



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

ADDRESS BY MS NOMUSA DUBE-NCUBE: MEC FOR FINANCE
THE KWAZULU-NATAL UNAUTHORISED EXPENDITURE
AUTHORISATION BILL, 2021

25 MARCH 2021



MS. NOMUSA DUBE-NCUBE

MEC: FINANCE

INTRODUCTION

Madam Speaker and honourable members, this being a sitting that processes matters of KwaZulu-Natal Standing Committee on Public Accounts (SCOPA), allow me to convey our deepest sympathy to the Chair of SCOPA Maggie Govender following the untimely passing of her husband Cde Charm Govender.

We know that the pain that the Chair and her family is going through is immeasurable.

We hope you they will be comforted by knowing that there are thousands of elected public representatives across all political lines, leaders of society and ordinary members of society who pray for their strength during this difficult period.

May the departed soul rest in peace!!!

CLEAN AUDIT OUTCOMES

Honourable Members, we rise before this house to reiterate our commitments as Provincial Treasury to provide technical support and financial management training to strengthen the capacity of officials in various government departments and public entities.

Our focus is on the promotion of sound processes, controls and improved capabilities in departments, municipalities and public entities in order to reduce unauthorised, irregular, fruitless and wasteful expenditure thereby improving audit outcomes.

We value the guidance and support from members of SCOPA as we strive to attain clean audit outcomes.

We have already met with some Chief Financial Officers and Managers of Supply Chain Management Units during a summit of CFOs.

In this meeting, we agreed to work closely in order to make progress towards achieving clean audit. We reminded each other that this is what the government of the day seek to achieve during this term of office. This is a commitment made by the President of the Republic His Excellency Cyril Ramaphosa and the Premier Sihle Zikalala.

Importantly, following Cabinet Lekgotla, it was agreed that all members of the provincial executive council, Heads of departments, CFOs and Mayors must provide leadership to ensure adherence to best financial management practices on a daily basis.

In addition, we have agreed that government departments and municipalities must work with the Treasury and Auditor General's office on an on-going basis to detect early signs of administrative or financial distress.

PARTNERSHIP WITH ACCOUNTANTS TO DEPLOY SKILLED PERSONEL

Madam Speaker, we are also strengthening partnership with organizations representing the accounting profession such as Accounting Standards Board, South African Institute of Chartered Accountants, Association of Black Accountants of Southern Africa and many more others.

We are emphasizing the importance of accountants in preventing fruitless expenditure and conserving resources. We have to acknowledge that unfortunately we live in a world where resources are limited.

We have agreed that Treasury must be at the forefront of ensuring the deployment of skilled accountants where they are needed. We need to save every rand and cent we have. This money must be allocated to strengthen service delivery as we rebuild this province following the destruction created by the outbreak of COVID-19.

Honourable Members, we have also agreed on the need to work together to fight fraud, corruption and financial mismanagement. This is in line with the resolution of Cabinet. It is important to point out that several instances of this scourge have been uncovered because of the work of honest and professional accountants in our government departments. This in itself underlines the importance of this profession in the pursuit of clean governance and financial management within both government and the private sector.

It is through their vigilance and maintenance of professional standards and integrity that we as government are able to allocate resources where they are needed the most. Our budget is always one of trade-offs and infinite opportunity costs. In order to finance one priority, it often means that the other priority has to be put aside.

That is the sad reality.

Of course it does not help that with all these constraints some of the people entrusted with the custodianship of public funds sometimes do not do their work with as much diligence as is required. A cursory glance of the Auditor General's Report reveals a plethora of instances of non-compliance, a collapse in governance and serious weaknesses.

You just have to look at how much money is lost to unauthorised, fruitless and wasteful as well as irregular expenditure to appreciate fully the potential that our resources could do. These are matters often raised by members of this house.

It's been reported that irregular government expenditure in the 2018/19 financial year rose to R61.35-billion, up from R50.1-billion from the previous year. And while irregular expenditure does not necessarily mean corruption, it does mean laws, prescripts and regulations have been broken.

According to the AG, the R61.3-billion irregular expenditure... is a reflection of non-compliance with the discipline of supply chain management and payments without following prescripts in terms of the acquisition of goods and services.

Madam Speaker, those who are given the responsibility of ensuring that the poor and vulnerable amongst us do not become exposed to the vagaries of nature and sickness and debilitating poverty, sometimes either deliberately or inadvertently cause further suffering.

While undeniably limited, the financial resources could be stretched to ensure that services delivery is not compromised. It is for this reason that government keeps considering ways in which a culture of frugality, prudence and sound management of public resources can be embedded.

Efforts to ensure that expenditure efficiency is improved in order to apply resources effectively and efficiently to achieve the social objectives of government are one of the main issues that keeps us awake at night.

UNAUTHORISED EXPENDITURE AUTHORISATION BILL 2021

Madam Speaker, at this stage, let me turn my focus to the Unauthorised Expenditure Authorisation Bill, 2021.

The purpose of this Bill is to enable the Provincial Legislature to authorise expenditure recorded as unauthorised in the Provincial Accounts. This Bill deals with the unauthorised expenditure for the 2017/18 financial year.

The stance of the SCOPA to enforce “first charges” against departments, has certainly reduced the quantum of unauthorised expenditure which, at one stage, was over R5 billion.

SCOPA recommended, in light of the explanations offered by departments, as explained in the Explanatory Memorandum submitted with the Bill, that the unauthorised expenditure incurred by three departments, be authorised as direct charges against the Provincial Revenue Fund.

The Resolutions of SCOPA in this regard were debated and adopted in the Legislature sitting on 3 July 2020.

The Provincial Revenue Fund has made provision to fund the unauthorised expenditure as reflected in the Schedule to the Bill. The amount of unauthorised expenditure being authorised by means of this Bill is ***five hundred and three million, four hundred and thirty four thousands - R503 434 000.***

CONCLUSION

The KwaZulu-Natal Unauthorised Expenditure Authorisation Bill, 2021 gives effect to the Resolutions of SCOPA to authorise the unauthorised expenditure disclosed in the 2017/18 Annual Financial Statements of the relevant departments and reported on by the Auditor-General, as well as authorising specific expenditure recorded as unauthorised in the Provincial Accounts.

I wish to express my appreciation to SCOPA for the sterling work done in addressing these matters and other Audit findings, timely and proficiently.

It is now my privilege to formally table the KwaZulu-Natal Unauthorised Expenditure Authorisation Bill, 2021 for consideration of this House.

Thank you.