

# State finances regressing says Nombembe

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Less than half of government departments are able to provide "credible and quality information" in their financial reports, auditor-general Terence Nombembe told a conference on Monday (11 February).



Without proper financial statements, the financial stability of departments and municipalities is threatened and the ability of the government to meet its obligations is at risk.

High-risk issues included supply chain management, with only 43% of national government departments succeeding in sticking to regulations and only 22% of municipalities getting it right, Nombembe told a public sector forum convened by the Institute of Internal Auditors.

He said the quality of financial statements submitted to his office had "regressed" - with only 43% of national departments receiving clean audits, and only 18% of municipalities doing so.

Nombembe said only 58% of national departments could manage their human resources properly and not a single department or municipality had the necessary information technology controls in place to limit the risk of exposing government information.

Accountant-general Freeman Nomvalo said irregular expenditure by government departments had doubled each year for the past three years.

"It means that we're getting more and more disrespectful of our own legislation as public officials - people with political and administrative authority. The problem with that message is that it opens the opportunity for people who want to loot. It opens the way for tender-rigging," he said.

## Corruption

Nomvalo said corruption was not occurring because internal audit reports were "useless" or because they had not made the correct findings, or because they did not identify the root causes.

"Corruption happens because the pressure comes from the top. It comes from the political authorities. The question that remains is, how do you sleep at night if you execute an illegal instruction?"

Nomvalo called on internal auditors at the forum to take a stand against corruption.

Nombembe said there was a pattern in the public service where managers sat back and waited for auditors to tell them what was wrong. They then fixed it to "look good".

The effort that went into scrutinising the financial information and correcting it was a waste of time and money. "We need to get to a point where the credibility of information is not a wish, but a norm," Nombembe said.

He said government departments had to be able to deliver the promises made to citizens.

Nombembe said that when the results of the financial performance of municipalities were released last year, there was a feeling that the auditor-general's office was under-playing their efforts to cleanse their systems and reporting processes.

"It is certainly a problem for us to give credit when the results had come with a lot of sweat and a lot of effort and a lot of chopping and changing to eventually get the right results," he said.

"The systems that originally produced those numbers are not as robust as they ought to be. We see a similar patterns with regard to national and provincial government. There are a lot of departments that eventually get it right, but the effort that goes into it tends to be onerous," he added.

"What was needed was continuous credibility of the information that was compiled and supplied," said Nombembe.

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