

**NATIONAL COUNCIL OF PROVINCES**  
**QUESTION FOR ORAL REPLY**  
**QUESTION NUMBER: 159 [CO330E]**  
**DATE OF PUBLICATION: 03 NOVEMBER 2014**

**Ms B S Masango (DA-Gauteng) to ask the Minister of Finance:**

- (a) How will he ensure (i) compliance with and (ii) enforcement of the Medium Term Expenditure Framework budget proposals, (b) what plans does the National Treasury have in place to ensure that the implementation of cost effective measures are complied with throughout government departments and (c) who is tasked with monitoring compliance?

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**REPLY:**

Funding for the Medium Term Expenditure Framework allocated in the Appropriation and Division of Revenue Acts is subject to the provisions of the Acts themselves, which state amongst others that funds need to be spent in accordance with the purposes specified and are subject to any conditions imposed by the Minister of Finance. The Division of Revenue Act set out conditions for the spending of conditional grants allocated to provinces and municipalities. Spending in appropriation legislation is also subject to the Public Finance Management Act, 1999 (Act 1 No.1 of 1999), through which 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 resources at all times. In terms of section 40(4) of the Public Finance Management Act, departments each month submit expenditure information to the relevant Treasury in a format prescribed by the Treasury. Where necessary, explanations must be provided of any material variances from the budget together with a summary of the steps that are being **taken** to ensure that projected expenditure remains within the Budget. The National Treasury will be including more specific requirements in respect of the reporting of cost containment measures in its monthly reporting template.

In addition cost containment instructions issued by the National Treasury are auditable and thus subject to any audit findings made by the Auditor General. The Auditor General will be auditing compliance with the *2013/14 National Treasury Instruction 01 on Cost Containment Measures* issued by the National Treasury.

Of course, statutory institutions such as the executive and legislatures will be expected to continue to play their oversight role more vigorously at these challenging times.