

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 908**

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

Whether the National Treasury intends introducing preventative measures to ensure that departments do not waste money; if not, why not; if so, what measures?

NW1052E

**REPLY**

The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) regulates financial management in the national and provincial spheres of government and aims to ensure that all revenue, expenditure, assets and liabilities of those spheres are managed efficiently and effectively. The Act also provides for the responsibilities of persons entrusted with financial management in government. Enabling public sector managers to manage and be held accountable as well as eliminating waste and corruption in the use of public assets are key objectives of the PFMA.

In terms of section 38(1) of the PFMA, the accounting officer of a department is responsible for the effective, efficient, economical and transparent use of the department's resources. This section also requires that that accounting officers take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure. To ensure this, the Act requires that accounting officers maintain effective, efficient and transparent systems of financial and risk management and internal control and a system of internal audit under the control of an audit committee. The Treasury Regulations, issued in terms of the PFMA, also require that accounting officers conduct regular risk assessments to identify emerging risks. All the aforementioned provisions are aimed at ensuring the prudent management of state resources.

From the foregoing, it is clear that the responsibility to ensure that departments do not waste money rests with the accounting officer. The National Treasury has nevertheless issued several guideline documents and frameworks to assist accounting officers in ensuring the effective, efficient, economical and transparent use of state resources. These guidelines

and frameworks include the Accounting Officer's Guide to the PFMA, Inventory Management Guidelines and frameworks related to Internal Audit, Risk Management and Supply Chain Management.

The National Treasury also supports departments through participation in various forums with a view to improving their financial management, including measures to curb the wastage of state resources.