



LEKOKO
ADVISORY SERVICES

**12TH ANNUAL NATIONAL PUBLIC
SECTOR CLEAN AUDIT TURNAROUND
INDABA 2024:**

**THE ACCOUNTABILITY ECO SYSTEM:
COLLABORATION AND CONSEQUENCE
MANAGEMENT**

DECEMBER 2024

MEET YOUR SPEAKER...

Boitumelo Lekoko, Managing Director

- Boitumelo is a Founder and **Managing Director** of **Lekoko Advisory Services**. She is a **Certified Fraud Examiner**, with more than 16 years' experience in forensic investigations, fraud risk management, governance, ethics advisory services and auditing.
- Boitumelo a former **Business Unit Leader** of the **Material Irregularities unit** at the **Auditor-General South Africa**. She led the unit that manages the Material Irregularities (MI) process that was brought about the amendments to the Public Audit Act. These powers were given to the AGSA with the aim of enhancing consequence management in the public sector and ensuring improved accountability and oversight by accounting officers or accounting authorities.
- Boitumelo is a former **Director/Partner** in the **Forensic division** of **PwC**. She has experience in leading and dealing with complex forensic engagements and high-profile matters in the private and public sectors.
- She leads expert witness testimonies at various disciplinary hearings- represented by senior council, union representatives and industrial relations case presenters of the clients. Some of the witness testimonies cases that she led progressed to the CCMA and labour court.
- She serves as an independent committee member of Board Committees.
- She is an accomplished **speaker, panelist** and **moderator**, having spoken at international, prestigious-professional conferences and associations on a number of topics within her areas of expertise.





AGENDA

1

Accountability Eco System

2

State of Accountability and Consequence Management

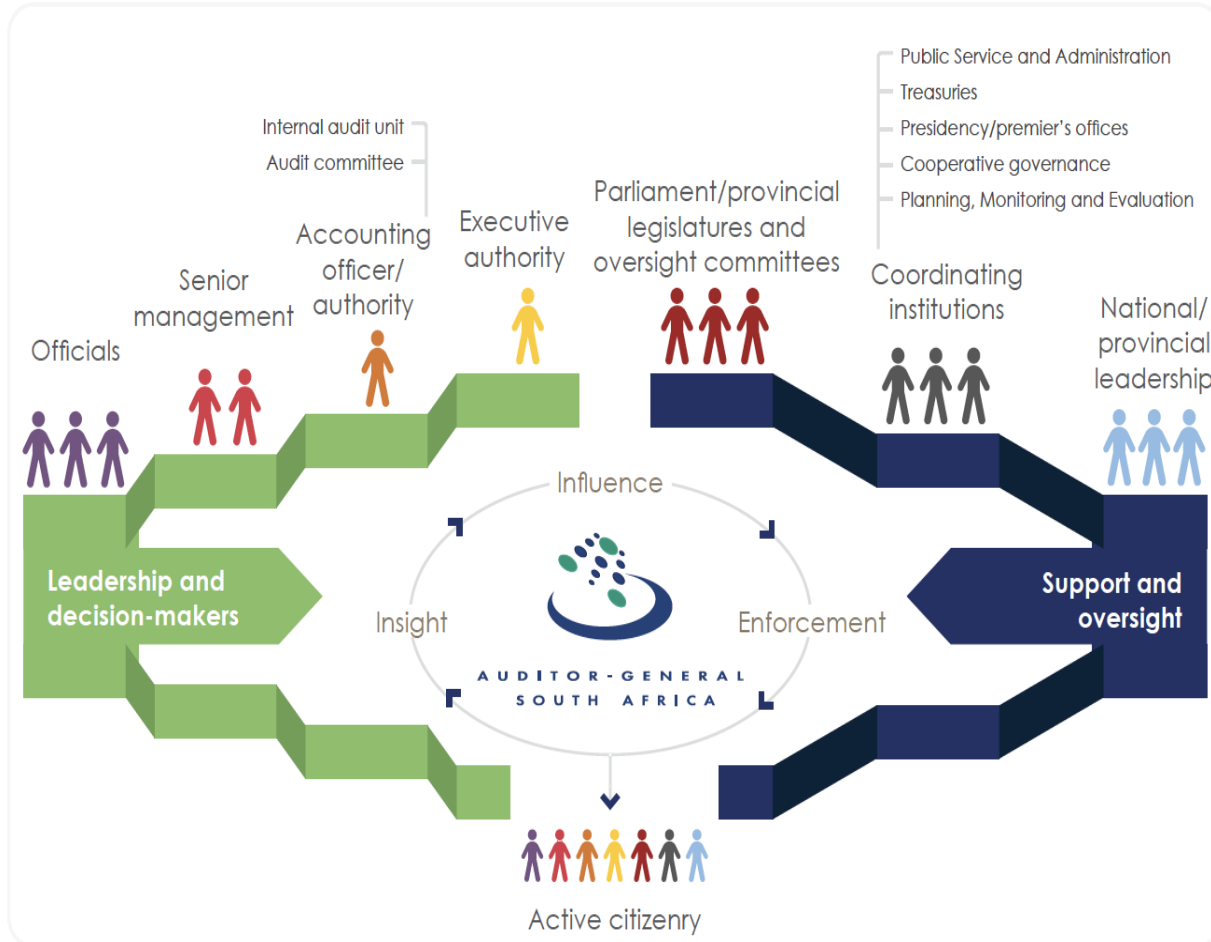
3

Causes and Recommendations

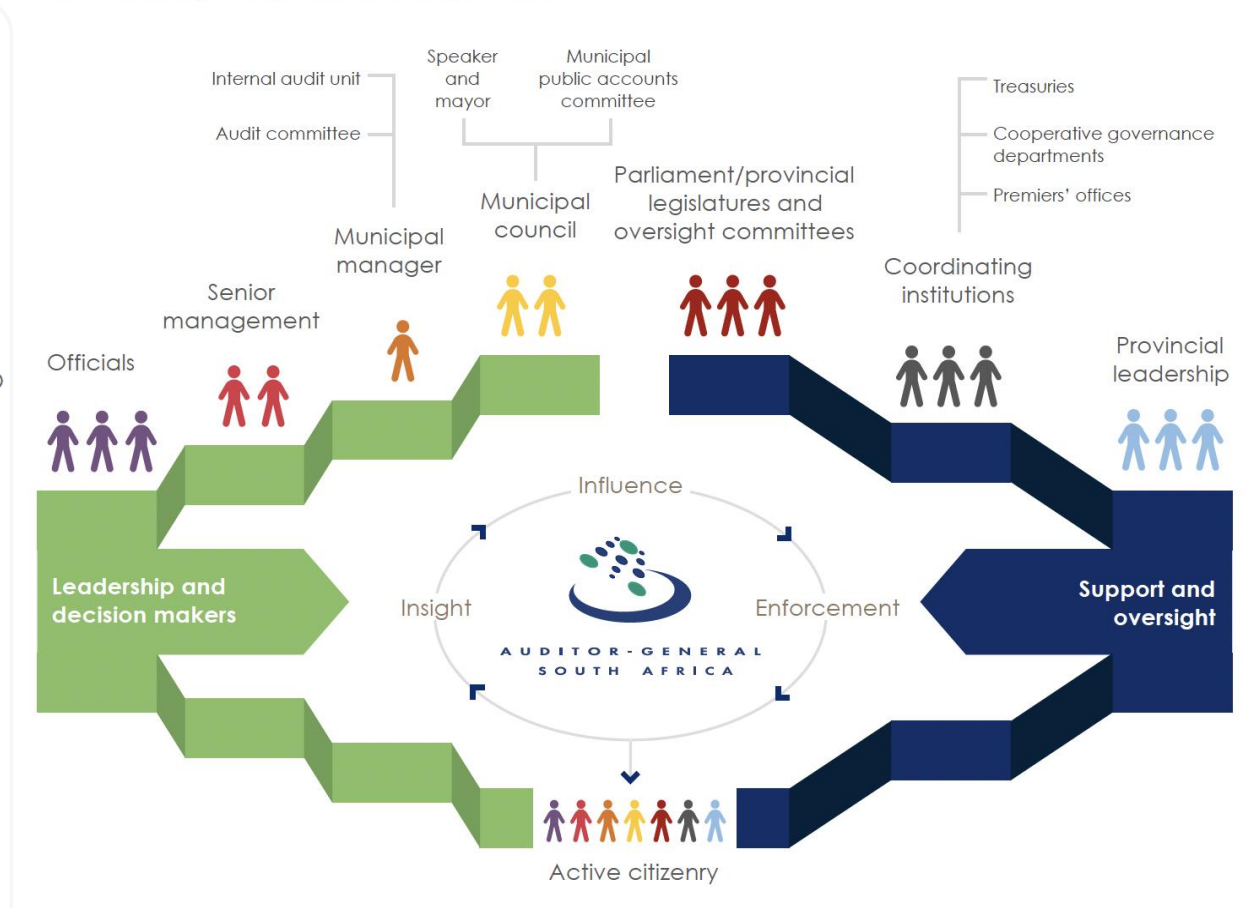


1. ACCOUNTABILITY ECO SYSTEM

Accountability ecosystem for national and provincial government



Accountability ecosystem for local government



2. STATE OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT

- In November 2023, the Presidency published a progress report on the **implementation of the actions contained** in the Response by President Cyril Ramaphosa to the **Recommendations of the Zondo Commission**

Many of the actions contained in the President's response are major legislative and institution reforms that will take many years to achieve. The table below provides a high level quantitative measure of progress.

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS ASBESTOS

Case No Park Road CAS 486/02/2020

- 17 accused in this case – 13 individuals, including former premier of the Free State Elias 'Ace' Magashule, businessman Edwin Sodi and 4 companies



TRANSNET

Case No Jhb Central CAS 465/10/2019

- 18 accused people in this R400 million corruption case, including former Transnet CEO, Brian Molefe and other former Transnet executives.

A fourth BOSASA matter with Dudu Myeni, former SAA chairperson and delinquent director as the main accused, was enrolled on 29 September 2023 and has been postponed to 17 November 2023.

The Special Investigating Unit (SIU), which is empowered to recover state losses through civil litigation, has also made progress in recoveries linked to State Capture matters:

- Value of civil litigation already instituted = R64 billion
- Value of civil litigation being prepared = R1.4 billion
- Value of SIU recommendation to cancel contract already implemented = R130 million
- Value of potential cash recoveries (advanced stage) = R2.9 billion
- Value of contract likely to be set aside = R33 billion.

ESTINA

Case No Parkroad CAS 200/07/2017

Parktown CAS 971/02/21

- 15 accused in this case including former Minister of Mineral Resources Mosebenzi Zwane.



human settlements

Department of Human Settlements
FREE STATE PROVINCE

FREE STATE HOUSING PROJECT

Case No CAS Parkroad CAS 1158/11/2021

- Former Free State human settlements head of department, Moses Mpho 'Gift' Mokoena was sentenced to 10 years imprisonment for corruption and five years for contravention of the Public Finance Management Act in November 2021 – wholly suspended after he pleaded guilty.

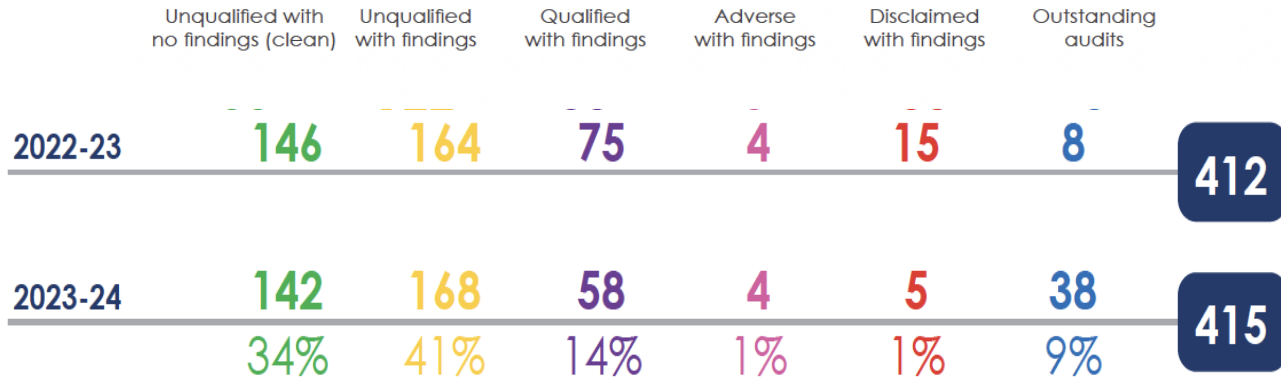
The commission found that an estimated R57 billion³ of state money had been 'tainted' by state capture, and made 27 recommendations to recover funds.

4.5 Whistleblower protection

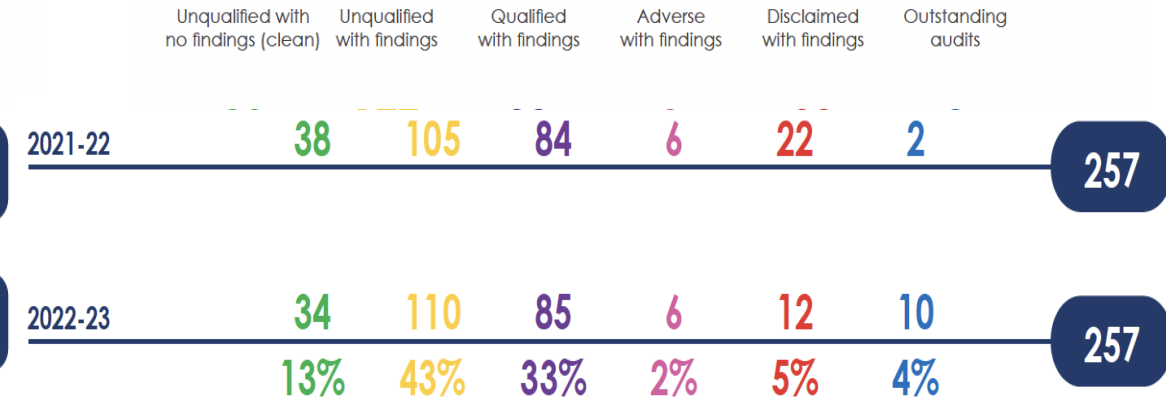
The DOJ&CD published its comprehensive review of the current legislative framework and recommendations for reforms in June 2023. The review makes significant recommendations for reforms to the Protected Disclosures Act and Witness Protection Act based on the Commission's recommendations

2. STATE OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT...cont.

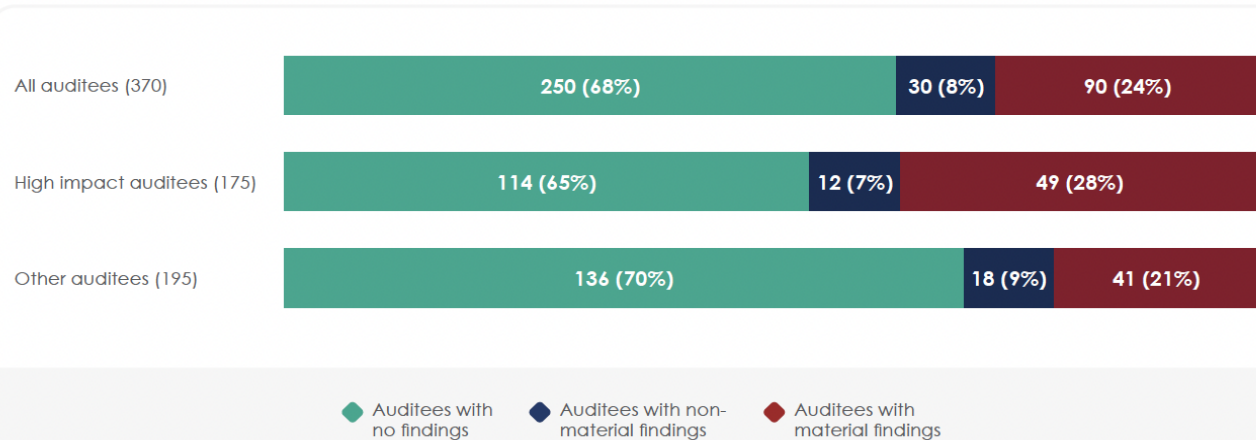
PFMA 2023-24:



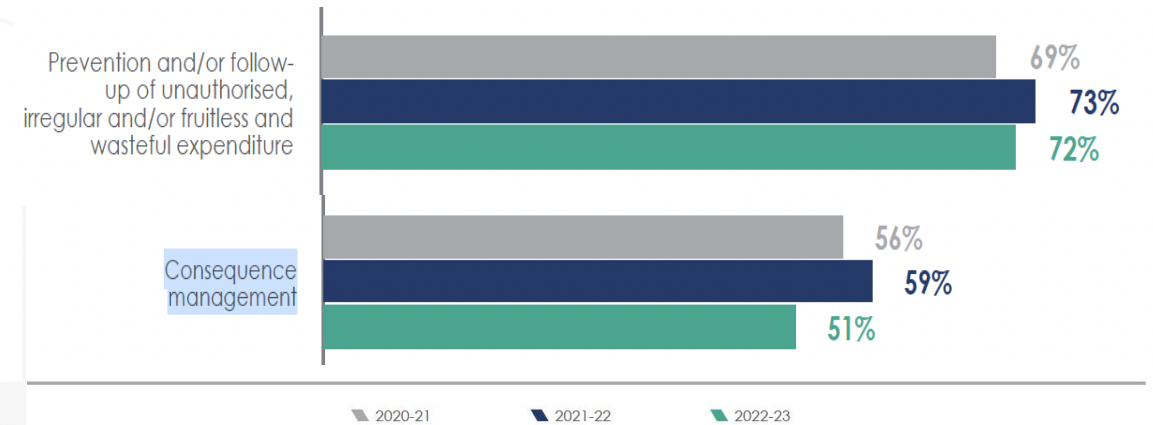
MFMA 2022-23:



Status of compliance with legislation on consequence management



Most common compliance findings since last year of previous administration



*Non-compliance was very low in 2020-21 due to relaxation of legislative requirements for payments within 30 days during covid-19 period

2. STATE OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT...cont.

PFMA 2023-24 :

- The **material irregularity process** contributed to **improved accountability and oversight** as well as the protection of resources.
 - **292 MIs** in national and provincial government – an increase from the **266**
 - Material Financial Loss estimated **R14,3 bn**
 - **54** cases where AG invoked expanded powers
 - Root causes include **lack of basic financial discipline**
- 54 cases with extended powers invoked**
- **32** recommendations in audit report
 - **14** referrals to public bodies
 - **4** recommendations and referrals
 - **4** remedial action and referrals

MFMA 2022-23 :

- Through the MI process, **accounting officers have taken action to prevent or recover financial losses totalling R924,1 million since 2019, with some of this amount still being recovered**
 - **360MIs** in local government – an increase from the **268**
 - Material Financial Loss estimated **R7,34 bn**
 - **78** cases where AG invoked expanded powers
 - Root causes include **lack of basic financial discipline**
- 78 cases with extended powers invoked:**
- **24** recommendations in audit report
 - **27** referrals to public bodies
 - **3** recommendations and referrals
 - **22** remedial action
 - **2** Notice of Certificate of Debt

2. STATE OF ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT...cont.

PFMA 2023-24 :

Impact made by material irregularity process in national and provincial government

Financial impact

R1,45bn

Financial loss recovered

R0,86bn

Financial loss in process of being recovered

R1,08bn

Financial loss prevented

Additional impact

133

Internal controls improved to prevent recurrence

103

Responsible officials identified and disciplinary process completed or in process

55

Fraud/criminal investigations instituted

17

Supplier contracts stopped where money was being lost

MFMA 2022-23 :

Actions taken to address financial losses

Financial loss recovered **R261,68m**

Financial loss in process of recovery **R444,31m**

Financial loss prevented **R218,11m**

116

Internal controls improved to prevent recurrence

80

Responsible officials identified and disciplinary process completed or in process

26

Fraud/criminal investigations instituted

6

Supplier contracts stopped where money was being lost

Instability at AO/AA positions

- Instability at AO and AA levels causing re-issue of the notification and slow progress
- Short acting positions causing lack of accountability for the MI

Prolonged investigations or delays

- Some MIs can only be resolved once investigation has been completed by public body
- Delayed acceptance or commencement of investigation due to multiple approvals processes
- Scope changes during investigation
- Dependencies on expert witnesses and legal counsel, court processes and other law enforcement agencies and public bodies.

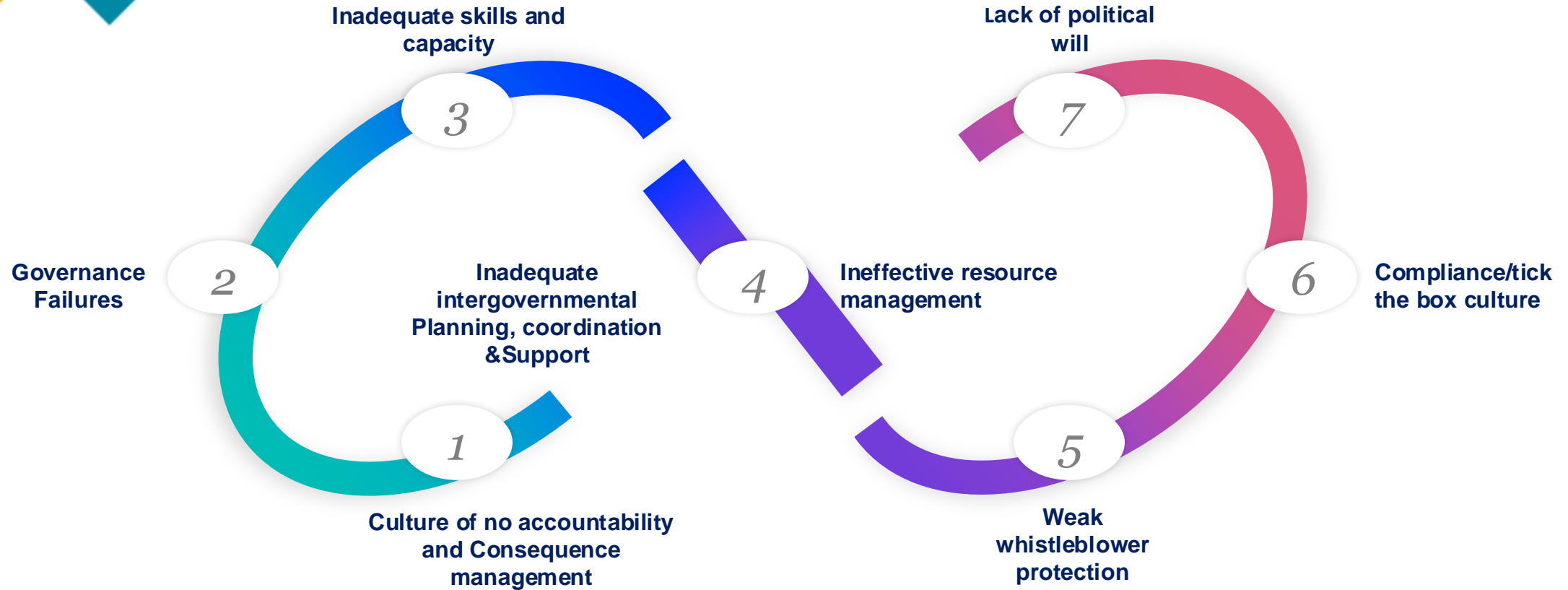
Delays in disciplining officials

- Investigations take too long
- Disciplinary processes are delayed
- Complex investigations
- Officials resigning before disciplinary proceedings
- Additional time is taken to ensure that the process is procedurally fair according to labour legislation to ensure that any applicable sanctions can be enforced

Supplier liquidation or extended loss-recovery process

- Speedy recovery of lost funds is often hampered by suppliers being liquidated or the loss-recovery processes taking a long time to complete

3. CAUSES AND RECOMMENDATIONS



Culture of ethics and accountability
Institutionalise ethical leadership

Inter governmental institutional planning for delivery of the Medium-Terms Development Plan

Professionalise the public sector

Capable Institutions with intergovernmental support

Financial discipline
UIFWE

Enhanced oversight role



4. CLOSING

**“THE WAY WE DO
ANYTHING IS THE WAY
WE DO EVERYTHING”**

Martha Beck



Martin Luther King Jr - Design
Your Lifes Blueprint


TikTok
@ iambrightspark



Keep Moving Forward



4. CLOSING...cont.

WE OFFER THE FOLLOWING SERVICES AND SOLUTIONS:



FORENSIC INVESTIGATION AND LITIGATION SUPPORT



**GOVERNMENT AND PUBLIC SECTOR MATERIAL
IRREGULARITIES AND UIFW SERVICES**



ETHICS ADVISORY



FRAUD RISK MANAGEMENT



PROBITY/BACKGROUND CHECKS REVIEWS

Contact us:
info@lekoadvisory.co.za
0718769469



QUESTIONS

THANK YOU

The information contained in this publication by Lekoko Advisory Services is provided for discussion purposes only.
It is intended audience/reader or his/her organisation with general information on the subject matter. The information is supplied on an “as is” basis and contains.
The information is supplied on an “as is” basis and contains information from publicly available sources, which we have neither audited nor verified.
It is the reader/audience’s responsibility to satisfy him or her that the content meets the individual or his/ her organisation’s requirements.
The information should not be regarded as professional or legal advice or the official opinion of Lekoko Advisory Services.
No action should be taken on the basis of the information without obtaining professional advice.
Although Lekoko Advisory take all reasonable steps to ensure the quality and accuracy of the information, accuracy is not guaranteed.
Lekoko Advisory Services shall not be liable for any damage, loss or liability of any nature incurred directly or indirectly by whomever and resulting from any cause
In connection with the information contained herein.”
All rights reserved.

