

OPENING REMARKS BY THE SPEAKER OF THE NORTH WEST LEGISLATURE THE HONOURABLE  
SUPRA MAHUMAPELO AT THE ORDINARY MEETING OF THE PROVINCIAL SPEAKERS FORUM HELD  
AT TLOKWE LOCAL MUNICIPALITY

05-06 September 2013

Honourable speakers of Municipalities,  
AG's representative; Mr Schalla van Schalkwyk SALGA; Department of Local  
Government and Traditional Affairs representative; Ladies and Gentlemen

Candid Greetings,

It is my honour and privilege to preside over this forum as the Speaker of the  
North West Legislature.

In the previous Speakers Forum, we agreed on a number of issues which needs  
immediate attention. Amongst them is the internalization of the Auditor  
General's report, its implication to our municipalities and the provincial  
government at large. We agreed to convene intense MPAC and Treasury meetings  
to enable us to perform our oversight responsibility.

In this meeting, we have to consider the implications of the AG's report in  
our respective municipalities and the intensification of our oversight on the  
programme of action of all our municipalities.

Part of the work we agreed to do is the compilation of a report on the state  
of our Ward Committees and the consolidation of the work of the Community  
Development Workers (CDW's).

We should all agree honourable members that oversight and accountability goes  
together and it's a constitutional requirement that as government, through the  
Legislature and Speakers in municipalities, we must account when using public  
funds in fulfilling our responsibilities. It is a commitment that we should  
always honour and not fail.

Today, the Auditor General's Office presented the report on the state of our  
municipalities in our province and the implication of the report. The question  
that we must ask ourselves is to what extent have we as a province and  
municipalities internalized the findings of the AG's report and what are the  
intervention we are employing to improve the situation to ensure  
accountability to our people.

The Municipal AG's report paints an adverse picture of our province, a picture  
that we should talk about today.

Amongst the issues raised by the AG's report is that North West municipalities  
have spent R29-million on consultants to help prepare financial statements for  
audit in the past financial year and that five out of 24 municipalities – four  
district and 19 local – in the province received unqualified audit reports.

Honourable Speakers,

As the provincial Legislature and Speakers Offices in municipalities, we  
should crack the whip on nonperformers because they are pervasive root causes  
for poor audit outcomes, such as loss of documents and deviations from supply  
chain management processes are recurrent.

Honourable Speakers,

Our municipalities need to take bold steps to fill critical vacancies and employ skilled and competent senior managers in order to accelerate and deliver quality services to our people.

We must congratulate the stalling work and intervention by the provincial treasury and the department of local government and traditional affairs because of notable improvement in the latest audit report. All 24 municipalities submitted their financial statements.

Currently three local municipalities – Ditsobotla in Lichtenburg, Matlosana in Klerksdorp and Maquassi Hills in Wolmaransstad – are under administration by the provincial government in efforts to get them on track to effectively manage their finances.

Honourable Speakers,

As a result of the challenges that are prevailing in our municipalities, the Public Service and Administration Minister Lindiwe Sisulu said she would clamp down on the misuse of consultants by government.

Last year, none of the 24 municipalities and four municipal entities in the province received a clean audit for the second consecutive year. Fifteen municipalities either submitted their financial statements too late or not at all.

According to the AG, the province has deteriorated in five critical areas: supply chain management, predetermined objectives such as service delivery, human resource management, information technology controls, and material errors and omissions in municipalities' financial statements.

The AG said those municipalities that either returned consistently good results or achieved a turnaround did so because of decisive action by the leaders and key officials.

He said the next logical step for these municipalities is to institutionalise these gains to sustain the culture of clean administration. This will surely uphold the public confidence that we witnessed during the presentation of the clean audit awards held at each of the municipalities.

The slow progress towards clean audits is because municipalities are slow to respond to the auditor-general's messages and implementation of key controls – over 50% of municipalities were marked as having this problem. Most auditees displayed a lack of consequences for poor performance and transgressions, and they had a lack of minimum competencies for officials in key positions – most evident in financial discipline. The lack of skills means that it is the auditors who have to come in and clean the books for most of the municipalities, which only then get it right.

The five major risks that were identified are: a growing trend of irregular expenditure in supply chain management; service delivery reporting; minimal improvement in internal IT controls; minimal improvement in human resource management; and significant errors in financial statements.

Honourable Speakers,

As a Forum, we need to engage the AG's staff that visits our troubled municipalities to provide assistance as part of Operation Clean Audit, which was launched in 2008.

However Honourable Speakers, the problem is that the responsibility for good administration lies with the political and administrative heads of local governments: mayors, executive councils and municipal managers. In terms of our law, there are as many governments at the local level as there are municipalities, and there is very little in the way of direct intervention that can come from provincial or national government.

Accordingly, the Finance minister Pravin Gordhan said Treasury will now adopt a more hands-on approach to its financial oversight role. The implication of this decision by the finance minister means that our provincial SCOPA and Finance MMC from municipalities together with the provincial treasury must work together to change the situation.

This must be done with the assistance of SALGA, which will be making a presentation on their intervention in this meeting.

Let us have a fruitful discussion in order to ensure that we reconcile, heal and renew good governance and accountability in all our municipalities in our province.

I thank you,

Senzile Dabula  
North West Provincial Legislature  
Tel: 018 392 7000  
Fax: 086 697 6614  
Cell: 079 879 1408