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**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1319**

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**1319. Mrs G Opperman (DA) to ask the Minister of Social Development:**

(1) With reference to the presentation of the Auditor-General to the Portfolio Committee on Social Development, (a) what led to the increase in irregular expenditure in the National Development Agency (NDA) and (b) what are the reasons that investigations into irregular expenditure from previous financial years are still not finalised;

(2) on what date will a formal policy or Standard Operating Procedure be in place for officials in the NDA regarding irregular, fruitless and wasteful expenditure;

(3) what are the relevant details of (a) the person who is liable for the R983 billion that was lost by her department due to overpriced goods and services and (b) what number of preliminary investigations have been conducted in this regard;

(4) (a) which service providers overpriced goods and (b) what remedial action was taken to recoup some of the R983 million that was lost in the 2018-19 financial year? NW1514E

**REPLY:**

1. **(a)** The main contributors to the increase in irregular expenditure in the 2019-20 financial year (R39m), were the irregular contracting of the training service providers to implement the UIF third party contract (R23,3m), as well as lease costs related to the NDA’s head office (R5,9m), where the contract had expired, and was not extended on time. The training contract was terminated, and replaced by new service providers after a competitive bidding process was followed. National Treasury approved a deviation to continue with the head office lease for a further period of 5 years, thus regularizing this contract.

Up to the end of the third quarter of the 2020-21 financial year, the main contributors to the increase in irregular expenditure of R1,9m, were the internet services contract, the insurance contract, and lease contracts for the Western Cape and Gauteng provincial offices. The internet services contract had expired, and was extended irregularly in the past. This irregular contract was replaced in the 4th quarter, thus terminating the previous contract. The insurance contract was advertised for tender in April 2021, and will be regularised in the 2021-22 financial year. The lease contracts for office space were terminated in July 2020, thus curtailing the irregular expenditure.

1. **(b)**
2. In previous years the NDA experienced a high turn-over of staff and some instability in the Chief Financial Officer position, which resulted in this work not receiving the necessary attention.
3. The other contributing factor in the slow pace of implementing consequence management was the lack of capacity particularly in both Legal and HR Units.
4. However, the assessment of all cases from prior years done in 2020/21 financial year has revealed that there is no need for a formal investigation because such transactions do not raise ay suspicion of fraud ***fraudulent, corrupt or other criminal conduct***.

The prior years’ irregular expenditure cases emanate from contracts which were concluded by officials who are no longer NDA’s employees. The individuals concerned are therefore no longer subject to the NDA’s Disciplinary Code and Grievance Procedures (“Disciplinary”).

The amounts involved have been included in the condonation application, which is currently under consideration by National Treasury

(2) Formal policies for Irregular and Fruitless and Wasteful expenditure were drafted and approved by the Board for implementation in November 2020.

(3) (a) The Department has never incurred a liable of R983 billion. (b)Therefore, does not have any information with regards to an investigation.

(4) (a)Not applicable to the Department of Social Development. (b)Therefore, does not have any information of any remedial actions taken.