

Friday, 7 August 2020]

No 23 - 2020] SECOND SESSION, SIXTH LEGISLATURE

LEGISLATURE OF THE PROVINCE OF THE EASTERN CAPE

INTERNAL QUESTION PAPER

Note:

1. Questions for oral reply will be printed in full in the Question Paper for the day for which they have been set down for reply.
2. *Indicates a question for oral reply.

QUESTIONS FOR WRITTEN REPLY

FRIDAY, 7 AUGUST 2020

555. Mr S Magaqa to ask the MEC responsible for Human Settlements:

With reference to audit outcomes and findings of the Auditor-General of the Department of Human Settlements and further noting the findings of the Standing Committee on Public Accounts (SCOPA) on the audit outcomes of the department:

QUESTION	RESPONSE
(1) Whether her department has finally received approval from the Provincial Treasury for the condonation on the irregular expenditure which reportedly dates back to 2018/2019 financial year; if so, can she kindly provide the relevant details in this regard; if not,	<p>The Department is still awaiting responses from Provincial Treasury regarding the submissions for derecognition and condonation of Irregular Expenditure relating to the 2018/19 financial year. The following submissions were submitted to Provincial Treasury:</p> <ol style="list-style-type: none"> 1.Kula, Dibanani & Sektor - R2.134 million 2.Nanza Consortium – R3.058 million 3.Imvusa Trading – R1.672 million. 4.JIT Consulting – R12.068 million 5.Epikanini Promotions and Pienaar Brothers – R36 thousand
(2) what relevant information and or documents are still to be submitted by her Department or outstanding to the Provincial Treasury;	<p>All relevant outstanding information was submitted for above question. The department is in the process of submission of application for condonation for the following Irregular Expenditure:</p> <ol style="list-style-type: none"> 1.Group Five – R26.461 million 2.Avante Water – R63 thousand 3.Cecil Nurse – R359 thousand 4.Simbangobuso Trading – R57 thousand
(3) (a) how many suppliers and contractors were not paid within the stipulated 30 day period in the (i) 2018/19 and (ii) 2019/20 financial years as at the latest specified date for which information is available and (b) can she kindly provide details as to contractors and	<p>(a) <u>EQUITABLE SHARE</u> In 2018/19, twelve (12) and in 2019/20 sixteen (16) suppliers were not paid within 30 days of receipt of invoices.</p> <p><u>GRANT MANAGEMENT</u></p> <p>In 2018/19 financial year, 126 and in the 2019/20 financial year, 128 contractors and service providers paid from Conditional Grants were not paid within 30 days of receipt of claims.</p> <p>(b) <i>The list of the names of the contractors/service providers is attached as an annexure.</i></p>

suppliers for each financial year;		
(4) what (a) are the detailed reasons for the failure of her Department to pay suppliers and contractors within the stipulated 30 days and (b) plan has her Department put in place with a view to ensuring that payment to suppliers is made within 30 days;	(a) Reasons for failure to pay suppliers & contractors within 30 days	(b) Plans in place to ensure payment to suppliers is made within 30 days
	<u>EQUITABLE SHARE</u>	
	Budgetary constraints whilst the Department has contractual obligations (Department is billed in line with contracted services, but the budget is not sufficient to cover obligations),	The department has implemented austerity measures to ensure that the budget will be sufficient to cover contractual obligations.
	Late submission of invoices by service providers resulting to delays by the end users to submit invoices timeously for processing	BAS reports and Commitment registers are sent to Budget Controllers and Programme Managers weekly. The responsibility to ensure that invoices are submitted timeously will be given to the end-users.
	Delays in increase of the orders to enable payment where actual invoice is higher than the quotations (travel agents) where there was a change of plans during the travelling i.e additional days in terms of accommodation or change of time for flights.	The department continues to engage services providers particularly travelling agents and remind them of submitting invoices on time. Also the directorates are advised to ensure that they remind their service providers to submit invoices on time to avoid delays
	<u>CONDITIONAL GRANT</u>	
1.In the 18/19, there was value created by the contractors exceeded cash available on a monthly basis. Accruals at year end was R88m.	The department has strengthened its monitoring of site performance and kept the contractor's performance within the agreed Project Implementation Plans (PIPs)	

	2.expired contracts delays payment.		The department is currently in the process of streamlining its internal processes to improve the turnaround time to finalise extensions of time before the expiry of the contract. The Department is exploring an automated system that can be used to track contracts.			
	3.Contractors are claiming for milestones that have been already claimed and they are reduced prior to processing the claims at Finance section.		The department has strengthened internal controls especially at the regional level not to accept and sign the claim submitted by the service provider if the payment is being duplicated.			
	5.Service Providers details not updated on CSD (i.e. change of banking details, the invoice is different from information appearing on CSD and BAS).		This area is beyond the control of the department, however, the advice about the process to be followed is continuously provided to the service providers.			
(5) how many contracts for goods and services that are above R500, 000.00 were procured without a competitive bid and through deviation for the aforementioned financial years as at the latest specified date for which information is available;	15 service providers were procured without a competitive bid and through deviation.					
(6) whether she can kindly provide (a) the name of the contract, (b) details as to what	(a) Name of contract <u>2018/19</u>	(b) Goods & services acquired	© Amount for each contract	(d) Name of company	(e) Directors of company	(f) Registration number of the company for each of financial years mentioned above

<p>were goods and services to be acquired, (c) the amount for each contract, (d) the name of the company providing the goods and services, (e) the directors of the company and (f) registration number of the company for each of the financial years mentioned above as at the latest specified date for which information is available;</p>						
	SCMU11-18/19-D0001 Dimbaza Phola Park 50 Units Housing Project	Construction of 50 units at Dimbaza Phola Park	R 9,918,062.00	Motheo Construction Group (Pty) Ltd	Nokuthela Phumza, Nonhlanhla Mlaba	2004/029693/07
	SCMU11-18/19-D0002 Ngqinisa 200 Units Housing Project	Construction of 50 units at Ngqinisa	R 26,800,000.00	Upahla Construction Group (Pty) Ltd	Canuel Sandi Thusi	2004/009533/07
	SCMU11-18/19-D0003 Reeston MPCC Project	Construction of an MPCC at Reeston	R 8,398,036.09	Uphahla Construction Group (Pty) Ltd	Canuel Sandi Thusi	2004/009533/07
SCMU11-18/19-D0004 Walmer 2209 Units EPHP Housing Project	Account Administrator for the Walmer EPHP Project	Rates	NURCHA	Sindisa Adenford Nxusani, Samuel Viwe Gqwetha, Adel Michele Struwing	1998/017119/07	

	SCMU11-18/19-D0005 Elundini 40 Units Housing Project	Construction of 40 units for the disaster affected beneficiaries in Elundini LM	R 7,027,632.80	Takela Group (Pty) Ltd	Ke Tang	2014/071272/07
	SCMU11-18/19-D0006 Sinakho Zwelethemba 289 Units (150), Tendergate 1000 Units (100) and Zola 700 Units (100) Housing Projects	Construction of – 150 units at Sinako Zwelethemba, 100 units at Tender Gate Village and 100 units at Zola	R 57,880,000.00	Unik Engineering (Pty) Ltd	David Kaenga Ramushu	2013/123736/07
	SCMU11-18/19-D0007 Qumbu 504 Units & 500 Units Housing Projects	Repair houses damaged by disasters in Qumbu	R 352,264.00	L & R Welding Tools and Supplies	Cheryl Naicker	2010/008962/07

(c) Name of contract <u>201920</u>	Goods & services acquired	© Amount for each contract	(d) Name of company	(e) Directors of company	(f) Registration number of the company for each of financial years mentioned above
SCMU11-19/20-0023 Supply and erect, 408 temporary shelters	Supply and erect, 408 temporary shelters in Alfred Nzo Region (Matatiele and Umzimvubu Local Municipality)	R 26,132,400.00	Takela Trading	Ke Tang	2014/071272/07
SCMU11-19/20-0024 Supply and erect, 408 temporary shelters	Supply and erect, 408 temporary shelters in Alfred Nzo Region (Matatiele and Mbizana Local Municipality)	R 25,704,400.00	Vitsha Trading	Lubabalo Swana	2015/059171/07
SCMU11-19/20-0025 Supply erect, 291 temporary shelters	Supply and erect, 291 temporary shelters in OR Tambo Region	R 18,565,218.00	SQT Construction & Civils	Phumeza Mpengesi	2007/099513/23
SCMU11-19/20-0026 Supply erect, 291 temporary shelters	Supply and erect, 291 temporary shelters in OR Tambo Region (Ntabankulu and Mbizana Local Municipality)	R 18,381,400.00	Squard Five Productions	Nceba Ntlokwana	2002/086229/23

	SCMU11-19/20-040 Supply and erect, 450 temporary shelters	Supply and erect, 450 temporary shelters in overcrowded and dense informal settlements in response to Covid 19 pandemic (Amathole and Sarah Baartman Regions)	R 31,475,970.00	SQT Construction & Civils	Phumeza Mpengesi	2007/099513/23
	SCMU11-19/20-041 Supply erect, 450 temporary shelters	Supply and erect, 450 temporary shelters in overcrowded and dense informal settlements in response to Covid 19 pandemic (Amathole and OR Tambo Regions)	R 31,475,970.00	Vitsha Trading	Lubabalo Swana	2015/059171/07
	SCMU11-19/20-042 Supply erect, 450 temporary shelters	Supply and erect, 450 temporary shelters in overcrowded and dense informal settlements in response to Covid	R 31,475,970.00	Squard Five Productions	Nceba Ntlokwana	2002/086229/23

		19 pandemic (Amathole, OR Tambo and Chris Hani Regions)				
	SCMU11-19/20-043 Supply and erect, 450 temporary shelters	Supply and erect, 450 temporary shelters in overcrowded and dense informal settlements in response to Covid 19 pandemic (Chris Hani and Joe Gqabi Regions)	R 31,475,970.00	Takela Trading	Ke Tang	2014/071272/07
(7) what consequence management has her Department undertaken to mitigate against (a) irregular expenditure and (b) fruitless and wasteful expenditure?	<p>1. Accounting Officer wrote a letter to CFO in September 2019 regarding the AG findings that related to Irregular Expenditure.</p> <p>2.CFO had verbal engagements with Director: SCM and issued out 2 letters in October and November 2019 with instructions to deal with the matters highlighted by the AG and issued an instruction to review the SCM and Procedure Manual for SCM as a matter of urgency.</p>					