

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**INTERNAL MEMORANDUM**

**(Parliamentary Question for Written Reply)**

TO : FINANCE

SUBJECT : NATIONAL ASSEMBLY QUESTION NO. **210** FOR REPLY

DATE : February 2015

**210.  Ms N P Sonti (EFF) to ask the Minister of Public Works:**

With reference to the 2013-14 report of the Auditor-General which notes that his department lost about R34 billion through irregular expenditure, (a) what measures have been taken to ensure that this wasteful expenditure does not happen again and (b) how many officials have been criminally charged and prosecuted in the past five years in terms of section 86 of the Public Finance Management Act, Act 1 of 1999, for this wasteful expenditure?

**NW227E**

The above question bears reference:

**Response**

The amount of R34 billion of irregular expenditure as disclosed in the financial statements of the 2013-14 financial year is the result of a comprehensive review of all transactions processed by the Department from 2009-10 to the end of 2013-14. It therefore does not represent transactions processed in a single year but is the cumulative result of transactions processed over the entire period. Furthermore it is important to note that this disclosure of irregular expenditure is the result of a targeted intervention by the turnaround programme to clean out all historic discrepancies as soon as possible by addressing the root causes of these problems in order to establish sustainable solutions.

I would also like to emphasise that irregular expenditure is incurred when any technical directive contained in legislation or procedural requirement is contravened. It therefore does NOT represent money lost or wasted. Value for money was in each case obtained through such transactions although some technical discrepancies occurred during the procurement or payment process.

1. what measures have been taken to ensure that this wasteful expenditure does not happen again?

**Set the tone from top.**

Irregular expenditure is considered by an Accountability Management Committee of which the membership is at the level of Deputy Directors-General and Regional Managers. Officials who are found to have negligently flouted prescripts are dealt with in line with investigation reports regardless of rank. The Department is maintaining a zero tolerance on this regard.

**Review of SCM prescripts for infrastructure**

The current Treasury SCM prescripts which were mainly developed for goods and services and posed insurmountable challenges to the line function of the Department is in the process of being reviewed. A new leasing framework has been developed and approved together with the National Treasury and will come into effect from 1 April 2015. Similarly an infrastructure (construction) framework is being reviewed and it is anticipated to be implemented early in the next financial year.

**Review of all SCM processes prior to awards being made**

Since September 2014 preventative measures have been implemented by means of which all quotations and bids are reviewed to confirm compliance before any awards are made. This review is done by an independent unit located directly under the control of the Chief Financial Officer.

**Training**

Training of officials in SCM and those involved with procurement has been intensified to ensure that they are abreast with the current and up to date development within the areas of SCM.

1. how many officials have been criminally charged and prosecuted in the past five years in terms of section 86 of the Public Finance Management Act, Act 1 of 1999, for this wasteful expenditure?

**Mpho Mashaba**

**Parliamentary Liaison Officer**

**Office of the Minister of Public Works**

**DATE: February 2015**