

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 10 [NW10E]

10. Ms T L Marawu (ATM) to ask the Minister of Finance:

- (1) Whether the National Treasury approved the funding of the SA Health Products Regulatory Authority by the Bill and Melinda Gates Foundation; if not, what remedies will he implement; if so, what procedure was allowed;
- (2) what is the total value of irregular expenditure on the COVID-19 funds;
- (3) whether any person has been arrested or taken to court for corruption in the procurement of personal protective equipment; if not, why not; if so, what are the relevant details?

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REPLY:

- (1) National Treasury does not need to approve donations to public entities. Treasury Regulation 21.2.1 permits accounting officers to accept gifts, donations and sponsorships.
- (2) National Treasury is not able to quantify the irregular expenditure at this point. Irregular expenditure is incurred when the resulting transaction is recognized in the financial records of a department, constitutional institution or public entity in accordance with the relevant Accounting Framework. For a department or a government component applying the Modified Cash Standards (MCS) to incur irregular expenditure, the non-compliance must be linked to a financial transaction. Although a transaction may trigger irregular expenditure, a department or government component will only record irregular expenditure when a payment pertaining to the non-compliance is actually made (i.e. when the expenditure is recognized in accordance with the Modified Cash Standards). For a government component, a constitutional institution, a trading entity or a public entity listed in Schedules 2 or 3 to the PFMA applying Generally Recognised Accounting Practice (GRAP) or International Financial Reporting Standards (IFRS) to incur irregular expenditure, the non-compliance must be linked to a financial transaction. Although a transaction may trigger irregular expenditure, a constitutional institution, government component, trading entity or public entity will only record irregular expenditure when a transaction is recognised as expenditure in the Statement of Financial Performance in

accordance with GRAP or IFRS, whichever is applicable. The National Treasury only receives applications for condonation of irregular expenditure once it is declared as such and this is usually for previous financial years as a result of audit findings.

- (3) The National Treasury supports the work of the Fusion Centre with the review of bid processes followed. The reviews are conducted on cases referred and based on an assessment of specific procurement processes followed by a given institution in line with the principles of the definition of emergency procurement and its adherence with various COVID Emergency Instruction Notes. Findings are then submitted to the Fusion Centre for further handling. Further detail on the outcome of cases investigated can be provided by the Fusion Centre.

The Centre is comprised of the Special Investigating Unit (SIU), State Security Agency, SA Revenue Service, the Hawks and the Financial Intelligence Centre, and acts as the coordinating body of law-enforcement agencies tasked with looking into Covid-19 related graft.