

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 673 [CW841E]

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Mr R A Lees (DA-KZN) to ask the Minister of Finance:

- (1) Whether the National Treasury has informally advised the Department of Justice and Constitutional Development that a trading entity in respect of third party funds is sufficient for the purposes of financial reporting; if not, what is the position in this regard; if so, what are the relevant details;
- (2) whether the Department of Justice and Constitutional Development has requested the National Treasury for a permission to form such an entity; if not, what is the position in this regard; if so, what are the relevant details;
- (3) whether the National Treasury has responded to this request; if not, why not; if so, (a) when was the request responded to, (b) what are the expected implications for the Department of Justice and Constitutional Development's audit for the 2011-12 financial year regarding this matter and (c) what are the further relevant details?

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REPLY:

- 1) Yes. Officials from the Department of Justice and Constitutional Development and the National Treasury held numerous engagements and meetings, both formal and informal to discuss various matters related to the Third Party Fund. At these meeting and engagements a wide range of issues related to the Public Finance Management Act and Treasury Regulations were discussed including but not limited to those related to trading entities.
- 2) Yes. The Department of Justice and Constitutional Development through the office of the Chief Financial Officer of the Department on the 29th October 2010 had requested permission from the National Treasury to establish a trading entity for the operations of the Third Party Fund. This application was however not supported by a business case.
- 3) Yes.
 - a. The National Treasury had responded to the request by the Department of Justice and Constitutional Development on 05th November 2010.

- b. The National Treasury is in discussion with officials from the Department of Justice and Constitutional Development on this matter as well as other matters related to the Third Party Fund. It is still too early to speculate the audit outcome of the Third Party Fund for the 2011 – 2012 (current financial year).
- c. There are no further relevant details in this regard.