

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 2949 [NW3775E]**

**2949. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:**

With reference to the 2019-20 Annual Report of the Financial and Fiscal Commission, what are the reasons that the financial statements that were submitted for auditing were not prepared in accordance with the (a) prescribed financial reporting framework as required by section 40(1)(a) and (b) Public Finance Management Act, Act 1 of 1999?

NW3775E

**REPLY:**

The error contained in the financial statements related to misclassification and reconciliation mistakes in respect of certain assets, liabilities and expenditure. No such error had occurred in the prior year and corrections were effected before final submission of the Annual Financial Statements. There were several challenges that led to the audit query raised, which were predominantly in relation to staffing in the finance section. Some of the reasons noted by the Audit and Risk Committee and the Commission are:

The institution is small with only a few people in the Finance Section. There were three CFOs heading up the finance section in respect of the execution and audit preparation phases for the 2019/20 statutory audit. Although contracted by the Commission to cover the financial year and preparation of audit (prior to the Covid-19 situation, for the period estimated to conclude end August 2020), permanent employment opportunities led to CFO resignation and absence of continuity. Given a short period for handover during Covid-19 lockdown, this affected the preparation of audit process. In addition, key staff members left during the financial year e.g. Procurement Officer in November 2020, Financial Controller in October 2020 and the Management Accountant went on maternity leave in December 2019. This all resulted in new recruitment and/or temporary staff which had to be sought. This absence in continuity of the majority of staff members affected the preparation for the audit process.

To prevent the above finding from recurring, the institution is in the process of filling the position of the Chief Financial Officer on a permanent basis and this is key in implementing the plan

developed and being executed, to get the institution ready for the audit process. The plan developed is designed to ensure that the misstatements raised by the Auditor General on the annual financial statements are not repeated.