**MEDIA STATEMENT**

**COMMITTEE ON HUMAN SETTLEMENTS EXPRESSES A CONCERN ON WORRYING STATE OF AFFAIRS AT HOUSING DEVELOPMENT AGENCY**

**Parliament, Saturday, 13 March 2021 –**The Portfolio Committee on Human Settlements, Water and Sanitation is concerned by the state of affairs at the Housing Development Agency (HDA) which will eventually impact negatively on the agency’s ability to deliver on its mandate.

The committee received a briefing yesterday from the agency on its 2019/20 annual report and noted various areas of concern that require urgent action.

As a result, the committee has instructed the Department of Human Settlements to strengthen its oversight on the agency to ensure stability and recovery. For its part, the committee will pay extra attention over the implementation of the agency’s audit action plan to improve the declining performance of the agency.

The underlying contributors to the decline at the agency that the committee will focus its oversight on, will include, procurement and contract management, expenditure management and ensuring stability at leadership level.

Firstly, the committee is concerned by the information that the annual performance and strategic plans of the agency were not approved by the Executive Authority. This is concerning in the context that these set the strategic direction the agency has to take, and without a guiding framework, the agency is destined to fail. The committee has instructed the Department of Human Settlements to ensure that this strategic framework is put in place to ensure direction.

Secondly, the committee is concerned by non-compliance with legislation especially with the supply chain management at the entity. Also concerning was the information that there was a lack of the implementation of consequence management at the agency.  “While we welcome the dismissal of two senior officials as consequence management, the committee has called for further consequences against every official found in the wrong,” said Ms Machwene Semenya, the Chairperson of the committee.

Regarding weaknesses in Supply Chain Management processes, the committee finds it unacceptable that procurement happened without a call for at least a minimum number of prescribed written price quotations from prospective suppliers, and the deviation was approved even though the reasons are not justified, some of the contracts were awarded to suppliers whose tax matters had not been declared by the
South African Revenue Services to be in order and some of the contracts were extended or modified without the approval of a properly delegated official.

The committee expressed its concern over this in the context that non-compliance of this nature was reported last year, according to the committee this shows an evolution of the culture of non-compliance with no intention to reverse it.

Regarding fruitless and wasteful expenditure, the committee is concerned by the enormous increase in fruitless and wasteful expenditure from R2 million in 2018/19 financial year to R17 million in 2019/20. The concerns are worsened by the fact that the expenditure was caused by payments made for work that cannot be shown to have been done or no record indicating its approval to be done. The committee has called on the department to institute recovery processes to recuperate wasted state money.

While the committee notes that the deficiencies in the internal audit capacity within the entity, it has recommended that the department’s own internal audit mus, in the interim fill the gap to implement this key function as it is critical to curing the defects within the agency.

The committee has also called for the department to ensure stability at senior management level at the agency as this guarantees strategic direction and guidance to the entity.   At the centre of the committee’s aim is to ensure that the entity meets its constitutional mandate.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, WATER AND SANITATION, MS MACHWENE SEMENYA.**