

## FS GOVERNMENT ACTS ON POOR MUNICIPAL AUDITS

July 27, 2012

**The Free State provincial government has called on Mayors to provide political leadership to ensure their municipalities receive clean audits.**



Municipal audits disaster ... Auditor General Terrence Nombembe announced that more Free State municipalities have received qualified audit results

The Free State provincial government has promised to crack the whip on municipalities that are deliberately not improving on their audit outcomes, despite remedial measures that are in place. This comes after a grim report by the Auditor-General, Terrence Nombembe, which revealed that only 13 out of the 286 municipalities in the country received clean audits. None of the municipalities in the Free State received a clean audit. The report also showed that municipalities in the country cannot collectively account for R14-billion that they have spent.

The provincial government wants municipalities to get their houses in order, after it offered to help them clean their finances last year. In 2011, the province through the department of treasury intervened to assist struggling municipalities to properly manage their finances. This is part of the provincial government's efforts to meet the 2014 clean audit target set by the national department of cooperative governance and traditional affairs (Cogta).

Despite these efforts by the treasury, Nombembe announced that more Free State municipalities have received qualified audit results during the last financial year. He found, amongst others, that there was non-adherence to procedures on procurement processes and poor management of documentation was rife in most municipalities in the province.

Other challenges include the supply chain management, reporting on predetermined objectives, the management of human resources, information technology controls and the quality of financial statements submitted for auditing. The provincial government has now called on Mayors to provide political leadership on the matter.

# The Weekly

“We strongly encourage mayors and municipal managers to ensure that appropriate action is taken against those who deliberately flout processes, resulting in this state of affairs,” said the Free State director-general, Elsabe Rockman, in a statement released on behalf of the premier’s office and the department of cooperative governance.

Rockman said the inability of municipalities to achieve improved audit outcomes, despite the provincial government assistance, was “disappointing”.

Cogta has, however, applauded the efforts of the five district municipalities, including the Nketoana Local Municipality which received unqualified audit opinions. Maluti-a-Phofung Water has also improved its audit outcome from a disclaimer, to a qualified audit opinion.

Setsoto and Phumelela Local Municipalities have regressed. To help these municipalities, technical support will be provided and the national treasury will send specialists to assist. The former provincial Auditor-General, Ben van Niekerk, has also been roped in to assist.

Cogta in the province is responsible for the coordination and implementation of the appropriate intervention and support measures to the identified local municipalities. The department and the relevant stakeholders, including the national and provincial department of treasury have developed a programme to help municipalities.

“As indicated by the Auditor-General, a concerted effort has been made to ensure that appropriately qualified Chief Financial Officers are appointed at municipalities but these appointments alone will not ensure the achievement of improved audit outcomes. Municipal managers and chief financial officers must ensure that the correct accounting disciplines are established, that will lead to the achievement of the improved audit outcomes,” said Rockman.

The provincial government has also rolled out the municipal finance improvement programme, where financial experts have been deployed to struggling municipalities to assist with financial management issues.

The identified municipalities that will benefit from the programme include Kopanong, Mohokare, Moqhaka, Metsimaholo, Maluti-a-Phofung, Nala, Naledi, Letsemeng, Phumelela Tswelopele, Nketoana, Tokoloho, Setsoto and Ngwathe Local Municipalities.

The department of the premier and provincial treasury will also send experts to all the municipalities to provide support with their general management issues. The programme is already underway at the Nala, Matjhabeng, Naledi, Mohokare, Setsoto and Phumelela Local Municipalities.

The provincial government and COGTA has made a commitment to continue interacting with local government sector regularly, to ensure appropriate plans are developed to tackle areas needing immediate improvement.

“The Free State provincial and local government sector will continue to support and interact with the office of the Auditor-General, both at national and provincial level, to ensure that significant progress is made towards achieving our goal of clean audit outcome,” said Rockman.

[Source: [www.theweekly.co.za](http://www.theweekly.co.za)]