**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **128 [NW131E]**

**128. Mr H C C Krüger (DA) to ask the Minister of Finance:**

With reference to a certain letter and a list of unpaid invoices (details furnished), how does the National Treasury intend to make sure that all government departments at national, provincial and local level, as well as state-owned entities, adhere to the 30 days’ payment policy?

NW131E

 **REPLY**:

1. On 2 December 2009, Cabinet resolved that departments must implement mechanisms to ensure that payments to suppliers are paid within 30 days from the date of receiving an invoice. On 22 November 2010, Cabinet reiterated its decision taken on 2 December 2009 regarding the payment of invoices.
2. In addition, the Forum of South African Directors-General (FOSAD) resolved that the National Treasury must provide the Forum with regular reports on the extent of compliance by departments with the requirement to pay suppliers invoices within 30 days.
3. In November 2011, National Treasury published a Treasury Instruction Note No. 34 which emphasised the importance of the payment of suppliers timeously and enjoins departments to submit reports to their relevant treasuries each month with information related to the:
* number and value of invoices paid after 30 days from the date of receiving invoices;
* number and value of invoices that are older than 30 days which remained unpaid; and
* reasons for late and / or non-payment of the invoices.

The National Treasury Instruction Note 34 further requires accounting officers to put systems in place to enable tracking of invoices received.

1. Since 2012, the National Treasury has been actively monitoring compliance with Treasury Regulation 8.2.3 and report quarterly on the level of non-compliance with the requirement to pay suppliers within 30 days as well as the recommendations to improve the level of compliance to the Department of Planning, Monitoring and Evaluation (DPME) to present to the FOSAD. The National Treasury also submits an annual report to the Standing Committee of Public Accounts, Standing Committee of Finance and Cabinet. These reports are also shared with the Public Service Commission and Department of Small Business Development.
2. The National Treasury in its continued effort to assist public sector institutions to meet their contractual obligations and to remind heads of institutions of this requirement, issued a treasury circular on 23 March 2018 to urge heads of institutions to put measures in place to pay valid invoices and claims as required by the legislation, strengthen internal controls and monitor the implementation thereof, institute disciplinary steps against those employees who undermine the legislative requirement or set internal controls, and to remind relevant authorities that failure to take disciplinary steps against those employees constitute non-compliance and misconduct.
3. Some of the initiatives that the National Treasury took to address this matter are as follows:
* The National Treasury in collaboration with DPME visited all provincial departments of Health to understand challenges that are faced by these departments in paying legitimate invoices within 30 days and to develop action plans to address identified challenges and improve compliance levels;
* The National Treasury embarked on roadshows in certain provinces to encourage government departments at various levels to adhere to commitments made on payment of invoices within the stipulated 30-day period as a critical element to support SMMEs who do business with the state;
* The National Treasury established a hotline where queries related to non-payment of invoices are received from suppliers. The National Treasury assists suppliers by following up with transgressing departments on reported late payment of invoices and provides feedback on to the supplier on (i) reasons for the delay and (ii) date payment will be effected. At a provincial level, the process is handled by the Office of the Provincial Accountant-General.
* The National Treasury is in the process of finalising a guideline on payments within 30 days to assist accounting officers with measures to implement to improve the level of compliance and pay invoices on time and also improve their internal control systems in relation to processes and procedures to be followed when effecting payments.
1. Whilst it is not currently a legal requirement that public entities must settle their invoices within 30 days, it is considered a best practice. When amendments are effected to the Treasury Regulations, public entities will also be legally required to pay their invoices within 30 days from date of receipt of an invoice.