



**cooperative
governance**

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

RESPONSE TO MUNICIPAL AUDIT OUTCOMES

PRESENTED TO :

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PURPOSE OF THE PRESENTATION

To provide an overview on cultural shift and
Department's response on municipal audit
outcomes

ROOT CAUSES FOR POOR MUNICIPAL AUDIT OUTCOMES

The following are some of the few key root causes:

- ❑ Ineffective governance structures continued –impacting governance processes, MPAC not effectively investigating and concluding on UIFW expenditure.
- ❑ Lack of accountability for poor performance and transgression.
- ❑ Failure of municipalities to appoint competent officials in key positions and delays in the appointment of senior managers leads to poor performance and instability at administrative level. In terms of the AGSA’s report on the 2021/22 municipal audit outcomes, vacancies, and instability in key positions i.e., municipal manager and CFO contributes to poor institutional performance and audit outcomes.
- ❑ Weakness in financial planning, controls and reporting.



SHIFT



RESPONSE TO MUNICIPAL AUDIT OUTCOMES

The increase in the number of hung councils (coalition governments) has added to the instability in some municipalities, which result in poor governance and has impact on the treatment of UIF&W expenditure.

The Department is working towards the development of a framework which will be supported by legislative reform to strengthen the functionality of coalition governments and to bring about stability

Linked to the theme of “a culture of accountability”, the Ministry, launched the Local Government Anti-Corruption Forum, and the Local Government Ethical Leadership Institute during September last year

The Department is in the process of looking at ways to strengthen the s154 support packages implemented at Municipalities. This include consultation with senior legal counsel for a legal opinion on how the MSIPs can be enforced.

Lack of consequence management continue to remain a challenge. The Department will work with MPACs to (i) ensure the existence of their governance documents and the alignment thereof with applicable legislation, and (ii) ensure a proper understanding of their legislative responsibilities through capacity building initiatives. The functionality of MPACs and DC Boards will be given extensive attention by the department in collaboration with stakeholders

Regulations on the Code of Conduct for Councillors will soon be promulgated to address instability within municipal councils and ensure that there is accountability and consequences for undesired behaviour;

To support dysfunctional municipalities the department in collaboration with stakeholders developed Municipal Support & Intervention Plans (MSIPs) and service delivery approach has been adopted to realise meaningful impact



RESPONSE TO MUNICIPAL AUDIT OUTCOMES

The financial health and overall sustainability of municipalities is highly dependent on the ability of the municipalities to collect the revenue that has been billed/ generated. Revenue management remains a constant challenge within municipalities and hence the Department has commenced with a project on data management aimed at assisting municipalities to improve the accuracy and completeness of billing, and address revenue leakages, project on cost of supply study on water services aim at assisting municipalities to design tariff settings and assessment of revenue related policies.

The Department has commenced with a records management project in selected municipalities to assist with the development and strengthening of records management practices. This support, we believe, will help those municipalities improve their audit outcome in subsequent audit cycles and this further reduce the number of disclaimed audit opinions/ non submission of appropriate audit evidence.

Strengthen monitoring and evaluation of the implementation of audit action plans to support municipalities to eradicate audit findings. This requires a stronger collaborative approach and hence engagement with strategic partners. The Department is considering prospects of developing strategy to address governance failure, which will include amongst other strategies to deal with undesired audit outcomes, and we commenced with mobilization of strategic partners.

The Department is in the process of embarking on a road show to engage on a differentiated approach on common issues raised by the AGSA. Municipalities are the implementers are encouraged to incorporate implementation of the audit action plans in the performance agreement of senior managers to promote culture of accountability.

RESPONSE TO MUNICIPAL AUDIT OUTCOMES

The stability of municipal administrations is an important component both in building capacity and in creating the environment for effective service delivery. Municipal Staff Regulations and Guidelines serves as a response to the commitments of government's resolve to professionalise local public administration and build a capable local public administration and human resources. The Department will enhance support on recruitment processes of senior managers and assess compliance with the appointment regulations.

Department is in the process of rolling out prototype staff establishment project in municipalities to address challenges in the organograms of municipalities.


•**Crumbling municipal infrastructure impacts on provision of sustainable service delivery and causes harm to public** The Department through MISA support municipalities amongst others placement of civil and Electrical engineers in all provinces to assist municipalities to plan and execute, operate maintain infrastructure projects. The focus of these engineers is on poor performing municipalities and those that lack technical capacity to deal with service delivery.

DDM is a key strategic vehicle of government through which it has acknowledge the need for better collaboration between its machinery in all three spheres

AREAS OF COLLABORATION: SALGA AND DCOG

- MPAC and Council Committee training and support
- Records Management Capacity Building and Support
- Financial Misconduct Regulations/ Disciplinary Code and Procedures Regulations for Senior Managers
- Implementation of the Code of Conduct Regulations & LG Code of Ethics
- Supporting municipalities to implement their UIF&W Reduction Strategy
- Municipal Debtor payment campaign
- Implementation of LG Anti-Corruption Strategy as part of consequence management
- Review of Performance Information for service delivery and
- Improvement of the audit outcomes

Conclusion



Although we have provided a departmental position in relation to the issues raised by the AGSA, these interventions require a collaborative approach and hence partnering with key role players will be crucial to provide a conducive environment to realise change at a governance level.

With our dedication and the cooperation from the municipalities, and political will, we can make an impact.

THANK YOU

Ngiyabonga | Re a leboga | Ndo livhuwa | Nndza nkhenisa | Ke a leboha haholo | Dankie | Enkosi