

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1532 [NW1879E]
DATE OF PUBLICATION: 14 JUNE 2013

1532. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether the Government is taking immediate measures to implement the further tightening of the accountability framework to ensure that state resources are utilised in a manner consistent with the prescripts of the law, as recommended in the 2013 Fiscal and Financial Commission report; if not, why not; if so, (a) what steps and (b) what are the time frames in this regard?

NW1879E

REPLY:

Government, under the leadership of National Treasury, is undertaking various initiatives to further tighten the accountability framework to ensure that state resources are utilised in a manner consistent with the prescripts of the law.

The National Treasury is in a process of revising and updating the Treasury Regulations issued in terms of the Public Finance Management Act, 1999 (Act 1 of 1999). Specifically, chapters in the regulations on supply chain management are being enhanced to strengthen governance, financial management accountability and processes around procurement to combat fraudulent practices. The revised Treasury Regulations will be published before the end of the calendar year and will take effect as from 1 April 2014.

For municipalities, National Treasury is considering comments received on the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) regulations related to financial misconduct, with a view to concluding the regulations within the coming months. The regulations seeks to improve internal processes, improve reporting and actions taken by municipalities and municipal entities to deal effectively with allegations of financial misconduct, consistent with Chapter 15 of the MFMA and complements other provisions in the Municipal Systems Act and its regulations. The National Treasury has issued a New Annual Reporting Guide and framework that seeks to improve the quality, content, information and timing of municipal annual reports. This reform is being phased in and will contribute to improvement in the accountability framework for municipalities.

In addition to the above there is a process in place for finalizing a standardised classification framework for local government through the regulation of a 'standard chart of accounts' (SCOA) for municipalities. Such uniform expenditure classifications have already been established and implemented for national and provincial government. The object of these Regulations is to provide for a national standard for the uniform recording

and classification of municipal budget and financial information at a transaction level by means of the prescription of a standard chart of accounts for municipalities, aligned with prescribed budget formats and accounting standards. This provides for the availability of uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere. The introduction of a uniform classification framework provides for the continuous improvement in the quality, content and credibility of financial reporting. It is envisaged that the draft regulation will undergo formal legislative consultation to the middle part of this year and the Regulation will be finalized to the latter part of the current year.

The PFMA and MFMA states clearly that accountability resides with the accounting officer and the executive authority in the different spheres of government, allow managers to manage, has been the central feature of the legislation. Hence, accountability and responsibility for actions taken on financial management resides with departments and municipalities.