

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 447 [NW501E]
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447. Mr M G P Lekota (Cope) to ask the Minister of Finance:

Whether the National Treasury was ensuring that (a) all invoices for goods and services procured by all structures of government and public entities were being settled within thirty days without fail, (b) rapid disciplinary action was being taken against those failing to make payment on time every time, (c) all restrictions on travel, entertainment, catering etc. imposed by the National Treasury were being strictly adhered to by everyone under the National Treasury's broad control and (d) the Auditor-General's findings were being given full effect to in order to remedy the shortcomings immediately; if not, why not; if so, what are the details? NW501E

REPLY:

- a) In terms of section 38(1)(f) of the Public Finance Management Act (PFMA) and Treasury Regulation 8.2.3, it is the responsibility of accounting officers to settle all contractual obligations and pay all money owing, including intergovernmental claims, within 30 days from receipt of an invoice.

On 30 November 2011, the National Treasury issued Instruction Note 34 which requires departments to submit information related to their compliance with the requirement to pay invoices within 30 days. The National Treasury uses this information to compile bi-monthly reports to the Forum of South African Directors-General (FOSAD) on compliance by departments with the thirty day payment requirement.

- b) Non-compliance with the requirement to pay invoices within the prescribed period can be grounds for financial misconduct. In terms of sections 38(1)(h) and 51(1)(e) of the PFMA, accounting officers of departments, constitutional institutions and public entities must take effective and appropriate disciplinary steps against any official who contravenes or fail to comply with the provision of this Act.

The responsibility to take disciplinary action therefore lies with accounting officers and accounting authorities and the National Treasury is not in receipt of information related to disciplinary actions taken for such transgressions.

- c) Since introduction of the Treasury Instruction on Cost Containment, there is evidence of reduced spending on items related to travel, entertainment and consultants. An expenditure analysis of national departments on these items as at the end of December 2015 revealed that travel expenses reduced by 16%, entertainment

expenses reduced by 8% and spending on consultants reduced by 31%. There was, however, an 8% increase in expenses related to catering.

- d) The National Treasury submits a Memorandum annually to Cabinet on the audit outcomes of all PFMA compliant institutions. In this regard, Cabinet annually resolves that accounting officers must act on the Auditor-General's recommendations to address negative audit findings and to submit to their relevant Executive Authorities, corrective steps to be taken to address concerns raised in their audit reports.