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Finance, Economy & Enterprise Development

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Media Statement

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Response on 14/15 municipal audit outcomes media reports

MEC for Finance, Economy and Enterprise Development Mme Wendy Nelson wishes to put it on record that there has been remarkable improvement in the last three years on financial management of municipalities even though the province has not achieved a clean audit outcome for the 2014/15 Audit as indicated by the Auditor General.

She said in the past twenty four months the 5th administration intensified the intervention programme put in place to support ailing municipalities in financial management matters.

Due to these interventions, the number of municipalities with disclaimed audit opinions decreased significantly from 17 (74%) in 2010/11 to 6 (26%) in 2014/15+, she said.

The 2011/12 audit reports revealed that majority of municipalities in province were struggling with the asset management compliance with GRAP. The GRAP 17 support programme was then initiated in 2013 to assist municipalities to improve asset management. This programme was implemented in phases with four municipalities and it must be noted that the number of qualified audit opinion decreased from four to two. Two out of five municipalities moved from disclaimer to unqualified and the results are pleasing+, said MEC.

The MEC indicates that although the Provincial Administration notes the Auditor General's sentiment, that the overall movement in the audit outcome over the past five years has been slow as most of the audit opinions were modified with the number of municipalities that received the unqualified audit opinions increased to six, a significant progress has been registered. She



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stated that it is important to note that a support programme including amongst others the payment of taxes and rates campaign which is aimed at assisting municipalities to generate revenue and become economically sustainable has been put in place. This campaign is also part of the Premier's ten point plan that is aimed at repositioning service delivery in the province.

MEC Nelson said to ensure accountability and effective consequence management, the fifth administration has commissioned various forensic investigations at various municipalities with a view of instilling discipline and professionalization of public service. Further, the Legislature has committed to intensifying oversight on the outcomes of the investigations once completed to ensure implementation of the recommendations to the latter.

Bokone Bophirima EXCO had to intervene to instill the culture of submission of AFS within the legislated time frame, hence support was provided in this regard to ensure getting the basics right of developing and maintaining credible financial records. This has yielded positive results. Since 2012/13 to date, all municipalities within the Province have been submitting AFS within the legislated timeframe. The province has also noted the skills capacity challenges in the municipalities hence the shared services approach was put in place, wherein officials from Finance are placed at District municipalities to address non-compliance on matters reported and continues to provide hands support to municipal officials on financial matters. These officials will also be expected to support municipalities to address unauthorised, irregular, fruitless and wasteful expenditure.

MEC Nelson says that Bokone Bophirima Province through various structures such as the Bokone Bophirima Premiers Coordinating Council (BBPCC), Provincial Infrastructure Coordinating Committee (PICOC) that are led by the Premier will never cease to work tirelessly to ensure that the status in municipalities change for better. To this end the Provincial Treasury will be reviewing the Annual Financial Statements (AFS) of municipalities before submission with the view of improving the AFS of municipalities. Secondly, the development and implementation of the Audit Action Plan will form part of the BBPCC with the view of tracking progress made with the implementation of corrective measures by municipalities for improved audit outcomes.

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