



MEDIA STATEMENT: GUIDELINE FOR LEGISLATIVE OVERSIGHT THROUGH ANNUAL REPORTS

Annual reports are primary tools for accountability and for measuring the performance of government departments and public entities. These annual reports, which include the financial statements and audit reports of the respective entities, highlight the progress that has been made on service delivery commitments and targets, thus indicating how efficiently and effectively government has utilised public resources in performing its functions and in meeting its socio-economic objectives.

The National Treasury has prepared and circulated the *Guideline for Legislative Oversight through Annual Reports* to all Members of Parliament and Provincial Legislatures for discussion.

This guide is aimed at assisting Parliamentarians and members of provincial legislatures and deals with the process of evaluating annual reports. It also provides a synopsis of the roles and responsibilities of the various stakeholders in the analysis of annual reports and provides suggestions for interrogating and evaluating these reports. Emphasis is placed on portfolio committees ensuring that the relevant institution is actually delivering high quality services in an economical, effective and efficient manner in line with its constitutional and legislative mandate.

Section 65(1) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) requires the executive authority responsible for a department or public entity to table in the National Assembly, or the provincial legislature, the annual report, financial statements and audit report, within six months after the end of the financial year to which those statements relate.

The non-tabling of such annual reports significantly undermines the oversight role of Parliament, and both Cabinet and the Auditor-General now monitor the dates of such tabling.

During November 2003, the Auditor-General tabled a Special Report in Parliament on the '*Delays in the Tabling of Annual Reports for the financial year ended 2002/2003*'. Some of the problems associated with late and non-tabling of annual reports are outlined in this special report.

The National Treasury analysed this report to determine the extent to which departments, constitutional institutions and public entities complied with the timeous tabling requirements. Information from departments and public entities and the tabling records of Parliament were also taken into account during the analysis, which formed the basis of decisions taken by Cabinet on 4 February 2004 to improve the quality and tabling of annual reports. Cabinet also resolved that the Minister of Finance approach the Speakers Forum to improve the processes for considering annual reports, including requiring the relevant portfolio committee to table an oversight report at the end of November. In order to give effect to this decision, the National Treasury commissioned research on how best to deal with these problems.

The research culminated in the preparation of guidelines entitled *Guideline for Legislative Oversight through Annual Reports* for discussion. Cabinet noted this guide at its meeting of 1 December 2004, as it reviewed how best to improve audit and performance accountability in government. The guideline is merely a proposal for further discussion and debate, with the hope that legislatures can use it to improve their oversight processes through better and more effective use of annual reports.

A similar guide is also being prepared for municipalities, to ensure that the council of a municipality also improves its oversight process.

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