**NATIONAL ASSEMBLY**

**QUESTION FOR** **WRITTEN REPLY**

**QUESTION NUMBER:** **2334** **[NW2669E]**

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**2334. Mr E M Buthelezi (IFP) to ask the Minister of Finance:**

What new watertight measures has his department adopted to ensure that the monies allocated to various departments and ministries by the National Treasury are not misused through corruption? NW2669.

**REPLY**

Government has taken a number of steps since the era of state capture to strengthen the anti-corruption system, but even with such improvements, no system can be watertight against corruption. It is a fact that corruption has become deeply entrenched in all three spheres of government, at national, provincial and local government level and in public entities. We need to do more as a country to improve governance and oversight systems, but most importantly, to ensure that all accounting officers ensure that they always act in the public interest and spend funds for the purposes budgeted for. More broadly, that all in the public service in all three spheres of government, be it political office-bearers, legislators, councilors, accounting officers and authorities, and all officials and employees in the public sector, act honestly and with integrity at all times.

The President submitted to Parliament the Government’s response to the recommendations of the Zondo Commission, or more formally, the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, on 22 October 2022. Many of these proposals are in the process of being implemented, and it is my view that both Parliament and Cabinet need to be more involved in overseeing its implementation. Government has also recognized that corruption is one of the highest risks facing any procurement process, and that we need to strengthen our planning, preventive and internal control systems, to reduce the scope of such corruption. In this respect, we are modernizing our procurement system, and also introduced a new Public Procurement Bill to give effect to the procurement-related recommendations of the Commission.

The Office of the Chief Procurement Office is also working closely with numerous stakeholders and partners such as the World Bank and OECD to learn the best lessons internationally and commencing with a review in collaboration with the OECD on the Methodology for Assessing Procurement Systems (MAPS) to guide the modernisation process, by identifying areas of deficiencies and vulnerabilities in the current system. The National Treasury also maintains the Central Supplier Database for the government and has made improvements to improve compliance with regulations for state employees and restricted suppliers not to do business with the state. A transparency initiative was launched through the eTender portal where procurement opportunities and procurement data are shared with members of the public. The initial phase of Open Contract Data Standards has been implemented enabling civil society to have access to procurement data in an international standard making it easier for interpretation. Transparency improves accountability and the National Treasury is continuing to implement transparency initiatives for reducing corruption and improving oversight on procurement activities.

Accounting officers and authorities are at the heart of our spending and reporting system. Section 38(1)(a)(i) of the PFMA (and similarly section xxx of the MFMA) requires accounting officers and authorities to develop and maintain an effective, efficient, and transparent system of financial, risk management and internal control. Whilst it is the responsibility of accounting officers and authorities to ensure that funds appropriated or under their control are not misused, the National Treasury monitors the spending patterns of national departments monthly and reports to Parliament on a quarterly basis to assist Parliament and oversight committees of government with their oversight role. There are similar reporting responsibilities on provincial treasuries and for municipalities.

Aside from the executive in each government in any sphere improving its oversight system over their accounting officers and authorities, it is also important for Parliament and all other legislatures to better use the reporting system to strengthen the system of oversight and accountability, especially given that they are the last line of accountability for our oversight and monitoring system. It is also important that all accounting officers and authorities (and elected office-bearers) be accountable, and have effective risk management and internal control systems, as well as their audit committees, to assist them to identify corrupt or suspicious transactions. It is also critical that post-financial year mechanisms like the audit process focus on potential fraud and suspicious transactions, particularly in the procurement system, and differentiate between corruption and minor compliance transgressions that do not involve financial losses.

Below are some specific recent initiatives undertaken by the National Treasury in addressing corruption, misuse of funds, building capacity and ensuring that proper governance systems are developed and implemented by departments.

Capacity building initiatives

* Chief Financial Officers accelerated programme – In recognising the capacity challenges in departments, the National Treasury developed a competency framework for financial management to build capacity of officials in technical and behavioural competencies. An accelerated programmes for Chief Financial Officers (CFOs) was developed and piloted with the objective of enhancing the skills of CFOs and to equip new entrants from the private sector with public sector competencies. A Supply Chain Management Executive programme was also developed with the aim of providing an understanding of the key roles and responsibilities of all heads of procurement and CEOs. To improve governance, two capacity-building short learning programmes aimed at improving public sector internal auditors’ competencies in the ‘Development of Risk-Based Audit Plans’ and their ability to conduct Audit of Information Technology General Controls was developed and piloted.
* Chartered Accountants Academy – The National Treasury continued to support the development of accounting professionals through the Chartered Accountants Academy (CAA). To date, the Academy has produced seventy-six (76) chartered accountants and National Treasury in partnership with the National School of Government is embarking on the journey to professionalize the public sector.

* Public Sector Audit Committee Forum – National Treasury has continuously maintained its partnership with the Public Sector Audit Committee Forum (PSACF) which has developed several position papers and hosted virtual round table discussions to assist Audit Committee members to fulfil their roles effectively, efficiently, and independently.
* Internal audit support – The National Treasury remains committed to advancing good governance through stakeholder engagements, provision of technical advice and implementation of legislative prescripts. The information sharing platform with chief audit executives and academia was convened to reflect on improving accountability and transparency in the South African public sector through continuous assurance. The standing MoU between the National Treasury and the Institute of Internal Auditors (South Africa) has made it possible for the National Treasury to participate in the latest review of the Global Internal Auditing Standards (public sector input) impacting the role and responsibilities of internal auditors and audit committees.

Specialised Audit Services

The National Treasury conducts specialised performance audits and forensic investigations to enforce financial management prescripts, ensure accountability, effective, efficient, and economical use of resources. The National Treasury assists the law enforcement agencies to investigate allegations of fraud and corruption and institute charges and assist with recovering proceeds of crime.