

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3911 [NW4767E]
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3911. Mr N Singh (IFP) to ask the Minister of Finance:

Whether he will take action against the reckless and wasteful expenditure of taxpayers' money by Eskom, whereby the specified parastatal recently entered into a three-year agreement that is worth R43 million with *The New Age* to sponsor the specified publication's breakfast briefings, especially in light of the R20 billion fiscal bail out that he has to find in order to assist Eskom deal with its R225 billion cash flow gap; if not, why not; if so, what are the relevant details?

NW4767E

REPLY:

Section 83(1)(b) of the PFMA states that if the accounting authority (Board) makes or permits fruitless and wasteful expenditure they may be charged with financial misconduct. It is therefore the responsibility of the accounting authority to ensure that sound controls are put in place to detect and prevent such expenditure from being incurred. The accounting authority is also required to ensure that disciplinary steps are taken against persons who have permitted or incurred fruitless and wasteful expenditure and that such is disclosed in the annual report and annual financial statement of the entity. The process for dealing with a charge of financial misconduct is outlined in the Treasury Regulations.

In this case, the accounting authority must make the determination whether expenditure incurred was fruitless and wasteful. The accountability arrangements applicable to State Owned Entities envisage that if accounting authority (the board) fails to act, then the shareholder Ministry is required to step in. It is only after all of these avenues have been explored that the matter can be investigated by the Auditor-General at the request of relevant authorities or as part of their audit.