

**REMARKS BY KZN FINANCE MEC HON NOMUSA DUBE-NCUBE AT THE
STANDING COMMITTEE ON PUBLIC ACCOUNTS ON THE CONDONATION OF
IRREGULAR EXPENDITURE**

29 APRIL 2022

Honourable Chairperson; Maggie Govender

Honourable Members of SCOPA

Good morning,

Thank you for the opportunity to allow us to avail ourselves under your scrutiny in the name of accountability and transparency.

Chairperson and Honourable Members, there is a detailed presentation and submissions which the officials, led by the Head of Department, Ms Carol Coetzee, have prepared for the purposes of this meeting.

I first wish to briefly touch on two things; one I wish to inform the Honourable Members of this committee that the Department has a new HOD who started on the 1st of April 2022, Ms Carol Coetzee who is not new to Provincial Treasury.

Secondly, Honourable members, we meet today at a difficult time when our province is languishing under a shadow of disaster caused by the massive floods earlier this month. We are mopping and picking up the pieces of the floods which cut a swathe of devastation, leaving more than 435 people having lost their lives.

This natural disaster also caused massive damage to infrastructure, which had a domino effect to the entire architecture of the provincial economy and beyond.

Honourable Members, I wish to pay tribute to the efforts of this House led by the Honourable Speaker whose members also rolled up their sleeves and attended to those in need.

If anything, these recent floods have sent a chilling reminder to all of us in the country and beyond, that climate change is real and that we have to accelerate efforts of mitigation and adaptation to tackle global warming. This is a mission we have to tackle with unremitting relentlessness in order to ensure that we are not condemned by future generations as having failed to leave up to this epochal task.

As such, it would be remiss of us to start this event by not sending our heartfelt condolences to all the families who have lost their loved ones.

Back to the business of the day, Honourable Members during our Provincial Budget Speech last month we outlined our plans to fast-track access to economic opportunities for our communities who remain marginalized.

I will therefore not tolerate any failure to allocate money towards projects earmarked to benefit communities. I am saying this because while Condonations of Irregular Expenditure are legalized by a National Treasury Instruction Note, the fact of the matter means that somewhere somehow we had dropped the ball hence we are seized with this today.

We need to improve. I have taken into cognizance that no matter how perfectly we plan, things are always going to deviate from the intended plans, but we have to improve.

As you will note in the presentation, the cumulative balance of irregular expenditure for all Provincial Departments and Public Entities recorded in the annual financial statements as at 31 March 2021 is R 48 255 566 000 for the Provincial Departments and R404 061 000 for the Provincial Entities.

At 31 March 2022, fourteen (14) Departments and ten (10) Public Entities submitted condonation requests as follows:

- Provincial Departments: Condonation requests: R 13 381 463 000
- Provincial Departments: Write-off requests: R 4 445 553 000
- Provincial Entities: Condonation requests: R 154 834 000

Honourable Members;

While these requests for condonation were evaluated by Provincial Treasury in accordance with the Irregular Framework issued with National Instruction Note 2 of 2019/20 to ensure full compliance with legislation, we still need to do introspection as a provincial government.

We need to grapple with these figures and we also need to grapple with the question of whether this money was spent irregularly and if it went to eligible causes.

I am articulating this because several findings suggest that the type of transgressions by the provincial departments should not be acceptable as they include the usage of expired contracts, non-tax compliance, competitive bidding not followed, various SCM processes not followed, orders varied without approval, incorrect panel member erroneously invited and work performed before issue of order to mention a few.

Honourable Chairperson;

I am, nonetheless pleased that a number of departments and Public Entities take these transgressions serious. Consequence management does need to be applied where applicable without fear or favour. You will note in the presentation before you that we have endeavoured to insist on these counter measure as a way of making people accountable thus creating a transparent government that our people can pin their hopes on.

With these few words I would like to give the opportunity to the HOD and the officials to take the committee through the presentations.

I thank you.

