

Slightly improving but no clean audit for municipalities

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Municipalities in the Free State have shown a slight improvement in their performances according to the latest report from the auditor-general (AG) which was released on Monday.

However, for the period 2010-11, not one municipality in the province could secure a clean audit from the AG. In 45% of all the municipalities, the AG was unable to compile a report on financial matters and bookkeeping.

The AG praised the Fezile Dabi District Trust as the first entity in the Free State to advance to a clean audit outcome. The Nketoana municipality in Reitz performed the best with an unqualified audit where improvement in record-keeping processes and active monitoring of action plans, resulted in the overall financial progress.

An unqualified audit is when the auditor concludes that the financial statements give a true and fair view of the financial framework of an organisation. However, the only remaining discrepancies by such a report could stem from information that could not be obtained by the auditor.

Regarding the municipalities, auditor-general, Terence Nombembe said the clean audits have shown that municipalities should give more importance to the rules and regulations of the Public Finance Management Act. He said the five district municipalities in the province - Fezile Dabi, Matjhabeng, Xhariep, Motheo and Thabo Mofutsanyana, received unqualified audits.

The report stated the Mangaung metro municipality (Bloemfontein, Botshabelo and Thaba Nchu), Moqhaka (Kroonstad), Metsimaholo (Sasolburg), Matjhabeng (Welkom) and Maluti-a-Phofung (Qwa-Qwa, Harrismith) were in dire straits. Nombembe said the Free State had no municipal public accounts committees and that the provincial standing committee on public accounts conducted hearings with all municipalities, but had not passed resolutions for the past two years. The report criticised municipalities who had to rely on the services of consultants.

“In some cases, certain officials are being remunerated for functions they are not performing. Consultants are performing day-to-day activities and should instead be relied on for their specialised expertise,” said Nombembe.

The AG said the skills level and experience of staff appointed in finance departments was inadequate.

He said the root causes of poor performance in the province were a lack of leadership and CFOs who did not perform their duties, amongst others, to supervise staff on a daily basis. The Free State is responsible for 30% (R1.8m) of all unauthorised expenditure in the nine provinces. Irregular expenditure amounted to R791 m in the province.

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