



the premier

Department of
the Premier
FREE STATE PROVINCE



**cooperative governance
and traditional affairs**

Department of Cooperative Governance
and Traditional Affairs
FREE STATE PROVINCE

MEDIA STATEMENT

25 July 2012

The 2010/2011 audit outcomes of the local government sector in the Free State, as announced by Auditor-General Terence Nombembe on 23 July 2012, emphasizes the need for the intervention and support measures in municipalities as announced by Premier E.S. Magashule in his State of the Province Address during February 2012.

The findings of the AG amongst others highlights non-adherence to procedures on procurement processes and poor management of documentation. We strongly encourage Mayors and Municipal Managers to ensure that appropriate action is taken against those that deliberately flout processes resulting in this state of affairs.

The efforts of the five district municipalities and the Nketoana Local Municipality to obtain financially unqualified audit opinions with other findings are noteworthy. We are also encouraged by the improvement of the audit outcome of Maluti-A-Phofung Water that improved its audit outcome from a disclaimer to a qualified audit opinion. These municipalities and the municipal entity are on track towards achieving a "clean" audit opinion.

We have noted with disappointment the regression in the audit outcomes of the Setsoto and Phumelela Local Municipalities. The intervention and support measures taken in respect of these municipalities include the deployment of technical support to the two municipalities, including support specialists assigned by the National Treasury and the assignment of the former Free State Auditor General, Mr Ben van Niekerk, to the two 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 by themselves 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.

The Free State Department of Cooperative Governance and Traditional Affairs is responsible for the coordination and implementation of the appropriate intervention and support measures to the identified local municipalities. A comprehensive programme has been developed in collaboration with all relevant stakeholders, including the national and provincial Treasury, as well as various individuals from the private sector.

The inability of other local municipalities to achieve an improvement in their audit outcomes are equally disappointing. Additional intervention and support measures have also been put in place at identified municipalities. These include the following;

Municipal Finance Improvement Programme:

This programme entails the deployment of financial experts in municipalities by national Treasury.



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The programme is currently implemented at the following municipalities;

- i) Kopanong
- ii) Mohokare
- iii) Letsemeng
- iv) Naledi
- v) Nala
- vi) Setsoto
- vii) Phumelela
- viii) Tokologo
- ix) Tswelopele
- x) Ngwathe
- xi) Metsimaholo
- xii) Moqhaka
- xiii) Maluti-a-Phofung
- xiv) Nketoana

Management Support Programme:

This programme entails the deployment of experts in overall municipal management in different municipalities by COGTA in collaboration with provincial Treasury and the Department of the Premier. This programme is currently implemented at the following municipalities;

- i) Nala
- ii) Matjhabeng
- iii) Naledi
- iv) Mohokare
- v) Setsoto
- vi) Phumelela

The Department of the Premier and the Department of Cooperative Governance and Traditional Affairs will continue to interact closely with the local government sector to ensure that appropriate plans are developed to address the areas raised by the Auditor-General that require immediate improvement. These areas include: 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 Free State provincial and local government sectors 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 outcomes.

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Office of the Premier and the Department of Cooperative Governance & Traditional Affairs