



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA



EdTM

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2/1/5/1

MINISTER OF WATER AND SANITATION

NATIONAL ASSEMBLY: QUESTION 1367 FOR WRITTEN REPLY

A draft reply to the above mentioned question asked by Mr A R McLoughlin (DA) is attached for your consideration.

DIRECTOR-GENERAL

DATE: 20/05/16

DRAFT REPLY APPROVED/AMENDED

**MRS NP MOKONYANE
MINISTER OF WATER AND SANITATION**

DATE: 28 05 16

FOR WRITTEN REPLY

QUESTION NO 1367

DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 13 MAY 2016
(INTERNAL QUESTION PAPER NO. 14)

1367. Mr A R McLoughlin (DA) to ask the Minister of Water and Sanitation:

- (1) Whether her department incurred any irregular, fruitless and wasteful expenditure as determined by the Auditor-General in the (a) 2014-15 and (b) 2015-16 financial years; if not, what is the position in this regard; if so, in each case, (i) why was the specified expenditure incurred, (ii) who was the recipient and (iii) what tender processes were followed;
- (2) Whether her department has attempted to recover any of the specified expenditures in any of the specified financial years; if not, (a) why not and (b) what steps will be taken to recover the specified expenditures; if so, what are the relevant details in each case?

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REPLY:

- (1)(a) Yes, my Department has incurred irregular, fruitless and wasteful expenditures as determined by the Auditor-General in the 2014-15 financial year.
- (1)(b) The findings have not yet been determined by Auditor-General since the audit for the financial year 2015/16 has not been finalised.
- (1)(b)(i) The irregular expenditure was incurred for various reasons as disclosed on the financial report for the year end 2014/15 which was made public and is available on my departmental website.
- (1)(b)(ii) Recipients are various service providers who provided service to my Department. In terms of the National Treasury instruction on the treatment of irregular expenditure, my Department is bound to pay for the service when the obligation has been made by my Department officials on behalf of the Department. After the payment has been made the Department has to investigate how the transgression was done and take appropriate disciplinary actions as directed by the PFMA.
- (1)(b)(iii) Refer to the list below for the tender processes followed that led to the transgressions committed:
 - Procurement of IT services not following the SITA Act;
 - Procurement of goods and services deliberately split into parts or items of smaller value merely to avoid complying with the requirements of the SCM policy and legislation;
 - The final decision on the acceptance of quotations not done by a properly delegated official or committee;

- Goods or services of a transaction value of more than R2 000 procured without inviting at least three written price quotations from prospective suppliers and the deviation not approved by delegated person;
- Deviations from competitive bidding and not test the market by procuring goods and services from none approved sole supplier;
- Correct Supply Chain Management (SCM) processes and procedures not adhered to. Payment may only be made in terms of a valid contract to a duly authorised payee. Incorrect authorisation of transactions (delegations not complied with);
- Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place;
- Lowest quotation not selected and no motivation provided;
- Contracts awarded without original tax clearance certificates or tax clearance certificates expired;
- The method of procurement is inconsistent with those prescribed in terms of PN 8 of 2007/2008. Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person; and
- Goods and services were rendered by the supplier and paid for without a valid written signed contract.

- (2)(a) My Department is investigating the matter to determine whether the transgressions were in the interest of the State or not.
- (2)(b) The appropriate actions will be taken upon completion of the investigation.

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