted by non-designated employees who hold directorships or memberships of companies and/or CCs. According to the DPSA the matter of extending the system to non-designated employees and SCM officials had been considered before and it was decided not to extend the system. However, in view of the recommendations and findings made in this report the extension of the system will again be considered.
  - (ii) Non-designated and designated employees should specifically disclose

details of directorships and memberships of companies/CCs that had previously transacted with government. An overview of the transactions with government should also be provided.

- (iii) Non-designated and designated employees should disclose their spouses' directorships and memberships of entities that are transacting with the specific government institutions where they are employed.
- (h) Newly appointed government employees should make the disclosures within 30 days of appointment, while government employees who are transferred from one government department to another should again make the required disclosures at the new department within 30 days of transfer.
- (i) The policy should require government employees to disclose changes in circumstances that could have an impact on the completeness or accuracy of the declarations they have provided. Such disclosure should be made within 30 days of the change in circumstances. For example, a newly acquired directorship or membership should be disclosed by a government employee within 30 days of obtaining it.
- (j) Non-designated and designated employees should take personal responsibility for ensuring that CIPRO processes their resignation/termination of directorships and memberships.

#### **8.1.4 Responses from provincial departments**

- (a) The **Department of Health** indicated as follows:
  - (i) As a general corrective measure, all employees identified had received letters indicating the requirement to disclose business interests annually. An incremental corrective approach was adopted and employees were informed of the requirement to declare their interests every year. Only one employee warranted a warning letter, which was issued.
  - (ii) All employees were investigated and it was found that not all current employees had formally requested approval to perform remunerative work outside their employment nor had they declared such interests.
  - (iii) Furthermore, formal letters were written to employees requesting that all spousal interests be declared and that details be included in the list of suppliers.
- (b) The **Department of Local Government and Housing** indicated that one employee had undertaken to deregister his interest in a CC and in one instance disciplinary charges were laid.
- (c) The **Department of Transport, Roads and Community Safety** indicated that because employees were unaware that they had to apply formally for approval to do

remunerative work outside their employment, disciplinary action was not taken. However, a circular would be sent to all employees to inform them that they should apply for approval to perform remunerative work outside their employment. In addition, some employees had resigned from the company/CC or from the department.

- (d) The **Department of Public Works** indicated as follows:
- (i) An employee had been transferred to a department in Gauteng on 1 April 2007 and that the case was forwarded to that department.
  - (ii) Another employee indicated that he had resigned from the entity. However, the department advised the employee to confirm his resignation with CIPRO.
  - (iii) The department also indicated that most public servants who are non-designated employees were not aware of the specific provisions of the PSA and that workshops were held in this regard. The Public Service Commission informed the department that they were working on an awareness campaign and devising an instrument that would assist non-designated employees to comply with the provisions of the PSA.
- (e) The **Department of Finance** indicated that one employee had permission to do other remunerative work. One employee had now declared the interest and one had resigned from the entity.
- (f) The **Office of the Premier** indicated that one employee's contract had expired. Another was being further investigated and a response will be submitted.
- (g) The **Department of Agriculture, Conservation and Environment** indicated that two employees had resigned from the department during 2007. Letters were written to the other four employees and after receiving their response, the matter was referred to the head of the misconduct unit in the Office of the Premier for investigation of possible misconduct.
- (h) The **Department of Education** indicated that comments would be compiled by 28 March 2008 and that corrective steps would be implemented to address the irregularities. However, as at 31 July 2008 no additional comments had been received.
- (i) The **Department of Social Development** indicated that two employees were still in their employment and that disciplinary steps were being taken against them.
- (j) The **Department of Sport, Arts and Culture** did not respond.

## 8.2 Declaration of interest on standard bidding documentation

### 8.2.1 Regulations

- (a) The National Treasury issued *Practice Note Number SCM 1 of 2003* on 5 December 2003, which prescribes declaration of interest by using the standard bidding document (SBD) 4 form.
- (b) The SBD 4 form issued as part of the standard bidding documents utilised for tenders, requires the bidder to declare the following:
- (i) Whether any person connected to the bidder is employed by the principal
  - (ii) Whether any person connected to the bidder has any relationship with a person employed by the principal who may be involved with the evaluation and/or adjudication of the bid
  - (iii) Whether any person connected to the bidder is aware of any relationship between the bidder and any person employed by the principal who may be involved with the evaluation and/or adjudication of the bid.
- (c) Furthermore, paragraph 2.8.1 of *Fraud and corruption of the supply chain management – a guide for accounting officers/authorities* defines “fraudulent practice” as a misrepresentation of facts in order to influence a selection process.

### 8.2.2 Findings

Five instances were identified where departments could not submit tender documentation, including the proposals received from bidders. It was therefore not possible to determine whether the bidders had declared on the applicable SBD 4 forms that employees of departments or their spouses were directors/members of companies/CCs of the entity that submitted the tenders. A summary of transactions and number of entities in this regard is set out below per department.

Declarations on SBD4 forms		
Department	Number of entities	Transaction amount R
Education	3	4 883 639
Health	1	5 110 000
Local Government and Housing	1	1 362 117
<b>Total</b>	<b>5</b>	<b>11 355 756</b>

### 8.2.3 Recommendations by the Auditor-General

The departments should investigate the contracts awarded to the entities to determine whether false declarations of interests were made in their bidding documents and, if so, the

departments should consider cancelling contracts with these entities. The departments should furthermore consider blacklisting those entities that made false declarations at the National Treasury.

#### **8.2.4 Response from the provincial departments**

- (a) The **Department of Health** indicated that the employee had not influenced the procurement process and that he had been assessed and requested to adhere to the requirements.
- (b) The **Department of Local Government and Housing** indicated that disciplinary charges were brought against the employee.
- (c) The **Department of Education** did not respond to this matter (paragraph 8.1.4(h) has reference).
- (d) In this regard the **Accountant-General** also responded as follows:
  - (i) The SBD4 form should be amended to also indicate the position occupied by the shareholder/director/member in the department, as well as the name of the department. Directors/members/shareholders of companies tendering should also declare their interests in other related companies, whether or not such related companies are tendering.
  - (ii) Spouses' directorship/shareholding/membership in companies that had transacted with the state during the 12 months of the past financial year should be declared. A database of all closed projects, with their performance results, should be kept and where subsequent tendering is received from companies that had previously tendered with the state departments, reference to their previous performance should be made and the decision to award the tender should be influenced by the latter.
  - (iii) An integration of the PSC system and CIPRO should be considered. An investigation would be conducted to determine whether the forms are kept manually or electronically. If the system is manual, a feasibility study on whether to change from manual to electronic is recommended.

### **8.3 Deviation from the supply chain management process**

#### **8.3.1 Prescripts of the PPPFA**

##### **8.3.1.1 Regulations**

*Practice Note Number SCM 2 of 2005* states that if the value of the goods or services

procured is above R30 000, the accounting officer should apply the PPPFA in adjudicating the quotation or tender.

### 8.3.1.2 Findings

In the following instances the prescripts of the PPPFA and its associated regulations for all procurement equal to or above R30 000 (VAT included) were not applied and therefore the objective of the PPPFA and its regulations to empower historically disadvantaged individuals through preferential procurement was not achieved.

Deviation from PPPFA		
Department	Number of instances	Transaction value R
Education	1	105 900
Health	2	91 900
Public Works	1	36 950
<b>Total</b>	<b>4</b>	<b>234 750</b>

### 8.3.1.3 Responses from provincial departments

- (a) The **Department of Health** indicated that the procurement process follows all the supply chain requirements strictly. However, there are instances where, despite the application of the PPPFA regulations, other factors determine the selection of the service provider.
- (b) The **Departments of Public Works** did not respond to this matter.
- (c) The **Department of Education** did not respond to this matter (paragraph 8.1.4(h) has reference).

## 8.3.2 Awarding of tenders

### 8.3.2.1 Regulations

The regulations pertaining to the PPPFA indicate in part 2, paragraph 4(4) that only the tender with the highest number of points scored may be selected. In addition, paragraph 9 indicates that a contract may, on reasonable and justifiable grounds, be awarded to a tender that did not score the highest number of points.

### 8.3.2.2 Findings

In the following instance the Department of Health awarded the tender to provide technical assistance to design, develop and facilitate the implementation of a comprehensive human resource plan to an employee-related entity which had not scored the highest points during the evaluation process. However, justifiable and reasonable grounds were not submitted for awarding the contract to the employee-related entity.

<b>Awarding of tender to bidder not scoring highest points</b>		
<b>Value of tender as per bid evaluation committee letter</b>	<b>Value of bid scoring highest points</b>	<b>Difference</b>
<b>R</b>	<b>R</b>	<b>R</b>
2 569 500	1 892 032	677 468

### **8.3.2.3 Response from the Department of Health**

The department did not respond to this matter.

### **8.3.3 Conflict of interest**

#### **8.3.3.1 Findings**

- (a) At the **Department of Health** the following two instances were identified:
- (i) An employee who was appointed on 17 March 2005 in the department was a member of a CC that was awarded a contract to provide technical assistance to design, develop and facilitate the implementation of a comprehensive human resource plan. He signed a service level agreement between the department and the CC in his capacity as the project leader for the CC on 14 October 2005. He had established the CC in February 2004 and was the sole member, and was therefore directly involved in the day-to-day operation of the CC. The contract amounted to R2 569 500.
  - (ii) An employee of the department had an interest in the company that provided health services. It was again found that the service level agreement between the department and the company was signed by the employee for and on behalf of the said company, which was an indication of the employee's involvement in the day-to-day operations of the company. The contract amounted to approximately R5,1 million per year and the period was from 1 April 2006 to 31 March 2007.

#### **8.3.3.2 Response from the Department of Health**

The department indicated that the employee with the interest in the company that provides health services had not influenced the procurement process and that he had been assessed and requested to adhere to the requirements.

## 9. APPRECIATION

The assistance of all role players involved during the performance audits is sincerely appreciated.

*Auditor-General*

**Auditor-General**

**Pretoria**

**August 2008**



**A U D I T O R - G E N E R A L**

## ABBREVIATIONS AND ACRONYMS

Word or phrase	Description
Auditor-General	(a) As an institution, means the institution contemplated in section 181(1)(e) of the Constitution (b) As an individual, means the individual appointed as Auditor-General, Mr Terence Nombembe
CAATs	Computer-assisted audit techniques
CIPRO	Companies and Intellectual Property Registration Office
CC	Close corporation
Designated employee	Any person occupying a post on SMS grade C (13) in a national department
DPSA	Department of Public Service and Administration
Employee-related companies/CCs	Companies/CCs that are connected with government employees in terms of directorship or membership
Government employee	A person in the public service who holds a post on the fixed establishment of a state institution
MEC	Member of the Executive Council
Non-designated employee	Employees other than designated employees
PAA	Public Audit Act, 2004 (Act No. 25 of 2004)
Persal	Personnel and Salary System
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
PSA	Public Service Act, 1994 (Act No. 103 of 1994)
PSC	Public Service Commission
SBD	Standard bidding documentation
SITA	State Information Technology Agency
SMS	Senior management staff

**EMPLOYEE-RELATED COMPANIES AND CCs DOING BUSINESS WITH OWN DEPARTMENTS**

The table is a summary of employees who are directors or members of companies and/or CCs, whose companies or CCs did business with the departments where they are employed.

<b>List of employees doing business with their own department</b>						
<b>No.</b>	<b>Department</b>	<b>Number of employees</b>	<b>Number of companies</b>	<b>Amount paid for the 01/04/04 to 31/03/06</b>	<b>Number of employees with approval already verified by the departments</b>	<b>Value of transactions to be followed up by the departments</b>
				<b>R</b>		<b>R</b>
1	Agriculture, Conservation, Environment and Tourism	2	2	20 987	0	20 987
2	Education	25	25	1 431 280	0	442 867
3	Finance	1	1	587	1	587
4	Health	14	14	11 752 035	0	162 031
5	Local Government and Housing	2	2	1 394 226	1	19 113
6	Office of the Premier	None	None	None	-	-
7	Public Works	None	None	None	-	-
8	Sport, Arts and Culture	None	None	None	-	-
9	Social Development	None	None	None	-	-
10	Transport, Roads and Community Safety	3	3	28 556	1	8 604
	<b>Total</b>	<b>47</b>	<b>47</b>	<b>14 627 671</b>	<b>3</b>	<b>654 189</b>

**EMPLOYEES' SPOUSE-RELATED COMPANIES AND CCs DOING BUSINESS WITH OWN DEPARTMENTS**

The table is a summary of employees' spouses who are directors or members of companies and/or CCs that did business with the departments where their spouses are employed.

<b>List of employees' spouses doing business with departments where their spouses are employed</b>					
<b>No.</b>	<b>Department</b>	<b>Number of employees</b>	<b>Number of companies</b>	<b>Amount paid for the 01/04/04 to 31/03/06</b>	<b>Value of transactions to be followed up by the departments</b>
				<b>R</b>	<b>R</b>
1	Agriculture, Conservation, Environment and Tourism	None	None	-	-
2	Education	15	15	5 076 999	368 197
3	Finance	None	None	-	-
4	Health	13	13	696 781	217 399
5	Local Government and Housing	None	None	-	-
6	Office of the Premier	None	None	-	-
7	Public Works	1	1	36 950	-
8	Sport, Arts and Culture	None	None	-	-
9	Social Development	None	None	-	-
10	Transport, Roads and Community Safety	None	None	-	-
	<b>Total</b>	<b>29</b>	<b>29</b>	<b>5 810 730</b>	<b>585 596</b>

**EMPLOYEE-RELATED COMPANIES AND CCs DOING BUSINESS WITH OTHER DEPARTMENTS**

The table is a summary of employees who are directors or members of companies and/or CCs that did business with other departments.

<b>List of employees doing business with other departments</b>					
<b>No.</b>	<b>Department</b>	<b>Number of employees</b>	<b>Number of companies</b>	<b>Amount paid by other departments to employee related entity for the period 01/04/2004 to 31/03/2006 R</b>	<b>Number of employees with approval already verified by the departments</b>
1	Agriculture, Conservation, Environment and Tourism	4	4	633 590	0
2	Education	58	58	4 805 670	0
3	Finance	2	2	365 842	0
4	Health	17	17	1 947 566	0
5	Local Government and Housing	2	2	45 780	1
6	Office of the Premier	2	2	4 100 440	0
7	Public Works	2	2	142 171	0
8	Sport, Arts and Culture	3	2	29 183	0
9	Social Development	4	4	32 727	0
10	Transport, Roads and Community Safety	8	8	1 612 721	0
	<b>Total</b>	<b>102</b>	<b>101</b>	<b>13 715 690</b>	<b>1</b>





