

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 1251**

**QUESTION:**



**1251. Inkosi B N Luthuli (IFP) to ask the Minister of Public Enterprises:**

(1) What

(a) Are the relevant details of the R178 billion used by Eskom in tenders with red-flagged companies that were known to be involved in corruption and (b) Total amount of the funds does his department estimate it can recover;

(2) What checks and balances in future will be used to avoid this level of misappropriation of funds;

(3) Has he found that this loss of billions is further evidence that sourcing the leadership for state-owned enterprises from a certain political organisation’s (name furnished) narrow pool of cadres has contributed to robbing the Republic of billions? NW1442E

**REPLY:**

**According to the Information Received from Eskom**

1. The amount of R178 billion reported in the media is the total value of contracts in which there may have been corruption or malfeasance. It should not be inferred that the total amount has been misappropriated. All such contracts are under investigation and signification recoveries have already been made. An example is the recovery of about R1,5 billion from ABB.
2. Eskom is progressing with enhancing its commercial governance process to ensure robust scrutiny. Numerous initiatives implemented under the supply chain recovery programme to mitigate the occurrence of irregular expenditure, include:

* Enhancement of internal processes and controls to eliminate procurement processes being circumvented. In line with legislative and compliance requirements, checklists have been embedded into systems to ensure that the applicable controls and workflows are complied with before conclusion of a transaction
* Proactive reviews of newly established contracts, modifications and deviations. In instances where potential irregular expenditure is identified, an investigation is conducted and the necessary condonation process implemented if required. Sanctions are instituted against employees and suppliers where wrongdoing is identified, and civil action and recovery measures are pursued where applicable

In conjunction with these initiatives, training on the revised PFMA reporting procedures and guidelines was rolled out, with the aim of eliminating any ambiguities that may arise from different interpretations of our governance framework.

1. Loss of billions of rands from the State Owned Companies (SOCs) were mainly due to State Capture, malfeasance, fraud and corruption. Eskom is working with law enforcement agencies to recover monies stolen during State Capture, malfeasance, fraud and corruption. The individuals in the SOEs and in the business sector must face the consequences of their thieving. This is in the hands of the law enforcement agencies.