



MEMORANDUM

A U D I T O R - G E N E R A L

To	Thokozile Xasa
From	Thomas Harban (Acting Senior Manager: Legal Services)
Reference no	
Date	20 October 2008
Subject	Comments on the Financial Management of Parliament Bill

1. BACKGROUND

This memorandum contains comments on certain technical and legal issues included in the latest available version of the Bill.

2. COMMENTS ON THE LATEST AVAILABLE VERSION OF THE BILL

SEC	DESCRIPTION	COMMENT
3	Norms and standards for provincial legislatures	<p>This Bill is only applicable to the national Parliament. It appears that provinces must enact legislation for the financial management of provincial legislatures. Broad norms and standards for inclusion in provincial statutes are included in Schedule 1 to the Bill.</p> <p>It is unclear how parity with this Bill will be obtained on a provincial level.</p>
5	Executive Authority	<p>The Executive Authority of Parliament is the Speaker of the National Assembly and the Chairperson of the NCOP, acting jointly.</p> <p>It is unclear how joint accountability to Parliament will be enforced. Clear regulations, directions or guidelines will have to be issued</p>

		in this regard.
7(c)	General financial management functions of the Accounting Officer	<p>The Accounting officer must ensure that Parliament maintains effective, efficient and transparent systems of financial management, risk management, internal control and internal audit.</p> <p>Such a system of performance information is also recommended to support the audit of performance information, which forms part of the annual audit.</p>
23	Treatment of unspent funds	<p>The treatment of unspent funds will have minor audit implications. Retained funds will have to appear on the statement of financial position, which will have to be audited annually.</p>
31(2)(b)	Revenue management	<p>Section 31(2)(b) requires the Accounting Officer to ensure that all money received is deposited <u>promptly</u> into Parliament's bank account.</p> <p>It is recommended that this time frame is aligned to section 31(2)(e), which requires all revenue to be reconciled at least on a weekly basis.</p>
34(3)(g)	Regulations on support for Members and political parties	<p>The regulations must require political parties to submit audited financial statements in the prescribed format to the Accounting Officer.</p> <p>It would be prudent to require political parties to submit their audited financial statements within a specific timeframe.</p>
39-46	Supply chain management	<p>The audit responsibilities in respect of related parties was examined. These provisions protect Parliament from procurement from related parties. The supply chain management policy to be established must include a requirement for full disclosure of</p>

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		<p>conflicts of interests and procedures to deal with these in an appropriate manner. Section 69 clearly states that it is an offence if the Accounting Officer deliberately or in a grossly negligent manner fail to take reasonable steps to prevent corrupt practices in the implementation of Parliament's supply chain management system.</p> <p>There is a concern about audit access to the register of members' interests and the possible limitation of scope, should the auditee restrict access. The adoption of GRAP requires that ISA 800 is applied, and this includes full consideration of related parties.</p>
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I trust that you will find the above in order. Should you require further clarification regarding the above, please feel free to contact me.

Kind regards

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