

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 139 [NW157E]

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139. Mr J R B Lorimer (DA) to ask the Minister of Finance:

- (1) What are the details of all expenditure that was found to have been (a) irregular and (b) wasteful in the National Treasury for each year from 1 April 2009 up to the latest specified date for which information is available;
- (2) in respect of each such finding of (a) irregular and (b) wasteful expenditure, (i) what (aa) is the description thereof, (bb) is the value thereof and (cc) action has been taken against the persons accountable thereof and (ii) how much thereof (aa) has been recovered and (bb) from whom?

NW152E

REPLY:

| 2 (i)(aa) Description | 2 (i)(bb) Value | 2 (i)(cc) Action taken | 2 (ii) (aa) Value Recovered | 2 (ii)(bb) Funds recovered from whom? |
|--|--------------------|--|--------------------------------|--|
| 1 & 2 (a) Irregular expenditure | | | | |
| 1 April 2009 - 31 March 2010 Relates to the contract for services rendered for the implementation of the organisational change interventions in Special Pensions. Deviation from the standard procurement process due to the urgency of the Special Pensions backlog. | R 5,216 million | The expenditure was condoned by the National Treasury after the circumstances of the irregular expenditure were considered satisfactory with sufficient grounds to do so. No financial loss for the National Treasury was incurred. | None | Not applicable |
| 1 April 2010 - 31 March 2011 Same contract as above relating to Special Pensions. | R 3,066 million | The expenditure was condoned by the National Treasury after the circumstances of the irregular expenditure were considered satisfactory with sufficient grounds to do so. No financial loss for the National Treasury was incurred. | None | Not applicable |
| 1 April 2012 - 31 March 2013 <ul style="list-style-type: none"> The amount of R106,096.00 for services rendered on legal tax design without an approved contract extension which was provided for in the initial contract. The amount of R8,664.00 for a public sector forum attended by 4 officials without an approved official order due to IFMS system failures which resulted in delays in issuing of the official order. | R114 760.00 | The expenditure was condoned by the National Treasury after the circumstances of the irregular expenditure were considered satisfactory with sufficient grounds to do so. Written warnings were issued to the two responsible officials. No financial loss for the National Treasury was incurred. | None | Not applicable |
| 1 April 2013 - 31 March 2014 | R9, 068 million | The expenditure was condoned by the National Treasury after | None | Not applicable |

| 2 (i)(aa) Description | 2 (i)(bb) Value | 2 (i)(cc) Action taken | 2 (ii) (aa) Value Recovered | 2 (ii)(bb) Funds recovered from whom? |
|---|--------------------|--|--------------------------------|--|
| Utilisation sage of a service provider from a properly constituted and established panel of forensic firms but deviated from the standard procurement process to rescue the IFMS project. | | <p>the circumstances of the irregular expenditure were considered satisfactory with sufficient grounds to do so.</p> <p>Written warnings were issued to the two responsible officials.</p> <p>No financial loss for the National Treasury was incurred.</p> | | |
| 1&2 (b) Wasteful expenditure | | | | |
| <p>1 April 2009 - 31 March 2010</p> <p>The expenditure relates to the lease of a building that was only partially utilized. In order to be fully occupied the building required major refurbishment.</p> | R 1 million | <p>The expenditure was condoned by the National Treasury after the circumstances of the wasteful expenditure were considered satisfactory with sufficient grounds to do so. In order to occupy the entire building and utilize it fully for NT's business needs, a cost-benefit analysis was conducted on the required refurbishments, and it was considered too costly. As a result, an early settlement of the lease agreement was negotiated with a saving of R2.5 million. Subsequently, the early settlement agreement was reached with the landlord in 2012.</p> | None | Not applicable |

| 2 (i)(aa) Description | 2 (i)(bb) Value | 2 (i)(cc) Action taken | 2 (ii) (aa) Value Recovered | 2 (ii)(bb) Funds recovered from whom? |
|---|--------------------|---|--|--|
| 1 April 2011 - 31 March 2012 Similar to the previous year, R3,988 million relates to the early settlement agreement that was reached with the landlord for the building that was leased and partially utilized which required major refurbishment in order to be occupied fully (<i>refer to period 01 April 2009 to 31 March 2010 for further details</i>). This early settlement led to a future cost saving of R2,5 million. | R 3,988 million | As indicated above, the fruitless and wasteful expenditure was condoned by the National Treasury (<i>refer to the period 1 April 2009 to March 2010 above for further details</i>). | Not applicable | Not applicable |
| 1 April 2013 - 31 March 2014 Bank charges relating to incorrect payout of an investment in the RSA retail bonds. | R 937.00 | A final written warning was issued to the responsible employee. | The amount was condoned by the relevant authority. | Not applicable |