

Public Works has wasted R34,9bn

The Department of Public Works has uncovered R34.9bn in irregular expenditure dating back to 2001, Public Works Minister Thembelani Nxesi says.



Public Works Minister Thembelani Nxesi says that there is no place for fraud, corruption or mismanagement within the Department of Public Works. Image: GCS

Briefing reporters in Pretoria, Nxesi said a total of R1.1bn of the amount is related to fraud and corruption.

"Our turnaround interventions are beginning to yield the desired results. Our investigations have uncovered R34.9bn in irregular expenditure which has accumulated over a long period, in some cases going back as far as 2001," he said.

More than 70% of the department's business is related to property management and historically this is the area that has been poorly managed.

"One of the first aspects that we prioritised as part of the turnaround was to stabilise the finance and supply chain management functions. These functions have been stabilised enabling us to further improve efficiencies in line with our operations," he said.

However, Nxesi made it clear that the shocking R34.9bn in irregular expenditure does not represent transactions processed in a single year but is the cumulative total of transactions processed over five years, while some of which have their origins further back to 2001.

Irregular expenditure is worrying

The Minister said it is vital to understand that an irregular transaction does not necessarily mean that fraud has been committed.

"It also does not mean that it represents money lost or wasted. The department may have obtained value through such transactions although some technical discrepancies occurred during the procurement or payment process," he claimed.

Some of the issues that gave rise to the irregular expenditure include procurement documentation not being completed or incorrectly approved, or that signed documents did not meet the required levels of authority for delegated officials.

Another concern is that some tenders were not advertised for the full 21 days although negotiated procedures followed for procurement of contracts or that proper quotations were never received.

Nxesi said there is already a significant decrease in the value of irregular transactions throughout the five year period. He said 2009/10 and earlier years make up 65% of the total irregular expenditure; 2010/11 makes up 14%; 2011/12 makes up 11%; 2012/13 makes up 8% and 2013/14 was reduced to only 2%.

"I am also aware of the fact that there may be transactions identified through this intervention that may be the result of suspicious practices. My team has already identified transactions to the value of at least R1.1bn that have been referred to the Special Investigations Unit (SIU) as well as the Department's Fraud Awareness and Investigations Unit. This amount forms part of the R34.9bn," he said.



Garotlhe House, in Pretoria dates from 1932 and was designed by the Public Works Department for the Native Commissioner's Office. It is still owned and administered by the Department. Image: Public Works

Nxesi said the department has also bolstered its own internal investigative capacity to ensure that these are completed expeditiously.

He also said that appropriate action will be taken against perpetrators of fraud or corruption where there are found to be reasonable grounds to suspect it.

"We have repeatedly mentioned that fraud, corruption and maladministration have no place in the Public Works," he said.

For more, visit: <https://www.bizcommunity.com>