

MEC OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS (COGHSTA) HON. R.B. MAKAMU INPUT TO THE PANEL PRESENTATION ON STRENGTHEN OVERSIGHT AND ACCOUNTABILITY IN THE LOCAL SPHERE OF GOVERNMENT: LOOKING AT THE ROLE OF THE EXECUTIVE IN THE PROVINCIAL SPHERE OF GOVERNMENT DURING THE 2022 NCOP LOCAL GOVERNMENT WEEK: HYBRIB

Wednesday, 14 September 2022

“Advancing Our Collective Effort to Enhance Oversight and Accountability in the Local Sphere of Government”

Programme Director

Chairperson of the NCOP

Minister of COGTA

President of SALGA

House Chairpersons

Chief Whip of the NCOP

Honourable Members

Portfolio Committee, Select Committee and Other Parliamentary Committees

MECs

Councilors

Esteemed Panelists

Participants

Good afternoon

The 2022 Local Government Week under the theme, **“Advancing Our Collective Effort to Enhance Oversight and Accountability in the Local Sphere of Government”**, takes place during month and the week of the 45th Anniversary of the death in detention of the doyen of Black Consciousness Bantu Stephen Biko.

Accountability is an assurance that an individual or an organisation will be evaluated on their performance or behaviours related to something for which they are responsible. The term is related to responsibility but seen from the purpose of oversight.

For the purpose of the discussion, and in the context of the role of local government, emphasis is therefore on the role of various individuals, structures or functional units to oversee the activities on local government on pursuance of the ideal of developmental local government.

It is therefore important to note at the outset that assessment of the accountability needs to happen by way of internal and external oversight as outlined hereunder:

INTERNAL ACCOUNTABILITY AND OVERSIGHT

At a local level, accountability can be divided into three forms namely political accountability, social accountability and administrative accountability.

Political accountability

- Political accountability means the extent to which the executive arm of the Council is willing and able to justify its decisions to the legislative arm
- Effective political accountability will have among others the following elements:

Good quality of legislative oversight over the Council administration and the executive.

Councillors adhere to relevant regulations regarding their functioning.

Roles and functions of the legislative and executive arms of the Council are clear and there is a clear separation of functions between the two, even if no full and formal separation of functions has been introduced.

Administrative accountability

- Administrative accountability refers to the extent to which the internal controls of the municipality are in place and effective to guarantee that municipal funds are used for the intended purposes, and thereby leading to the attainment of the objectives of local government as enshrined in Section 152 of the Constitution and the 1998 White Paper on Local Government.
- Effective administrative accountability will have the following elements:

Financial and asset management of the Municipal Council is good and controls are in place and effective.

Independent financial audits are of good quality and recommendations adequately followed up by management.

Audit committees are functional and have clear roles and functions.

The expected behaviour of municipal staff is clear and adhered to.

Social accountability

- Social accountability means the extent to which the executive / legislature is willing and able to justify and explain their decisions to the citizens in the Municipality
- Effective social accountability will have the following elements:

Politicians account adequately to their electorate.

The Council justifies and explains to its citizens its performance and the use of public funds.

The Municipal Council responds adequately to expressions of dissatisfaction by its citizens.

Citizens are informed about local government processes and play an active role in participatory planning, implementation and monitoring in line with the provisions of the Municipal Systems Act and other policy provisions.

- Assessment of the accountability needs to happen by way of internal and external oversight.
- Internal oversight is done within the municipality:

- Administrative oversight being done by the internal audit unit and the audit committee
- Oversight over the executive through the Municipal Public Accounts Committee (the MPAC) as well as other oversight committees
- External oversight is done by the Provincial Government, the Auditor-General and National Government.

EXTERNAL OVERSIGHT

King III introduces the concept of combined assurance. Combined Assurance integrates and co-ordinates all assurance activities at the various lines of defense. Provincial Government, amongst others, is an assurance provider that must play defense role to ensure that municipalities are supported and capacitated to perform their function and manage their own affairs in line with the Constitution of RSA. Various legislation enables the Provincial Government to intervene where there are governance and accountability failures in municipalities.

The Auditor-General of South Africa in the 2020/21 MFMA General Report refers to it as an accountability ecosystem. She further indicates that the success of local government rests on the ability of the whole accountability ecosystem to work together, for all role players to not simply operate within their silos, but to function collaboratively with an awareness of how their respective roles influence and affect each other.

On the other hand, Section 154 of the Constitution states that the national government and provincial governments, by legislative and other measures,

must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. In addition, Parliament promulgated several legislations mandating these spheres of government to support and capacitate municipalities in rendering services to the communities.

Several initiatives have been introduced to improve accountability and performance at local level:

- One of the challenges identified overtime is either overlapping and / or duplication of functions at both national and provincial levels of government or within departments. To address this challenge, CoGHSTA and Provincial Treasury signed a Coordination Framework to coordinate the efforts in supporting and capacitating municipalities in line with the legislative mandates of the two departments.

This structured coordination aims to achieve the Medium-Term Strategic Framework (MTSF) targets of improving the financial management capability and the implementation of measures to eliminate wasteful, fruitless and irregular expenditure. The collaboration identified the following game changers:

- Budget and reporting
- Audit Support
- Asset Management
- Supply chain management
- Revenue Management
- mSCOA support

The game changers are aligned to risk areas identified by AGSA in the MFMA audits.

The collaboration between the two departments is operationalized through already existing coordinating structures of planning and reporting in the province, at both technical and political level.

- The province has further introduced various capacity building interventions to support municipalities at both individual and institutional dimensions throughout the accountability cycle of a municipality. These initiatives are done in collaboration with key role players in the local government sphere.
- The Province continues to execute oversight over the financial positions and performance of municipalities. Support is provided through budget and mid-year engagement, as well as monitoring in various structured committees and forums.
- The financial health of municipalities continues to pose a risk on the municipalities ability to operate as a going concern. This effectively means that such municipalities do not have enough revenue to cover their expenditure and that they owe more money than what they have. Financial Recovery Plans are in place for municipalities with vulnerable financial positions. However, the implementation of the FRPs remain a concern. The province recently held one on one engagements with selected municipalities on the implementation of the FRP.
- The Provincial Debt Forum has also been established to facilitate disputes between sector departments and municipalities on monies owed to municipalities. The issues of unregistered government

properties remain a challenge which is currently being addressed by the Provincial and National Public Works.

- Unauthorised, Irregular, Fruitless and Wasteful Expenditure Reduction Strategies were developed, and progress thereof is monitored on a quarterly basis. Provincial UIFWe forum was established to monitor the implementation of the UIFWe Reduction Strategy.
- The Provincial CFO forum provides capacity to the finance team to improve the management of the finances of the municipalities. The Financial Management Grant allocated annually to municipalities with an aim of support the finance with amongst other an opportunity to appoint interns within the internal audit, risk and BTO.
- The Limpopo Provincial MPAC forum was launched to improve oversight over the financial performance of municipalities. Workshops were conducted to capacitate MPAC members on the MPAC Toolkit and Guide. The Municipal Structure Amendment Act has broadened the scope of MPACs to exercise oversight over the work done by internal audit and audit committees. The latter are key role players in the second line of defense and therefore must be held accountable for not raising the early warning signals. The province also provided training to Municipal Disciplinary Boards established in line with the Municipal Financial Misconduct Boards. These interventions are aimed at ensuring that those task with oversight responsibilities are adequately empowered to execute their responsibilities.

All these initiatives have contributed to the overall improvement in the audit outcomes especially in the adverse and disclaimed opinions of municipalities such as Mogalakwena, Thabazimbi and Modimolle-Mookgophong.

Furthermore, together with SALGA all councilors attended the crucial Council Induction Programme for all newly elected councilors followed by the Portfolio Based Training.

Concluding Remarks

King IV Report, released in November 2016, sets the bar higher regarding what municipalities should achieve in terms of good governance oversight and accountability. The continuous capacity building programmes for councillors and council committees aims at strengthening the capacity of these oversight functions.

Some of the challenges that continue to persist include among others:

- Questions on the functionality and effectiveness of the MPACs and other council committees;
- Poor accounting/reporting to communities as per the legislative requirements but also to keep communities updated on the situation in municipalities
- Declining community trust on local government mainly due to the lack of structured feedback mechanisms by councilors to their constituencies

- Disregard/poor implementation of the implementation of recommendations by various oversight and assurance structures by administration
- Insufficient mechanisms by council to mitigate the risk of accountability failures that will have a negative impact on service delivery.

Municipal Mayors and Municipal Managers are called to account to the Provincial Government through various structured forums. These are aimed at enhancing the oversight role and to hold leaders in municipality accountable.

Where interventions are required beyond Section 154 of the Constitution of RSA, the province will institute section 139 after proper assessments and consultations within the applicable legislation. Section 19 of the Municipal Financial Misconduct Regulation provides for the Provincial Treasury to direct that allegation of financial misconduct or financial offence to be investigated if a municipality fails to investigate such.

The above interventions are aimed at ensuring that those assurance providers at the first and second line of defense are capacitated to fully manage the affairs of the municipality and deliver sustainable services to the communities.

I thank you.

