



MEDIA & COMMUNICATION

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Department to employ effective actions to turnaround finances in municipalities

The Department of Local Government & Human Settlements welcomes the Auditor-General Kimi Makwetu's report on local government audit outcomes. Under the excellent leadership of MEC Fenny Gaolaolwe, specific areas that require attention have been identified for intervention and consistent support by the Department.

A two-pronged approach will be put in place, noting that both Political and Administrative leadership levels are currently being mobilized to produce clear action plans, firm measures and milestones aimed at achieving clean audit outcomes in the next cycle.

The pronouncement follows the unacceptable audit opinion as announced by Auditor General earlier this week. The AG highlighted deficiencies and material misstatements that caused a number of municipalities not to achieve clean audit and or improved audit outcomes in his 2014/15 municipal audit report on the 1st June 2016.

The following is the analysis of the audit opinions of municipalities in the province.

- Municipalities that received financial unqualified audit reports with matters of emphasis increased to six (6) municipalities in the 2014/15 financial year from five (5) municipalities during the 2013/14 financial year.
- The municipalities that received qualified audit opinion, increased from nine (9) during 2013/14 to ten (10) municipalities in the 2014/15 financial year.
- Municipalities that received disclaimer audit opinions decreased from nine (9) municipalities during the 2013/14 financial year to six (6) municipalities in the 2014/15 financial year.

- None of municipalities in the Provinces has received clean audit which is a call for concern.
- Although the Province improved slightly in terms of the audit outcome, there are huge material misstatements and set of internal controls that needs to be attended to.

The Department places emphasis on the implementation of Post Audit Action Plans to ensure that the issues raised by the auditor general are addressed adequately. In the current cycle of implementation, audit action plans will be embedded in the performance agreements of section 57 Managers. The shared service model as one of the intervention measure identified by the provincial government will assist in empowering audit structures, internal audit and governance structures” said MEC Gaolaolwe.

Important structures such as Municipal Public Accounts Committees (MPACS) will be supported. “The department will continue to empower MPACS to conduct their oversight role and closely monitor that senior managers appointed in key positions have required skills. In concluding on the matter, MEC Gaolaolwe will be kick-starting phase 2 of the Back to Basics Program as it aligns with the ten point plan priority actions” to improve overall audit outcomes across all municipalities.

Issued by Department of Local Government and Human Settlements.

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