

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 624 [NW689E]

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**Mr. N J J van R Koornhof (Cope) to ask the Minister of Finance:**

Whether the National Treasury has any mechanisms in place to monitor the spending of revenue by departments and provinces to ensure value for money; if not, what is the position in this regard; if so, what are the relevant details?

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**REPLY:**

Through the Public Finance Management Act, 1999 (Act 1 No.1 of 1999) (PFMA), the accounting officer of a department, trading entity or constitutional institution is charged with the responsibility to ensure the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution at all times. Departments are thereby continually tasked with assessing the role, purpose and effectiveness of programmes and public entities, and whether outcomes and outputs can be attained at a lower cost. These actions support the "value for money" agenda of government.

In terms of Section 32 and 40 of the PFMA and Section 18 of the Treasury Regulations, national departments and provincial treasuries must regularly submit a statement of revenue and expenditure to the National Treasury. The accounting officer of a national department must by the 15<sup>th</sup> of each month submit a report on expenditure and revenue in the prescribed format to the National Treasury, whilst provincial treasuries need to do this by the 22<sup>nd</sup> of each month.

These monthly expenditure reports are then analysed by the National Treasury, providing the basis for intervention measures to be put in place as and when necessary. The quarterly expenditure reports are then compiled and analysed by National Treasury, and submitted to both the Standing and Select Committee on Appropriations to inform their oversight role on departmental spending.

In addition, national and provincial departments are required to submit quarterly performance reports to the National Treasury based on targets set in their Annual Performance Plans. This information is analysed in line with spending on programmes, to assess value for money.

Further to improving efficiencies in government spending, institutions are encouraged to ensure that contracts with service providers are secured at the best possible prices. Economies of scale benefits should be sought, where the same goods and services are required on a regular basis by more than one government department and/or entity (Treasury Regulations 16.A6.5). For example, in 2010 the Minister of Health announced a significant reduction in the prices of antiretroviral drugs which resulted in savings of approximately R4.7 billion.