the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION 5753

Ms S I Nkosi (MK) to ask the Minister of Minister of Trade, Industry and Competition:

Whether, following 2025-26 audit outcome of his department, including the achievement of 62% of its annual performance targets, expenditure of approximately 98% of its budget, and the material irregularity involving approximately R50,8 million associated with the Capital Projects Feasibility Programme, he has assessed the effectiveness of the Internal Audit Unit and Audit Committee of his department in identifying, escalating and preventing the control failures concerned; if not, why not; if so, (a) what total number of recommendations of the internal audit and the Auditor-General of South Africa remain outstanding as at the latest reporting date, (b) what are the reasons for non-implementation, (c) which accounting officers and/or senior managers have been assigned responsibility for resolving them, (d) what independent mechanism have been used to verify that corrective actions have addressed the root causes of audit findings and prevented their recurrence and (e) what specific corrective measures, performance indicators and quarterly reporting arrangements has he put in place to ensure that departmental expenditure translates into measurable outcomes in industrial development, investment, economic transformation and job creation, particularly where planned performance targets have not been achieved? NW6245E

Response:

(a) What total number of recommendations of Internal Audit and the Auditor-General of South Africa remain outstanding as at the latest reporting date?

Presently, there is one active material irregularity, relating to the approximately R50.8 million financial loss arising from CPFP claims paid on unverified or potentially fraudulent documentation.

(b) What are the reasons for non-implementation?

As acknowledged by the AGSA, appropriate actions are being taken to address the material irregularity. The forensic investigation is ongoing and a number of actions have already been taken, including, amongst others - Letters of Demand have been issued to the nine beneficiaries identified in the 2024/25 forensic report, and recovery proceedings are underway; Beneficiary Payments were suspended in early July 2026, disciplinary proceedings are in progress; and the Criminal Case initially opened with the South African Police Service (SAPS) has been transferred to the Directorate for Priority Crime Investigation (the Hawks).

(c) Which accounting officers and/or senior managers have been assigned responsibility for resolving them?

The DG and the Department have been meeting with the Auditor-General's office since July 2025 to resolve the issues surrounding this material finding. A Steering Committee, comprising - the Incentives Branch; Finance; Legal; Risk; and Internal Audit, reports to the DG, who oversees the implementation plan.

(d) What independent mechanism has been used to verify that corrective actions have addressed the root causes of audit findings and prevented their recurrence?

The Audit Committee is an independent body, it monitors corrective actions through its audit dashboard and the AG also oversees the corrective actions.

(e) What specific corrective measures, performance indicators and quarterly reporting arrangements has he put in place to ensure that departmental expenditure translates into measurable outcomes in industrial development, investment, economic transformation and job creation, particularly where planned performance targets have not been achieved?

The Annual Report presentation to the PC on 7th Oct 2026, identified corrective actions for specific unmet targets, including measures to address funding constraints.

These include, amongst others, - intensifying engagement with strategic trading partners to diversify markets and support manufacturing; developing fiscal support measures to implement the Industrial Development Strategy; and engaging the Department of Transport and Transnet to promote localisation and rail efficiency.

To address underperformance in job creation, **the dtic** plans to use the 2026/27 budget to approve new applications under the digital economy programme and has requested additional funding from National Treasury.

All these initiatives are aimed at translating into measurable outcomes in industrial development, investment, economic transformation and job creation.

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