

NATIONAL ASSEMBLY

**QUESTION FOR WRITTEN REPLY**

# QUESTION NO. 4081

**DATE OF PUBLICATION: Friday, 20 November 2015**

## INTERNAL QUESTION PAPER 50 OF 2015

**4081. Mr M Bagraim (DA) to ask the Minister of Home Affairs:**

What is the nature of the intangible assets for which inadequate financial records are being kept and which has been an audit qualification for his department since the 2013-14 financial year? NW4952E

**REPLY:**

The intangible assets for which inadequate financial records were found, as per the audit findings, are kept electronically in the form of the master register in line with the Electronic Communications and Transaction (ECT) Act 25 of 2002. This is in conformance with paragraph 17(1) under production of document or information which states thatsubject to section 28 **“**where a law requires a person to produce a document or information, that requirement is met if the person produces, by means of data message, an electronic form of that document or information”.

The intangible assets refer to software applications acquired from external service provider(s), that evinced financial implications for the department during 2013-2014 financial year. The asset register submitted to the auditors excluded professional services and software licences, as the department deemed these to be expenses and therefore should not be capitalised. However the auditors advised otherwise as they regarded these as professional services and developmental costs that must be capitalised.

The qualification audit report is based on the inclusion of the professional services and software licences as per the advice of the Auditor General, whilst the department felt that it should have been excluded due to the irrelevancy in terms of them no longer being in use.

These inclusions meant that the closing balance will be adjusted to reflect the amendments.