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File Ref: 9/4/1/7

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***"Fortifying the Foundation of Clean Administration: Municipalities Meeting to Align Best Practices and Closing the Gaps to Achieve Improved Audit Outcomes"***

On behalf of the Eastern Cape Department of Cooperative Governance and Traditional Affairs (COGTA), it is my pleasure to welcome you to the Eastern Cape Branch MFMA Audit Readiness Seminar.

This seminar comes at a critical time as municipalities prepare for the upcoming audit cycle and continue to strengthen governance, financial management and accountability within local government. It also provides an important platform for municipalities, oversight structures and key stakeholders to reflect on lessons from previous audit outcomes, share best practices and collectively identify practical solutions to address persistent challenges.

The theme of this seminar, *"Fortifying the Foundation of Clean Administration: Municipalities Meeting to Align Best Practices and Closing the Gaps to Achieve Improved Audit Outcomes,"* is both timely and relevant.

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This theme speaks directly to one of the most pressing priorities facing local government in South Africa: building municipalities that are ethical, accountable, financially sound, and capable of delivering quality services to our communities. It reminds us that sustainable improvements in audit outcomes are built on strong governance systems, effective internal controls, sound financial management, ethical leadership and a culture of accountability.

The recent audit outcomes in the province have highlighted areas of progress. A few years ago, the Eastern Cape had 8 disclaimers and only 1 clean audit. Among those 8 disclaimers was Great Kei LM which improved steadily over the years and achieved a clean audit in the past audit cycle. The province currently sits on 8 clean audits and 2 disclaimers. While we commend the pockets of improvements, we also draw attention to challenges that continue to affect municipal performance. These include weaknesses in financial reporting, compliance with legislation, consequence management, performance reporting and the implementation of corrective measures to address recurring audit findings. While audit opinions remain important indicators of financial health and governance, they are ultimately a reflection of the effectiveness of systems, controls and leadership within municipalities.

As COGTA, our role extends beyond oversight to providing support and building institutional capacity within municipalities. Through targeted interventions, implementation of Municipal Support and Intervention Plans, strengthening of Municipal Public Accounts Committees, support for

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financial recovery initiatives, and the institutionalisation of the Non-Negotiables Standard Operating Procedures, the Department remains committed to assisting municipalities in improving governance and achieving better audit outcomes.

The Municipal Finance Management Act provides a clear framework for accountability and sound financial management. In particular, Section 131 emphasises the responsibility of municipalities to investigate and address unauthorised, irregular, fruitless and wasteful expenditure, implement corrective measures, and strengthen oversight mechanisms. Compliance with these provisions is fundamental to building public confidence and ensuring that municipal resources are utilised efficiently and effectively for the benefit of communities.

This seminar therefore presents an opportunity for municipalities to strengthen audit readiness, enhance compliance, improve record management practices, refine audit action plans and reinforce internal control environments before the commencement of the audit process. More importantly, it allows us to move beyond compliance and focus on building municipalities that are capable, ethical, financially sustainable and responsive to the needs of citizens.

The pursuit of clean administration is a journey, not a destination. It requires consistency, discipline, innovation, and collaboration among all stakeholders represented here today. The pursuit of clean administration is not solely about achieving improved audit outcomes. It is about ensuring that municipalities are able to deliver quality services, manage public

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resources responsibly and uphold the trust placed in them by the communities they serve.

As we engage over the course of this seminar, I encourage all participants to actively contribute, share experiences and embrace innovative approaches that will assist municipalities in closing control gaps and strengthening accountability. The collective knowledge and expertise gathered here today represent a valuable resource that can contribute significantly to improved governance and service delivery across our province.

I further encourage you to focus not only on identifying challenges but also on developing actionable solutions that can be implemented in your respective municipalities. Let us use this platform to strengthen partnerships, exchange knowledge, and reaffirm our shared commitment to building municipalities that are resilient, accountable, and responsive to the needs of our communities.

Together, we can fortify the foundations of clean administration, close the gaps that impede progress, and create a local government sector that consistently achieves improved audit outcomes and delivers meaningful results for all South Africans.

Thank you