

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
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Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether fruitless, wasteful and irregular expenditure with regard to national and provincial spending has decreased during the period 1 March 2008 to 1 March 2013; if not, what (a) unsatisfactory situation do the figures reveal and (b) steps have been taken by the National Treasury in relation to this; if so, what (i) gains do these figures show for the national government and each provincial government and (ii) decisive measures were implemented to improve the situation?

NW3293E

REPLY:

Tables 1 and 2 below contain consolidated information related to irregular expenditure and fruitless and wasteful Expenditure for departments, constitutional institutions and public entities for the financial years 2009/2010 to 2011/2012. Information on the aforementioned categories of expenditure for the 2012/13 financial year is not yet available. For the past three years, the trend has been as follows:

Table 1 – Irregular Expenditure

	2011-12	2010-11	2009-10
Irregular Expenditure	R 28.3 billion	R 22.1 billion	R 11 billion

*** Source: Consolidated General Report on National and Provincial audit outcomes - AGSA*

Table 2 – Fruitless and Wasteful Expenditure

	2011-12	2010-11	2009-10
Fruitless and Wasteful expenditure	R 1.8 billion	R 1.5 billion	R 437 million

*** Source: Consolidated General Report on National and Provincial audit outcomes - AGSA*

- (a) Table 1 reflects an increase in the amount of irregular expenditure from R11 billion in 2009/2010 to R28.3 billion in 2011/2012. Table 2 reflects an increase in fruitless and wasteful expenditure from R437 million in 2009/2010 to R1.8 billion in 2011/2012. The extent of irregular and fruitless and wasteful expenditure incurred over the 2009/2010 to 2011/2012 financial period is high and in this regard departments, constitutional institutions

and public entities need to urgently institute measures to prevent the occurrence of such unwanted expenditure.

- (b) In terms of sections 38(1)(c)(ii) and 51(1)(b)(ii) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), accounting officers of departments and constitutional institutions and accounting authorities of public entities are required to take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure in their respective institutions. During May 2013, the National Treasury developed Guidelines on Unauthorised Expenditure and Irregular Expenditure to assist accounting officers and accounting authorities with all aspects surrounding such expenditure. The Guideline also focuses on consequence management regarding the institution of disciplinary proceedings against employees that incur unauthorised and irregular expenditure. The National Treasury is in the process of developing a similar Guideline for Fruitless and Wasteful Expenditure.

The National Treasury has also strengthened provisions in the Treasury Regulations related to unauthorised, irregular and fruitless and wasteful expenditure that places an increased emphasis on conducting investigations post detection of such expenditure, reporting of such to the relevant treasuries and instituting recoveries from employees, where such employees are liable in law.

