



MINISTER: FINANCE  
REPUBLIC OF SOUTH AFRICA

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**Ref. M3/4/3/1 (1737/14)**

Mr N T Godi, MP  
Chairperson  
Standing Committee on Public Accounts  
Parliament of the Republic of South Africa  
P O Box 15  
**CAPE TOWN**  
8000

Dear *Mr Godi*

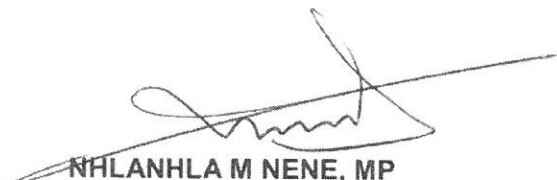
**VOTE 29: DEPARTMENT OF ENERGY - REPORT TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS REGARDING OVER EXPENDITURE ON AN INEP CONDITIONAL GRANT IN THE 2010/11 FINANCIAL YEAR**

The Department of Energy incurred unauthorized expenditure to the amount of R14.86 million due to over-spending on the vote in 2010/11. The unauthorized expenditure arose as a result of a payment of the INEP conditional grant to Mthonjaneni Municipality. This payment was rejected in March 2010 and carried over to the 2010/11 financial year.

The National Treasury has engaged with the department and they have responded that this occurred under exceptional circumstances when the Department of Energy's financial system were in a transition state and not yet finalized after the separation from the Department of Minerals and Energy. We are not aware of any information that would indicate any negligence or lack of oversight on the part of any individual. We recommend that these factors be taken into account when considering condonation.

We also recommend that if condonation is considered, that it be done as a direct charge against the National Revenue Fund in line with the provision of Section 34 of the Public Finance Management Act, Act 1 of 1999.

Kind regards

  
**NHLANHLA M NENE, MP**  
**MINISTER OF FINANCE**

Date: *22/7/14*

