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Financial misconduct in EC exposes absence of consequence management, says DA

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Of the R412m identified as spent through financial misconduct in the last financial year, just R22,000 has been recovered by the Eastern Cape provincial government, and only six of the 84 employees subjected to disciplinary hearings linked to the misconduct have been dismissed.

Details on the transactions, from the 2021/2022 financial year, were revealed in a Public Service Commission report tabled before the Eastern Cape legislature portfolio committee chair last month.

The report shows that of the 84, six civil servants were dismissed, four were suspended without pay and another 47 received warning letters. The remaining staff were found not guilty.

The suspended staff are now back at work.

Provincial spokesperson Khuselwa Rantjie said financial

misconduct cases did not necessarily require a recovery process because for some of these, the state had not suffered a loss.

She said the office of the premier (OTP) continued to encourage employees to ensure they followed proper procurement processes.

"Disciplinary processes are instituted against employees alleged to have conducted financial misconduct and we believe such actions contribute to deter poor management of government resources," she said.

In terms of section 85 (1) of the Public Finance Management Act, 1999 (PFMA), departments must, as soon as the disciplinary proceedings in cases of financial misconduct are finalised, report the outcomes to the PKC.

Health department spokesperson Yonela Dekeda confirmed that 28 cases of financial misconduct amounting to R72m were reported as finalised during the 2021/2022 financial year.

Dekeda said 20 cases of irregular expenditure amounted to R70m, with eight fruitless

and wasteful expenditure cases amounting to R2m.

With regards to the 20 cases of irregular expenditure, three cases amounting to R61m were for security contracts extended above the 15% threshold set by the National Treasury.

She said one case was extended due to an investigation commissioned by the previous MEC, which delayed the awarding of the new contract.

"For all these cases an assessment and determination was done by the loss control office, and no financial loss could be identified as services were rendered... hence no recovery was pursued," she said.

On the fruitless and wasteful expenditure, Dekeda said this was incurred mainly from interest on late payment of invoices for Telkom, the auditor-general, and fleet services.

"The challenge... is associated with the historic structural settlement of unfunded medico-legal claims, where the department is forced to shift funds from budgeted items to settle these claims and avoid further litigation and interest," Dekeda said.

According to the report, 23 of the officials were junior staff, 34 were assistant directors or deputy directors, and 27 were directors and chief directors.

According to the report, the departments that reported the highest number of financial misconduct cases involving irregular expenditure, in particular, were: public works and infrastructure (29); health (21), and human settlements (13).

The report stated that the total amount involved was R411,859,592 and the amount recovered to date was R22,953,13.

"The amount that is not going to be recovered is R411,213,908 and an amount still to be recovered is R622,750,95," the report stated.

The report stated that one official from the office of the premier faced a disciplinary hearing for financial misconduct amounting to more than R25m, while 28 officials in the health department were linked to financial misconduct amounting to more than R71m. In the public works and infrastructure department, 31 officials were linked to financial

Leaders Meet



President Cyril Ramaphosa welcomes Singapore Prime Minister Lee Hsien Loong for an official visit at Tuynhuys in Cape Town on Tuesday. Picture: REUTERS/ESA ALEXANDER

misconduct of more than R313m.

Public works spokesperson Siphokazi Ncanywa said the financial misconduct related to leases amounting to R298.8m entered into by the department.

"Services were rendered as per the lease agreements that were approved by the previous

administration.

"The department has now regularised the lease portfolio and no financial misconduct is anticipated in the future," Ncanywa said.

She said the department has since facilitated training to supply chain management officials and bid committee members, and had placed compliance

management officials to be members of the procurement committees.

DA MPL Bobby Stevenson said it had been the norm in the Eastern Cape for there to be little consequence management and that strong action had to be taken for misconduct.

"Those funds need to be recovered from the officials re-

sponsible," Stevenson said.

"This shows that there is a lack of consequence management in the provincial administration and an unwillingness by the executive to discipline officials."

He called on the legislature management to present all reports to all the committees, and not just to the portfolio chairs.