

**NATIONAL COUNCIL OF PROVINCES**

**QUESTION FOR ORAL REPLY**

**QUESTION NUMBER 88 [CO688E]**

**DATE OF PUBLICATION: 15 NOVEMBER 2011**

**Mr J J Gunda (ID-NC) to ask the Minister of Finance:**

Whether financial statements of all national and provincial departments have been found to be satisfactory; if not, what is the position in this regard; if so, what are the relevant details?

CO688E

**REPLY:**

The National Treasury is of the view that the financial statements submitted by national and provincial departments as part of the 2010/2011 financial cycle are credible and satisfactory.

For the year under review, 28 (71%) national departments received financially unqualified audit reports, 10 (26%) received qualified opinions and one department received a disclaimer. This compares favorably to the 2009/2010 audit outcomes where 23 (66%) national departments received unqualified audit opinions and 12 (34%) departments received qualified audit opinions.

In the provinces, the audit outcomes remained largely unchanged. There has, however, been a significant improvement in the reduction of disclaimed opinions from 8% in 2009/2010 to 3% in 2010/2011. However, 32 (27%) provincial departments remained qualified in the 2010/2011 financial year.

Capital assets remain the major cause for poor audit outcomes, both at a national and provincial level. Other key shortcomings that prohibit departments and entities from achieving clean audits include inadequate reporting on predetermined objectives, unauthorized, irregular, fruitless and wasteful

expenditure, as well as non-compliance with laws and regulations and matters related to supply chain management.

The National and provincial treasuries will continue to provide support to entities in the quest to improve their financial management which will invariably lead to the improvement of audit outcomes.