

GAUTENG PROVINCIAL LEGISLATURE

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**UNAUTHORISED EXPENDITURE  
(2003/2004) BILL, 2005**

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*(As introduced)*

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BY

(MEMBER OF THE EXECUTIVE COUNCIL FOR FINANCE AND ECONOMIC AFFAIRS)

**[G006—2005]**

# BILL

**To provide for the authorisation of certain unauthorised expenditure from the Provincial Revenue Account; and to provide for matters incidental thereto.**

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**B**E IT ENACTED by the Provincial Legislature of Gauteng, as follows:—

## **Authorisation of unauthorised expenditure from the Provincial Revenue Account**

**1.** (1) Unauthorised expenditure of R894 952 315.05 incurred by the Gauteng Provincial Government during the period April 2003 to March 2004 for services rendered by the Gauteng Provincial Government and that the relevant Public Accounts Committees recommended for authorisation by the Legislature is hereby authorised. 5

(2) The Provincial Revenue Account is charged with the expenditure referred to in subsection (1).

(3) The expenditure referred to in subsection (1) is set out in the Schedule hereto. 10

## **Short Title**

**2.** This Act is called the Gauteng Unauthorised Expenditure (2003/2004) Act, 2005.

**SCHEDULE**

<b>Vote</b>	<b>Vote Title</b>	<b>Financial Year</b>	<b>Amount authorised</b>
3	Finance & Economic Affairs	2003/04	14 683 528.18
4	Health	2003/04	159 999 017.23
5	Education	2003/04	472 203 423.39
6	Social Services and Population Development	2003/04	242 776 504.16
9	Transport, Roads and Public Works	2003/04	121 590.14
11	Agriculture, Conservation and Environment	2003/04	2 591 901.72
12	Sport, Recreation, Arts and Culture	2003/04	2 576 350.23
	<b>TOTAL</b>		894 952 315.05

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## EXPLANATORY MEMORANDUM

### UNAUTHORISED EXPENDITURE BILL FOR THE FINANCIAL YEAR STARTING 01 APRIL 2003 AND ENDING 31 MARCH 2004

#### (1) PURPOSE OF THE BILL

The Gauteng Provincial Government incurred unauthorised expenditure of R894 952 315.05 as a result of overspending of a vote or a main division within a vote, expenditure not in accordance with the purpose of a vote or a main division within a vote or expenditure incurred without complying with applicable legislation. 5

The Standing Committee on Public Accounts ("SCOPA") has heard evidence on the reports of the Auditor-General on the financial statements of the Gauteng Provincial Government for the period April 2003 to March 2004. 10

After careful deliberation SCOPA agreed to authorise this expenditure but expects departments to meet the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) ("PFMA") in the forthcoming financial years.

The key reasons for incurring the unauthorised expenditure are: 15

- (a) inadequate budget allocations (under budgeting);
- (b) management control weaknesses and inadequate systems;
- (c) non-utilization of virements between programs;
- (d) increased social grant beneficiaries;
- (e) payment of back dated notch increments; and 20
- (f) migration to Gauteng.

#### (2) SOCIAL IMPACT

None.

#### (3) ENVIRONMENTAL IMPACT

None. 25

#### (4) FINANCIAL IMPLICATIONS OF THE BILL

The condoned unauthorised expenditure of R894 952 315.05 incurred during the period April 2003 to March 2004 reduces the Provincial surpluses accumulated from previous financial years and the equivalent amount must be taken as a charge against the Provincial Revenue Fund to clear the overdraft balances in the departmental bank accounts. 30

#### (5) OTHER DEPARTMENTS OR BODIES CONSULTED

All Provincial departments affected by this Bill and the Office of the Auditor General.

#### (6) CLAUSE BY CLAUSE DESCRIPTION

##### Clause 1: 35

Unauthorised expenditure of R894 952 315.05 incurred for services rendered by the Gauteng Provincial Government is hereby authorised and the Provincial Revenue Account is charged with unauthorised expenditure of R894 952 315.05.

Details of the unauthorised expenditure of R894 952 315.05 incurred during the period April 2003 to March 2004 are reported for each department in terms of section 5(d) of the Auditor-General Act, 1995 (Act No. 12 of 1995) and are set out in the Schedule to the Bill. 40

##### Clause 2:

This clause contains the short title of the Bill.

**Schedule:****The Provincial Revenue Account is charged with expenditure for the financial year ending 31 March 2004 as follows:****(i) Finance and Economic Affairs: R14 683 528.18.**

The unauthorised amount was incurred on current expenditure on Program 5 (Blue IQ) as a result of a system problem. BAS does not allow for classification of consultant's fees as capital expenditure—resulting in a saving reflected on capital expenditure. An amount appropriated for capital expenditure may not be used to defray current expenditure in terms of Section 43 (4) (c) of the PFMA. 5

**(ii) Health: R159 999 017.23. 10**

Unauthorised expenditure had been incurred on:

Program 1: R509.95;

Program 2: R159.52;

Program 4: R760 849.02;

Program 5: R142 266 025.80; and 15

Program 8: R16 971 472.94.

The main overspending program resulted from persons by-passing the primary health care and district hospitals to access the central hospitals and the cost of treating these persons is high. Increased expenditure for the new Pretoria Academic Hospital also contributed to the overspending. Savings of R130 323 272.01 on mainly capital expenditure resulted in a net overspending of only R29 675 745.22. 20

**(iii) Education: R472 203 423.39.**

Unauthorised expenditure was incurred mainly as a result of overspending on Program 2: Public Ordinary School Education. Consistent learner growth in the Provincial education system due to migration into Gauteng Province was the main reason why the department could not meet its projections in this regard. 25

The implementation of the Adult Basic Education and Training Act, 2000 (Act No. 52 of 2000) as well as the increases in examination and computer service costs also contributed to the overspending. 30

**(iv) Social Services and Population Development: R242 776 504.16**

The unauthorised expenditure incurred on Program 2: Social Assistance Grants. The payment of social grants and pensions is effected in terms of the Social Assistance Act, 1992 (Act No.59 of 1992) and regulated in terms of regulations made by the Minister of Welfare. Legislation has increased the number of people qualifying as beneficiaries for child and disability grants. 35

Concerns were also raised regarding the poor interfacing of information systems and should be addressed to eliminate unauthorised grant or pension payments.

**(v) Transport, Roads and Public Works: R121 590.14**

Unauthorised expenditure was incurred as a result of the payment of notch increments backdated to 1998 due to an arbitration award issued on 28 March 2003 in respect of a labour dispute between PSA and the department. 40

**(vi) Agriculture, Conservation and Environment: R2 591 901.72**

Unauthorised expenditure was incurred as a result of the additional expenditure with regards to the vacating, refurbishing and reoccupying of the building after the destroying fire. 45

**(vii) Sport, Recreation, Arts and Culture: R2 576 350.23**

Unauthorised expenditure was incurred as a result of the ten year event celebration as well as court settlement of labour cases.



