

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3 [CW03E]
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3. Mr F Essack (Mpumalanga: DA) to ask the Minister of Finance:

What mechanisms are in place to ensure that (a) fiscal misappropriation is stemmed, (b) maximum efficiency of spending is reached, (c) transparency is paramount and (d) there is a third party review of all government tenders regarding infrastructure projects as they are vital for service delivery and economic growth?

CW03E

REPLY:

- a-c) The budget process begins with the setting of priorities by government and the issuance of budget guidelines to governmental institutions. Proposals put forward by institutions in terms of the guidelines are then examined within budget function groups, culminating in recommendations on how institutional policies, practices and arrangements can be adapted to best achieve the function's outcomes. During this process expenditure and programme reviews are used to guide proposals on allocations. Evidence based analysis is used to measure the efficiency of spend, thereby informing proposed allocations.

Recommendations made by function groups are presented to the ministers' committee on the budget technical committee, comprising the directors-general of central national government departments, who consider the inevitable trade-offs and priorities for government as a whole and put forward recommendations to the ministers' committee on the budget. The ministers' committee on the budget then tables its recommendations in Cabinet for approval. This forms the basis for the fiscal framework, the division of revenue across the three spheres of government, and the detail of allocations tabled in the Medium-Term Budget Policy Statement (MTBPS) in October and then subsequently in the Budget.

The annual budget process culminates in appropriation legislation being tabled in Parliament. This legislation together with the division of revenue is then referred to the Standing Committee on Appropriations in the National Assembly and the Select Committee on Appropriations in the National Council of Provinces for scrutiny and amendment / adoption. Parliament's finance committees consider the fiscal framework and revenue proposals.

South Africa scores very highly in terms of the transparency of its budgeting system. In the latest 2017 International Open Budget Index (OBI) survey, South Africa was ranked first alongside New Zealand, out of 115 countries in the world, outperforming countries like Australia and the United Kingdom. In addition, the National Treasury, in partnership with civil

society, has also launched a government data portal (*vulekamali.gov.za*) further providing access to user friendly budget information, to the general public. Further, governmental institutions are required by law to publish audited financial statements, reporting on such audits to Parliament.

- d) Government Tenders are administered by the Bid Committee system within individual departments and entities, which is a governance structure that ensures compliance with section 217 of the Constitution. The Bid Committee system, provides the organs of state with the following options amongst others; to
 - a. conduct a probity audit through the internal audit processes;
 - b. engage advisory service of a third party who can only advise and not vote on any decision, as this remain the prerogative of that organ of state.

In order to strengthen the Bid Committee system, the National Treasury is in the process of issuing the Framework for Infrastructure Delivery and Procurement Management (FIDPM) which prescribes clear deliverables and accountability for each tendering phase.