



provincial treasury

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OFFICE OF THE MEC

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For Immediate Release

RESPONSE TO LOCAL GOVERNMENT AUDIT OUTCOMES REPORT.

Mahikeng: The Provincial Treasury has noted the report from the Auditor General of South Africa 2018-19 Local Government audit outcomes titled: *'Not much to go around, yet not the right hands at the till'* and respect the autonomy of the AG's office as a Chapter 9 institution.

The Department has noted that the audit outcomes for the past three years have not improved despite numerous support programmes that have been rolled out to municipalities. As a result, Provincial Treasury is in the process of reviewing municipal support programmes to ensure that we adopt a tailor made approach to address the challenges experienced in individual municipalities with the view to improve future audit outcomes. This support programme is in response to Section 154 of the Constitution which require Provincial and National Government to provide and support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their functions.

The following measures will be put in place:

- Roll-out of clean audit strategy
- Develop and implement Post Audit Action Plan
- Take Annual Financial Statements through Internal Audit process
- Ensuring proper record keeping



- Work with audit committees
- Ensure that municipalities revised their 2019/20 budgets to a funded position
- Conduct Mid-Year budget and Performance assessments of municipalities.

The Provincial Treasury has conducted an assessment in terms of Section 140 of the MFMA which confirms that there are sufficient grounds for a mandatory intervention to be implemented consistent with the requirements of the Constitution and applicable legislative provisions of the MFMA.

Provincial Treasury has identified the following four Pillars as intervention measures to turn around situations in municipalities that are currently distressed. These four pillars are:

- Governance
- Service Delivery Plan
- Financial Recovery Plan

Furthermore the Provincial Treasury is in the process to engage Executive Committee to seek approval for implementation of mandatory interventions as provided by Section 139 of MFMA read together with Section 139(5) of the Constitution of Republic of South Africa, wherein the EXCO will implement a mandatory intervention and impose a financial recovery plan aimed at securing the municipality's ability to meet its obligations to meet its financial commitments. This intervention will be implemented in collaboration with the Department of Cooperative Governance and Traditional Affairs.

End

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