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**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 452**

**DATE OF PUBLICATION IN INTERNAL QUESTION PAPER: 25 FEBRUARY 2022**

**INTERNAL QUESTION PAPER NUMBER: 4 - 2022**

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

Whether, given that the National Development Agency applied for condonation of irregular transactions to the value of R96,1 million from the National Treasury, dating back to the 2013-19 period, there has been any response in this regard; if not, why not; if so, what has been the outcome? NW517E

**REPLY:**

On 12 April 2021, National Treasury responded to the application from the NDA for condonation of 421 irregular transactions, committed by employees no longer in the NDA’s employ, dating from the 2015-16 financial year to the 2019-20 financial year, to the value of R96,1 million. National Treasury did not condone the irregular expenditure, because no evidence of consequence management and additional measures to prevent future occurrences of similar cases, and no determination reports were submitted with the application.

On 27 October 2021, the NDA submitted to National Treasury determination reports for the irregular transactions and appealed the decision by National Treasury not to condone.

On 21 January 2022, National Treasury responded to NDA’s request for appeal, and requested evidence that the root causes of non-compliance have been addressed to prevent future occurrences of non-compliant transactions; a determination, where possible, that services were provided at a market related price; and proof of the termination of employees linked to the irregular transactions.

The NDA collated all the required supporting information, and submitted these documents to National Treasury on 21 February 2022 to assist in a review of the condonement decision, and include namely:

1. Evidence of market analyses confirming that costs incurred were reasonably market related;
2. Evidence that the NDA officials identified to have caused the transgressions, have left the NDA’s employ;
3. Evidence of the control processes that have been put in place by the NDA to prevent and mitigate the occurrence of irregular expenditure of a similar nature in the future, including reviewed and approved SCM policies and standard operation procedures and tools;
4. Evidence of appointment and training of SCM staff to enhance the capacity of the function, and training of NDA staff in general on the SCM policy and attendant processes.

In addition, given that some of the contracts were still active at the time of compiling the report of irregular expenditure for the period 2015/2016 to 2019/2020, totalling R96 115 315.51 in value, which was submitted for condonement, the NDA included in this submission (21 February 2022), an updated list of irregular expenditure transactions for the 2020/2021 and 2021/22 financial years, that relate to the same irregular contracts that remained active from the previous years, totalling an additional amount of R2,637,679.45 of irregular expenditure.

The total irregular expenditure that now forms part of the request to National Treasury for condonement, against these irregular contracts amounts to R98,752,994.96, totalling 484 transactions covering the financial period from 2015/16 to 2021/22. All these irregular contracts have since been terminated. The NDA now awaits a response from National Treasury on the revised condonement application.