**Media Statement**

The Standing Committee on Public Accounts (Scopa) yesterday held a hearing with Eskom on its 2020/21 annual report and financial statements. The power utility has received a qualified audit opinion with findings for more than three years in a row.

A Member of the committee, Mr Bheki Hadebe, questioned the repeat audit findings that had shown no improvement from previous years. “On procurement and contract management, there is no record keeping. This is a very worrying factor and it contributes to a lot of findings. The auditors are saying there is insufficient audit evidence that goods and services were procured in a fair, equitable, transparent and cost effective manner,” he said.

There is also insufficient evidence of any consequences for this lack and this is also a concern for Scopa. The committee asked Eskom to source detailed information in this regard, including the names of employees and any action taken against them by Eskom.

The committee was displeased with the lack of adequate responses to questions about the qualification, which arose from a lack of consequence management and irregular expenditure, amongst other things.

The Chairperson of the committee, Mr Mkhuleko Hlengwa, told Eskom that Scopa believes that National Treasury should not be expected to condone irregular expenditure in the absence of documents. “We have emphasised to National Treasury and to Eskom that expansions and deviations are not a norm. The committee is becoming increasingly discouraged that these expansions and deviations do not lead to an improvement in service delivery. All Scopa expects from Eskom is provision of electricity and adherence to due process, consistent with the Public Finance Management Act and National Treasury regulations,” he said.

“Scopa is going to ensure adherence to due process by probing Eskom until effective and meaningful consequence management is effected and the necessary corrective action, consistent with the law, is done,” said Mr Hlengwa.

Scopa still has more questions for Eskom regarding cases that are currently being investigated by the Special Investigating Unit. It also still requires more information on deviations and expansions, as well as irregular, fruitless and wasteful expenditure. Scopa has resolved to set aside a week at the beginning of 2022 to conduct a comprehensive working and oversight visit to Eskom. This will entail two days to deal with deviations and expansions, and irregular, fruitless and wasteful expenditure. Scopa will also conduct site visits to Medupi and Kusile power stations to monitor the progress there.

Mr Hlengwa said whilst the committee’s patience may be running thin, it will not expire, because if Eskom fails, the country is in trouble. “Scopa will therefore be persistent with Eskom until it does the right thing. Scopa is fundamentally unhappy with Eskom and things have to change,” he said. The committee believes substantial changes and reforms at Eskom have to occur before South Africa arrives at a plateau of a functional and effective Eskom.

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