

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 813 [NW971E]

813. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:

With regard to the annual report of the Public Investment Corporation, what are the reasons that effective and appropriate steps were not taken to prevent irregular expenditure amounting to R9,817 million, as required by section 51(1)(b)(ii) of the Public Finance Management Act, Act 1 of 1999?

NW971E

REPLY:

The Public Investment Corporation (PIC) has policies and procedures in place to ensure that at all times procurement processes are fair, equitable, transparent and competitive as required by the Public Finance Management Act, Act 1 of 1999. However, during the audit for the 2019/20 financial year it was found that certain contracts have led to irregular expenditure. There were two main reasons for that:

1. The PIC Management was of the view that Treasury Regulations in instruction note 3 is silent on deviations against internal processes, therefore the internal PIC Delegation of Authority was applicable and was duly applied. Subsequent to this audit finding, National Treasury and the PIC Management had discussions and agreed that this view was of a technical nature. The PIC Management has also engaged National Treasury through the State Owned Enterprises Procurement Forum (SOEPF) on concerns with instruction note 3. However, to avoid any recurrence, all procurement that is not explicit in the applicable regulations or legislation, is discussed with National Treasury to avoid any misinterpretation.
2. In another instance the PIC Management approved a deviation as an emergency but due to the time frame taken to conclude the contract with the supplier, the audit opinion was that it should have been submitted to National Treasury for approval since it did not qualify as an emergency deviation that falls within the delegated authority of the Accounting Officer.

The PIC has improved its processes and procedures to prevent any recurrence.