

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 172 [CW232E]

172. Ms D C Christians (Northern Cape: DA) to ask the Minister of Finance:

(a) How will he intervene to see to it that finances are not further mismanaged in the Northern Cape (details furnished) and (b) what interventions will be instituted to stop the continued deterioration of the Department of Finance in the province?

CW232E

REPLY:

(a) National Treasury conducts provincial budget benchmark exercises and provincial visits as part of the budget process on an annual basis. Both the benchmark exercise and the provincial visits were introduced by the National Treasury with a focus on analysing provincial budgets and expenditure to identify risk areas and bring these risks to the attention of Provincial Treasuries and to explore possible solutions with them. Amongst others, these processes:

- Interrogate the assumptions behind draft programme allocations and alignment of budgets to national and provincial policy priorities.
- Assess areas of risk in provincial budgets and provide feedback on areas where changes might be required.
- Assess how the sectors are implementing cost containment measures and assess departmental budgets in view of a constrained fiscal envelope.
- Analyse in-year challenges experienced by departments as well as recovery and mitigation plans.

The National Treasury, through these processes has recommended to the province to take measures to effect budgetary controls, internal financial and risk management controls to prevent non-compliance in the provincial departments. To that effect, the provincial Accounting Officers are to ensure that:

- Urgent measures are in place to deal with continuous over-commitments, accruals, irregular and unauthorised expenditure, and advise both Provincial Treasury and National Treasury on strategies that will be deployed to manage these unlawful expenditures including dealing with root-causes to avoid re-occurrence thereof.
 - Support is provided to the multi-disciplinary task team led by the Provincial Treasury for Clean Audit initiative including the Office of the Premier to improve audit outcomes in the province. The initiative has led to an increase in clean audits from two departments to three departments during the 2019/20 financial year.
- (b) The above processes institutionalised by National Treasury have proven to be working well in identifying the risk areas in the province. It is therefore of importance to note that in terms of performance the provincial treasury has been able to perform its functions in all areas despite high vacancy rate in senior management positions including amongst others; budget planning and allocations, budget implementation and oversight, strengthening of in year monitoring process across provincial departments as well as managing the provincial cash balances. Strong support has been continuously provided to municipalities including experts deployed by National Treasury in respect of financial management to assist municipalities attaining sound financial management. It is also of noting that the provincial treasury has maintained a clean audit for the past five financial years.

In relation to the Provincial Treasury Head of Department vacant position, communication regarding the appointment was sent on 22 October 2020 to the province for immediate actioning by the Premier and the MEC for Finance.