

**KEYNOTE ADDRESS BY MEC OF COOPERATIVE GOVERNANCE,
HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS MR BASIKOPO
MAKAMU ON THE OCCASION OF THE SALGA 2020/2021
MUNICIPAL AUDIT AWARDS: BELA BELA**

04 August 2022

“INSPIRE SERVICE DELIVERY”

Programme Director

MEC for Treasury Seaparo Sekwati

SALGA Limpopo Provincial Chairperson and Executive Committee

Mayors

Officials

Guests

Ladies and Gentlemen

Media Fraternity

Good Evening

For 750 days South Africans endured a long and hard period under the National State of Disaster which informed the nationwide lockdown.

Although this extraordinary and unprecedented time has been instrumental in saving the lives of our people from a COVID19 health crisis, it has had cascading effects on our lives.

This global outbreak saw many public and private sector establishments' doors close, and forced our economy into sluggish growth.

This regrettably took place at a time when His Excellency President Matamela Cyril Ramaphosa introduced the Economic Recovery Plan to see a boost in our economic outlook.

Even so, we had very high hopes that following the President's announcement of the lifting of the state of disaster this year, our economy would be swiftly resuscitated.

However, the impact of serious global events have once more derailed the prospects of changing the unsavoury economical realities that we find ourselves in as a country.

The proverbial triple challenges of poverty, unemployment and inequality have again reared their ugly heads in an unparalleled fashion.

They are furthermore putting undesirable weight on the living conditions of our people.

Indeed our government is continuously hard at work to restore our country to its once glorious economical state.

However, our local government sphere has the critical responsibility of providing stability on the level of our communities.

President Ramaphosa said it best this week in the Special Cabinet Meeting on Local Government that, and I quote, "our municipalities are in a devastating state financially.

As a result, many of them are failing to deliver basic services. This problem has a corresponding effect on investment. It threatens our potential for growth on a community level."

Ladies and gentlemen,

The call for our municipalities' financial health to be beyond reproach has never been this dire.

It has a domino effect on the economic growth on the level of the communities, and therefore, in some parts, on the overall impact of our country's economic recovery.

When she delivered her 2020/21 Municipal Audit Outcomes, Auditor General Tsakani Maluleke expressed serious concerns over the declining state of financial management in South African municipalities.

She explained that only 41 of the country's 257 municipalities received a clean audit in the said financial year.

We, as a province, have been showing signs of improvement from the dim financial situation we were in under 10 years ago.

The majority of our municipalities have maintained their audit findings at either qualified or unqualified statuses.

Of the 19 that have maintained these findings, six are of some concern as they have been in their positions for far too long.

Four of our municipalities have observed improvements, while another four have regressed.

We recognize and congratulate the Waterberg District Municipality for their good work in achieving a Clean Audit Outcome, we urge you to continue.

On the other side of the coin, we have begun interventions at the Bela Bela Local Municipality and the Mopani District Municipality who have unfortunately relegated to Disclaimer Audit opinions.

I want to take this moment to recognise the work of all the mayors that have ensured that their municipalities are at a healthy financial state.

And again, in the same breath, encourage improvement for the ones who have not performed well.

Programme Director,

The role of assurance providers such internal audit, audit committees, COGHSTA and Provincial Treasury also play a crucial role in improving the audit outcomes of municipalities.

Municipalities are constantly encouraged to continue developing audit action plans to address issues raised in the management letters and audit reports.

Internal controls serve as preventive measures and therefore management should intensify efforts towards strengthening internal controls to mitigate the risk of audit findings recurring.

Complying with laws and regulations remains a challenge as the audit reports depict an increase in unauthorised, irregular, fruitless, and wasteful expenditure.

We advise municipalities to develop UIF&W reduction strategies and ensure implementation to reduce UIF&W expenditures.

Municipalities should implement early warning mechanism to identify UIF&W throughout the financial and report these to MEC of COGHSTA, National Treasury, Financial Misconduct Disciplinary Board and MPAC.

This will allow for timeous rectification and the implementation of consequence management.

All efforts must be made to build capacity at an individual and institutional level. This will address the concern raised on the over reliance on consultants with minimum and no skills transfer.

Effective combined assurance by all assurance providers contributes towards the improvements in the quality of the financial information available for decision-making.

Municipalities must ensure capacitation of internal audits to provide the necessary assurance by executing audits that are risk based.

Ladies and Gentlemen,

The role of municipalities in assisting economic activity and service delivery at community level receives a great boost from the Municipal Infrastructure Grant.

The Grant is aimed at providing all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure to the poor. This covers basic services such as water, sanitation, roads, street lighting and refuse removal.

The MIG programme is a key part of the government's overall drive to alleviate poverty in the country. Municipalities must provide infrastructure to maximize employment and create opportunities for enterprises to flourish.

During the current term of local government, without singling out individual municipalities, we have experienced a steady improvement in the spending of MIG budget allocation.

Municipalities must spend MIG budget allocation cautiously so that they eradicate backlogs and ensure good progress in service delivery.

Communities that did not have access to quality water, sanitation, roads and waste removal, particularly in rural areas, have benefited because of the programme.

Programme Director,

In the greater scheme of things, the SALGA Municipal Audit Awards, which have been running since the 2015/2016 Financial Year play a key role in the most important sphere of government. These awards offer inspiration for municipal excellence in good governance and sound financial management.

It is important that municipalities strengthen their governance structures to ensure consistent compliance to legislation and other prescripts issued from time to time to prevent irregular expenses emanating from procurement and other expenditure areas.

SALGA within its role to represent, promote and protect the interests of local government needs commendation for introducing Municipal Audit Awards to serve as an incentive for municipalities to improve on their year-to-year audit outcomes.

The 2020/21 Limpopo SALGA Municipal Audit Awards come a few days after we have laid to rest a mayor who I believe had the potential to one day lift one of these awards being presented here today.

His Worship, Mayor of Collins Chabane Local Municipality, Cllr Moses Maluleke, was brutally and heartlessly taken from us at a time we required leaders of his calibre.

This loss has dealt a devastating blow to his community, our government and the organisation he came from – the African National Congress.

Many have said wonderful things of this man.

But perhaps our honourable Premier Chupu Stanley Mathabatha (who I represent here today) said it best during the Eulogy of our fallen mayor when he said, and I quote, “Maluleke was a champion of community development. He was a man of the people, he was no celebrity, you would always find him with the people.”

Big Moss had an ear that was constantly and uncompromisingly bent towards the people he served.

I wish to encourage us to emulate such characteristics.

Having said this, may we take a moment of silence in honour of our departed comrade.

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As I conclude programme director, I wish to extend a word of congratulations to municipalities, which will emerge with awards at the end of this evening, and implore others to follow the Waterberg district municipality with its clean audit outcome.

I wish you well with the 2020/21 Municipal Audit Awards.

I thank you.