WHEN THE SUN RISES
WE WORK HARD TO DELIVER

PRESENTATION TO NATIONAL COUNCIL OF PROVINCES: PLANS TO IMPROVE SERVICE DELIVERY, FINANCIAL MANAGEMENT AND DEVELOP CAPACITY IN THE LOCAL GOVERNMENT SPHERE

08 SEPTEMBER 2020

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PURPOSE

To present to the National Council of Provinces (NCOP) plans to improve service delivery, financial management and to develop capacity in the local government sphere.
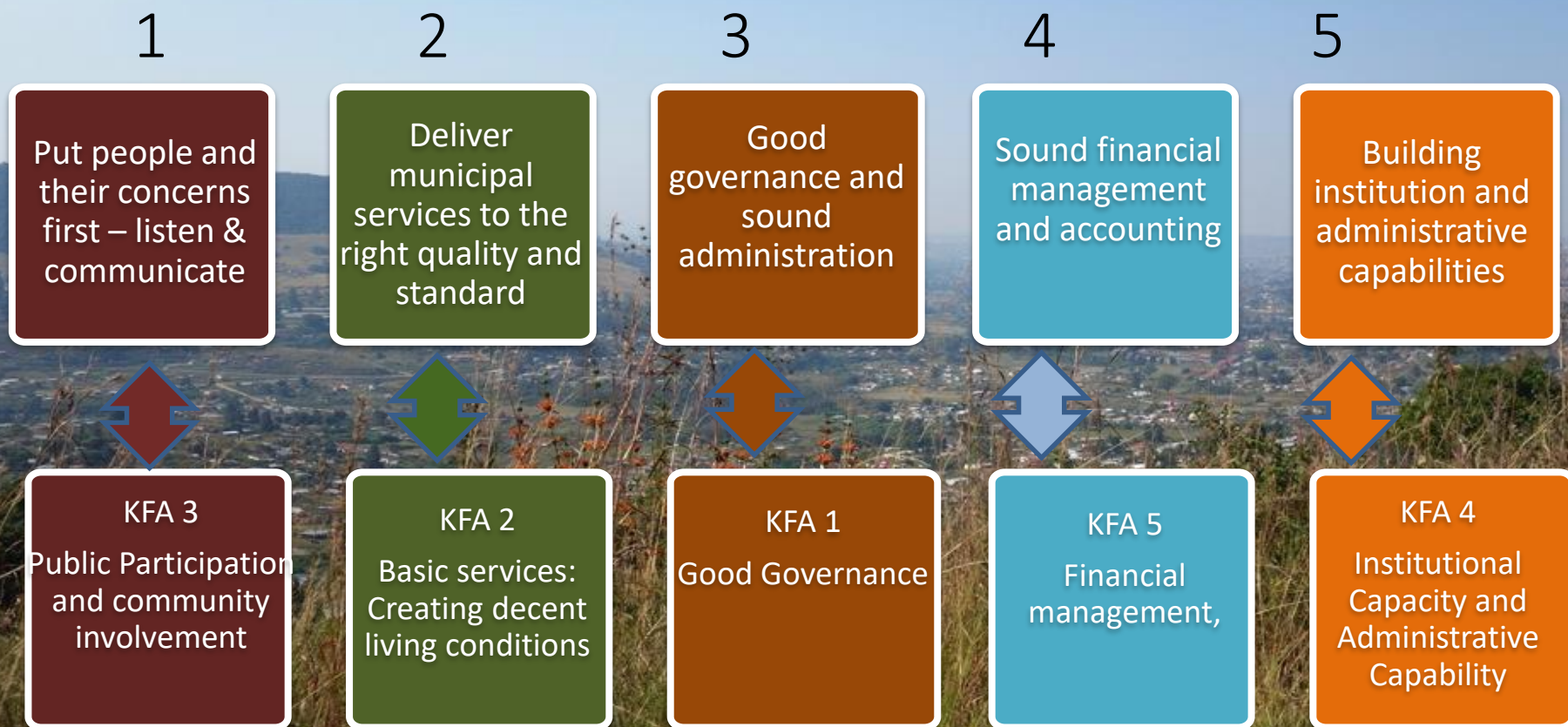
INTRODUCTION

- This presentation has been prepared using the pillars of the B2B/ IMSP looking at the performance of each municipality on the following pillars

    1.) Putting people and their concerns first

    2.) Delivering basic services

    3.) Good governance and sound administration

    4.) Sound financial management

    5.) building institutions and administrative capabilities

- The performance of each municipality is measured against a set of quarterly targets in each pillar and the state of local government report is produced. After the performance of each municipality has been done, a remedial action plan is developed together with the municipality to address identified shortcomings

- The performance of each municipality varies from quarter to quarter.

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ALIGNMENT OF INTEGRATED MUNICIPAL SUPPORT PLAN (IMSP) WITH THE 5 PILLARS OF BACK TO BASICS APPROACH

1

Put people and their concerns first – listen & communicate

2

Deliver municipal services to the right quality and standard

3

Good governance and sound administration

4

Sound financial management and accounting

5

Building institution and administrative capabilities

KFA 3

Public Participation and community involvement

KFA 2

Basic services: Creating decent living conditions

KFA 1

Good Governance

KFA 5

Financial management,

KFA 4

Institutional Capacity and Administrative Capability

PILLAR 1:
PUTTING PEOPLE FIRST

PUTTING PEOPLE FIRST

PUBLIC PARTICIPATION

Effective Ward Committee System to deepen participatory democracy (Functional Ward Committee)

1. Monitor and support Ward Councilors to establish ward committees and develop Ward Operational Plans that include basic ward level issues (service interruptions, billing queries, sanitation interventions, LED programmes & projects, potholes, non-functioning traffic lights, etc.) to be addressed in line with the ward
2. Monitor and support Ward committees to play an oversight function in terms of delivery per ward against the Service Delivery and Budget Implementation Plans (SDBIPs) and ward operational plans in line with the ward committee establishment guidelines
3. Monitor and support implementation of capacity building programmes for ward councillors and ward committees
4. Monitor, support and facilitate the Speaker's review of ward functionality and performance including the number of issues brought to the attention of councillors and how these are being addressed.

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PUTTING PEOPLE FIRST

PUBLIC PARTICIPATION

Effective early warning systems, updated ward profiles and public participation programmes implemented by ward councillors supported by CDWs.

1. Monitor and support the establishment of communicator's For a in all the municipalities to coordinate communication processes within wards led by ward councillors and officials.
2. Monitor and support implementation of regular community satisfaction surveys in all municipalities
3. Monitor and support the Coordination of the Know your Community – Know your Ward Councillor Campaigns in all municipalities.
4. Monitor and support the assessment of Ward Committee operational plans in all municipalities including actions taken to improve their functionality.
5. Monitor and support the holding of monthly community feedback meetings by ward councillors implemented and monitored by Speaker in collaboration with the Executive Mayor

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PUTTING PEOPLE FIRST

PUBLIC PARTICIPATION

Increased collaboration and co-operation between the council and the Institution of Traditional Leadership on matters of service delivery to communities within traditional areas

1. Monitor and support the Executive Mayor and Municipal Manager to facilitate co-operative governance with local traditional councils to ensure synergy in development of traditional communities with municipal services both present and future planning.
2. Monitor and support municipalities to hold joint liaison meetings with the traditional councils where service delivery matters are discussed and progress reported between the municipalities and Traditional Councils.

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MAIN DELIVERABLES

Main deliverables	Monitored that all Speaker's Report on ward committee establishment and ward operational plans development
	Assessed and Evaluated the following:
	Speaker's Progress Report on Monthly service delivery programmes per ward given to Ward Committees
	Speaker's Report on Capacity Building Programmes for ward councillors and ward committees implemented
	Speaker's Review Reports on ward functionality and councillor performance on addressing issues raised by communities
	Ward Councillor's Report on Quarterly Ward Community Satisfaction Survey
	Ward Councilors' Report on community campaigns to promote service delivery and councillor participation including how they've made themselves available in communities to serve their needs
	Mayoral Reports on councillor monthly community feedback meetings with issues for elevation/interventions
	Quarterly Reports on co-operative governance between municipality and traditional council on matters of service delivery for traditional communities
	Reports on the sittings of the joint committees and progress report on service delivery in rural and traditional areas
	Scrutinized Ward Councillor's Report on communication programmes and community participation forums on matters of local governance
	Assessment Reports on Ward Committee Operational Plans implementation and functionality

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PILLAR 2:
BASIC SERVICES

BASIC SERVICES

BASIC SERVICES: CREATING DECENT LIVING CONDITIONS FOR OUR COMMUNITIES

A differentiated approach to municipal financing, planning and support implemented

1. 1. Monitor and Support the development and approval of Community Responsive Integrated Development Plans (IDPs) to ensure integrated planning for the provision of basic services in Municipalities. Ensure development or reviewal of sector plans for basic services that must be integrated in the IDP.

Improved Spatial Planning and Land Use Management schemes and actions supportive of integrated human settlements implemented

1. Co-ordinate an IGR Forum for sector role players wherein the Department of Human Settlements and others will participate in the IDP process in order to guide, inform and identify areas for future development and the implementation of all plans supportive of human settlement including (i)-(ii)below:

    (i) Monitor and support municipalities with the implementation of SPLUMA on spatial planning.

    (ii) Monitor and support municipalities with the implementation of SPLUMA on Land Use Management

2, Monitor and support municipalities on the alignment of existing plans to the Integrated Urban Development Framework.

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BASIC SERVICES

BASIC SERVICES: CREATING DECENT LIVING CONDITIONS FOR OUR COMMUNITIES

Increased access to water

1. Monitor and support municipalities to identify and implement immediate to short-term interventions to ensure access to basic water for communities presently unserved.
2. Monitor and support municipalities to identify and implement medium and long-term interventions to ensure access to basic water for communities to ensure sustainable infrastructure.
3. Monitor and support the provision of **Free Basic Services** to indigent households (Electricity, Free basic water and Free Basic Sanitation.

Reduction of Distribution Losses through Reduced Non-Revenue Water within Municipal Water

1. Monitor and support the implementation of "War-on-Leaks" programme for water infrastructure maintenance and repairs, refurbishment and replacement including new infrastructure requirements to improve infrastructure quality and reduce physical (direct) losses with respect to water

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BASIC SERVICES

BASIC SERVICES: CREATING DECENT LIVING CONDITIONS FOR OUR COMMUNITIES

Performance Monitoring and Evaluation Tools and Mechanisms developed and implemented to support increased service delivery

1. Lead the development of, and implementation of a Municipal Level Local Government Information Management and Decision Support System to Monitor the municipal performance on basic service provision as well as all five KPAs of the Back to basics as outlined in the Integrated Municipal Support Plan (IMSP)
2. Lead the development of, and implementation of the Municipal Scorecard for performance rating on the identified key performance areas
3. Guided by the outcomes of the Scorecard on the municipal performance areas, facilitate support with Technical Expertise to municipalities in areas of Engineering from (MISA) to support and monitor the implementation of acceleration plans for basic services provision

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BASIC SERVICES

BASIC SERVICES: CREATING DECENT LIVING CONDITIONS FOR OUR COMMUNITIES

Single window of Coordination for government services including sector commitments within Municipal Support, Monitoring and Intervention Plans (SMIP's).

1. Establish and facilitate municipal participation on Programme Management and Coordinating structures established (reviewed, revised and integrated) based on effective service delivery models adopted by Provincial and National Government.
2. Ensure strengthened IGR structures for programme co-ordination as identified in the Integrated Development Plan including Traditional Council joint initiatives where applicable
3. Participate in the establishment of a National Municipal Capacity Coordination and Monitoring Committee (NMCCMC) to ensure joint decision making on support & interventions
4. Participate in MuniMEC's, MM's Fora and other relevant structures for service delivery programme reviews Develop SMIPS in consultation with Districts, Local municipalities and sector departments

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BASIC SERVICES

Functional LED forums that enhance job opportunities, attracts investment and position Local Government to create an enabling environment for competitive, inclusive and sustainable local economies.

1. Monitor and support municipalities to initiate and coordinate the establishment of LED Forums and committees including capacity building of the committees on issues of LED led by the DEDET.
2. Monitor and encourage private sector participation in LED Forum' committees on sector economy (agriculture, mining, industrial, tourism and hospitality).
3. Co-ordinate support by DEDET to the municipality to implement the National Framework for LED. Provide training to municipalities on the National LED Framework.
4. Monitor and support DEDET facilitation of catalytic economic development programmes in municipalities to create jobs and sustain livelihoods.

Support measures for sustainable municipal infrastructure spending
1. Support all 21 municipalities.

BASIC SERVICES

Increased Job Creation through the implementation of Community Works Programmes (CWP) and Waste Management Programmes

1. Monitor and support the identification of projects and project sites for Community Works Programme to implement with CoGTA support
2. Monitor and support the recruitment and training of local people on CWP work and participation in municipal programmes
3. Monitor and support the creation of job opportunities for the youth on waste management programmes

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MAIN DELIVERABLES

Service Delivery	Approvals obtained from all 20 municipalities for their reviewed IDPs and assessed for comments
	Approved Budgets for Human Settlement Chapter Annexures in the IDPs of all municipalities
	Report on support for SPLUMA implementation
	Report on responsiveness of the SDF to the IUDF.
	Jojo Tanks, water tankers provided to provide immediate relief of access to water to all unserved communities with a particular focus on informal settlements, rural and farm areas
	Boreholes & Infrastructure (water works) provided to extend access and ensure sustainable services within the water supply provision conditions and objectives (i.e. water system pressurized 24hrs)
	Report on Free Basic Services.
	"War-on-Leaks Program interventions on municipal water works (leak repairs on reservoirs, distribution and reticulation mains and the replacement of AC pipes)
	LGIMS customized, installed and utilized for data collection, collation and reporting on IMSP's Key Performance Areas
	Key Performance Interventions prioritised for implementation within the various areas of the scorecard and monitored
	Reports on technical expertise deployed
	Reports on participation and support of Programme management and coordinating structures for service delivery
	Participation in IGR structures at local, district, provincial and national including traditional council joint initiatives

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MAIN DELIVERABLES

Service Delivery	Participation as required in the NMCCMC and support requested and provided
	Participation as required in the MuniMEC's and MM's requested and provided
	Progress Report on the number of LED forums and committees established and trained
	Progress Report on the Private sector participation and sector economies supported
	Report on National Framework for LED implementation through DEDET support
	Report on catalytic economic development programmes for job creation and livelihoods
	Municipal report on MIG spending
	Report on CWP sites and implementation
	Report on local people recruitment, training and participation in municipal programmes
	Report on Waste Management Opportunities and implementation

PILLAR 3:
GOOD GOVERNANCE

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GOOD GOVERNANCE

Political Stability and Reduced Protests through effective Community feedback, Service Delivery and law enforcement

1. Establish a response team to investigate root causes of protests in hotspots and interventions implemented by municipalities.
2. Monitor and Support the Executive Mayors' to develop, approve, enforce and monitor bylaws and legislation compliance within the municipality including campaigns to improve the "culture of payment for services" and "against illegal connections, cable theft, manhole covers". (Municipal Admin)
3. Monitor and Support the community report back meetings by Councilors' for improved communication on service delivery including IDPs, SDBIPs, and Ward Operational Plans.

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GOOD GOVERNANCE

Functional Oversight Structures (s79 committees, audit committees and IGR Forums)

1. Monitor and advise the Speakers' to facilitate the sitting of municipal council meetings as per legislation
2. Monitor and Support the Speakers' of Council to oversee the functioning of Section 79 committees (eg. MPAC's, Ad-hoc Committees)
3. Monitor and Support the Executive Mayors' to oversee the functioning of Section 80 committees.
4. Monitor and Support the introduction of refresher courses for MPAC members on the role and responsibilities of MPAC and enforce implementation of MPAC Handbook through District Municipalities.
5. Monitor and Support the strengthening of political oversight in the offices of Executive Mayors, Speakers and Chief Whips (Troika's).
6. Assess the performance of IGR structures at provincial, district and local levels.
7. Monitor the implementation of recommendations for strengthening the performance of IGR structures Provincial and District Level e.g.(Technical MUNIMEC, MUNIMAC, Municipal Managers Forum and Mayors Forum)

MAIN DELIVERABLES

Good Governance	Report on the number of protest actions and intervention implemented.
	MEC's Quarterly Reports on bylaw and legislative enforcement, compliance and efforts to create culture of payment of services and theft reduction
	Quarterly Report on "report back"/feedback meetings held to communicate progress on service delivery plans.
	MEC's Quarterly Reports on dates of all Council related meetings held since the last Council meeting
	MEC's Reports on the functionality of s79 committees, audit committees and MPACs including identified areas of strengthening and capacity building
	MEC's Reports on the functionality of s80 committees including the number of hours spent in committee meetings, including launches, in political caucus meetings.
	Consolidated Reports on courses and training for MPAC members identified and implemented
	Consolidated Reports on the quality of oversight provided in the offices of the Troika including recommendations on support required and implemented
	Consolidated Reports on the IGR structures performance at local, district and provincial levels
	Consolidated Progress Reports on the implementation of IGR measures to strengthen performance
	Consolidated Reports on the quality of oversight provided in the offices of the Troika including recommendations on support required and implemented
	Consolidated Reports on the IGR structures performance at local, district and provincial levels
	Consolidated Progress Reports on the implementation of IGR measures to strengthen performance

PILLAR 4:

FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT

Improved Financial Capability in the Municipality

1. Identify and implement effective financial management systems in the municipality
2. Establish an internal financial administration team for the implementation of Operation Clean Audit 2015 plan
3. The Municipal Manager to facilitate the advertisement, recruitment and appointment of a suitably qualified and competent Chief Financial Officer (CFO) with the requisite skills and expertise

Support measures that address the financial management and governance of municipalities.

1. Assess audit action plans to adequately address the AG findings.
2. Coordinating structure per province that monitors the implementation of municipal audit action plans on a quarterly basis.

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FINANCIAL MANAGEMENT

In conjunction with SALGA develop an in depth understanding of the operating environment and quality of management practices of municipalities using the LGMIM and FMCMM models.

1. Complete scorecards for LGMIM & FMCMM

Review the sustainability of municipalities with no or extremely weak revenue bases and develop proposals on what needs to be done

1. Municipal Reports on progress with implementation of revenue improvement plans.

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FINANCIAL MANAGEMENT

Monitor, assess and guide municipalities to comply with all the legislative requirements relating to municipal revenue, financial management and sustainability

1. Monitor, assess and guide municipalities to comply with the Municipal Property Rates Act.
2. Develop Municipal financial recovery plans within 90 days of request.
3. In-year financial management reports analysed and municipalities guided to implement corrective actions.
4. Municipal costing and pricing reviewed and proposals submitted to Cabinet.
5. Consider all recommendations by Finance and CoGTA MinMec's in reviewing the LG fiscal framework.
6. Financial reporting for all municipalities standardized through implementation of SCOA.

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FINANCIAL MANAGEMENT

Corruption within local government is tackled more effectively and consistently.

1. Risks addressed and reported on
2. Identify key risk areas associated with corruption

Effective Revenue Collection Systems

1. Develop a concept document on revenue collection in-order to strengthen the revenue value chain processes

Accurate billing on a monthly basis

1. Assess and address capacity deficiencies of municipalities in relation to data credibility (Data cleansing) and, institutional capacity.

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FINANCIAL MANAGEMENT

Effective System of internal control

1. Assist municipalities to maintain a register for Irregular, fruitless and wasteful expenditure (Circular 68).
2. Monitor and review of procurement plans in all municipalities.
3. Introduce the concept of "going back to basics" (Training to bid committee members and re-training on PT circulars.

Cost Reflective Tariffs

1. Assist municipalities with the development of cost reflective tariffs which are aligned to Tariff and Credit Control Policy and gazetted by-laws.

Credible budget (Cash reserves)

1. Develop cash flow models (cost containment measures) and revenue improvement plans with clear and time bound revenue collection targets.

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FINANCIAL MANAGEMENT

Effective functions of governance structures (Audit Committee, Internal audit unit, Risk, MPAC, IT governance)

1. Assist municipalities to establish financial governance structures and enforce responsiveness of management to the recommendations of all governance

Existent and efficient Anti-Corruption Measures

1. Monitor and Verify the implementation of anti-corruption strategies in municipalities
2. Monitor and Support the implementation of actions to address fraud and corruption including the activation of S106 investigations where required

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MAIN DELIVERABLES

Financial Management	Municipal Report on the implementation of financial management systems
	Municipal Report on the implementation of operation Clean Audit
	Report on the appointment and performance of the CFO and his financial administration team
	Municipal Reports on the development of the audit action plan to address the AG findings
	Municipal Reports on the implementation of the audit action plan.
	Municipal Completed scorecard for LGMIM & FMCMM
	Municipal Reports on progress with implementation of revenue improvement plans.
	Municipal Report on compliance with Municipal Property Rates Act.
	Municipal report on progress with implementation of Recovery Plan
	Municipalities to complete and submit Sec 71 reports before 10th of each month to Provincial Treasury
	Municipalities to report on all tariff structure for services
	Municipalities to report on progress with implementation of MinMec's Recommendations
	Municipalities to report on progress with implementation Mscoa
	Municipalities to report on risk register and progress made to address the risk
	Municipal Report on identified key areas associated with corruption
	Municipalities to report progress with implementation of standard operating procedures on revenue management
	Municipalities to report on reconciliation between valuation roll and billing systems

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MAIN DELIVERABLES

Financial Management	Municipal report on maintenance of a register for irregular, fruitless and wasteful expenditure in line with Treasury Circular 68
	Municipalities to report on implementation of procurement plans
	Report from municipalities on training needs for BID Committee and PT circulars
	Municipalities to report on cost structures for services and alignment to policies, by-laws and NERSA approvals
	Municipalities to report on cash flow management and cost containing measures
	Municipalities to report on functionality of governance structure in municipalities
	Consolidated Reports on proposed, adopted and implemented anti-corruption measures and their promotion to communities for transparency and accountability
	Consolidated Report on all actions taken to address Fraud and Corruption including S106 investigations commissioned where required

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PILLAR 5:

BUILDING CAPABLE INSTITUTIONS

BUILDING CAPABLE INSTITUTIONS

Suitably Qualified S54(a) and S56 Managers with requisite skills and expertise appointed

1. Monitor and support Municipal Councils to facilitate the advertisement and appointment of a suitably qualified S54(a) Manager, (the Municipal Manager and Accounting Officer of the municipality) with the requisite skills and expertise to manage the affairs of the municipality as per legislation.
2. Monitor and support Municipal Councils, (after consultation with the Municipal Manager) to facilitate the advertisement and appointment of managers directly accountable to the Municipal manager with the requisite skills and expertise.

Approved Staff Establishment (Organogram) of the Municipality

1. Monitor and support Municipal Managers to review and submit the Municipal staff establishments (organogram) for Municipal Councils' Approvals in S152 of the Constitution

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BUILDING CAPABLE INSTITUTIONS

Effective Human Resource Development and capacitated officials and councilors

1. Monitor and support Municipal Managers to (in accordance with the Employment Equity Act), develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in line with s67 of the MSA.
2. Monitor and support Municipal Managers to develop the municipal's human resource capacity to a level where it is able to perform its functions, and exercise its powers in an economical, effective, efficient and accountable way complying with the SDA and Skills Development Levies Act.
3. Monitor and support Municipal Managers to make provision in their budgets for the development of training programmes, and where funds not available to apply to the LG SETA for funding of the training programmes.

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BUILDING CAPABLE INSTITUTIONS

Effective Performance Management System established, implemented and monitored across the municipal staff establishment as approved

1. Monitor and support Municipal Managers to facilitate the establishment of Performance Management Systems that are commensurate with the municipal resources, best suited to its circumstances, and in line with the priorities, objectives, indicators and targets contained in the Integrated Development Plan (IDP). SALGA evaluate PMS systems in municipalities and assist where issues identified.

2. Monitor and support Executive Mayors to manage the development of the Performance Management Systems, assign responsibilities to Municipal Managers, and submit the proposed systems to the municipal councils for adoption.
SALGA to evaluate PMS system through profiling and assist with issues identified.

3. Monitor and support the Executive Mayors to promote a culture of performance management among the political structures, political office bearers, and councillors in all municipalities.

4. Monitor and support the Municipal Managers to promote a culture of performance management among the administrations of all municipalities.

5. Monitor and support the Executive Mayors and Municipal Managers of all municipalities to establish, adopt and implement mechanisms to monitor and review the Performance Management Systems.

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BUILDING CAPABLE INSTITUTIONS

Full compliance with legislation (prescripts), policies and strategies

1. Monitor and support the Municipal Managers to implement measures that ensures compliance with all applicable legislation affecting municipal services provision in all municipalities.
2. Monitor and support the Municipal managers to facilitate the development and implementation of all municipal bylaws and regulations affecting service delivery including credit control measures and cost recovery

MAIN DELIVERABLES

Building capable institutions	Report on the appointment of, and the performance of the municipal manager in fulfilling the municipal objects as outlined in section 152(1) of the Constitution.
	Report on the appointment of, and the performance of the Municipal Manager, and all managers directly accountable to the Municipal Manager in fulfilling the municipal objects as outlined in section 152(1) of the Constitution.
	Municipal Staff establishment (Organogram) aligned to local government mandate developed for municipal council approval and implementation.
	Report on the development, adoption and implementation of systems and procedures for personnel administration in line with s67 of the Municipal Systems Act
	Training Matrix Developed and implemented for all staff levels on the job specific requirements to realise the objects of local government in s152(1) of the Constitution
	Funded Training Programme implemented with number of staff undergoing training on various courses in the training matrix
	Performance Management Report approved and implemented
	Mayoral Report on the development and implementation of the Performance Management System in the municipality with areas for intervention
	Mayoral Report on the promotion of the culture of performance among the political structures, office bearers & councillors with specific areas of intervention

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MAIN DELIVERABLES

Building capable institutions	Municipal Manager's Report on the promotion and effectiveness of the culture of performance of the administration with measures for improvement
	Municipal Report on the establishment, adoption and implementation of mechanisms to monitor, review and enforce the Performance Management System
	Report on municipal performance in complying with applicable legislation and challenges for compliance identified with corrective measures
	Report on the development and implementation of bylaws and credit control measures including cost recovery and non-revenue water reduction efforts

SUPPORT PROVIDED TO MUNICIPALITIES WITH POOR AUDIT OUTCOMES

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EXECUTIVE SUMMARY

On 2018/19 Municipal Audit Outcomes

❑ There are 1 593 audit findings raised by the AGSA during 2017/18 audit process.

❑ The total number of 771 or 49% of the audit findings relate to misstatements of Annual Financial Statements which is the highest concern raised by AGSA. The findings on this focus area can be linked to the capacity of the CFOs and Finance Officials responsible for preparation of financial statements within the Municipalities.

❑ Internal Control deficiencies is rated as the second highest of issues affecting our municipalities with 302 or 19% of the total findings. All Municipalities have been affected by this finding. The findings on this focus area can be linked to lack or insufficient consequence management within the Municipalities.

❑ Non Compliance with Laws and Regulations is rated as the third highest of the problematic areas within our Municipalities, especially Supply Chain Management matters which account for 300 or 19% of the total issues raised by the Office of the Auditor General. The findings on this focus area can be linked to lack or insufficient consequence management within the Municipalities.

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EXECUTIVE SUMMARY…

❑ Misstatement of Annual Report is rated fourth with a total findings of 198 or 12% followed by Service Delivery with 22 or 1% of the total findings. The findings on this focus area can be linked to the capacity of the Planning Units and inadequate oversight and Leadership within the Municipalities.

❑ Nkangala Municipalities take a lead with 354 or 46% on the misstatement of Annual Financial Statements and on Annual Report misstatements with (74 or 40%) issues raised by the Auditor General and, followed by Gert Sibande Municipalities (258 or 33%) and Ehlanzeni Municipalities (159 or 21%).

❑ The Analysis revealed that Gert Sibande Municipalities are rated the highest on Non Compliance with Laws and Regulations (126 or 42%), Internal Control Deficiencies (196 or 65%), as well as Service Delivery (10 or 45%) challenges and rated second on Annual Report misstatements (82 or 41%)

❑ Ehlanzeni Municipalities are rated the second highest on Non Compliance with Laws and Regulations (93 or 31%), Internal Control Deficiencies (61 or 20%), and rated third on Annual Report misstatements (15 or 8%) as well as Service Delivery (4 or 18%) challenges

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EXECUTIVE SUMMARY…

❑ Nkangala Municipalities are the lowest with Internal Control Deficiencies (45 or 15%), Non Compliance with Laws and Regulations (81 or 27%),and rated second on Service Delivery (8 or 36%) Municipalities who registered highest number of audit findings are as follows;

    1. Msukaligwa accounts for 231 or 15% of the total findings

    2. eMalahleni accounts for 193 or 12% of the total findings

    3 Victor Khanye accounts for 190 or 12% of the total findings

    4. Bushbuckridge accounts for 124 or 8% of the total findings

    5. Mkhondo accounts for 119 or 7% of the total findings

    6. Emakhazeni accounts for 119 or 7% of the total findings

    7. Dipaleseng accounts for 114 or 7% of the total findings

    8. Chief Albert Luthuli accounts for 112 or 7% of the total findings

    9. Thaba Chweu accounts for 104 or 7% of the total findings

    10. Pixley Ka Isaka Seme accounts for 75 or 4% of the total findings

AUDIT IMPROVEMENT PLANS

- We should **focus on improving the oversight and control environment** in municipalities

- We should be able to get municipalities to budget correctly, spend according to plans and very important to account correctly on all spending.

- **Considering the time between release of audit outcomes** to end of financial year of municipalities, we **should support municipalities to be proactive** in their efforts to address non-compliance issues.

- It is important to **take stock on who is doing what** in this space including other stakholders. COGTA, SaLGA and OTP

- The significance of assurance functions (decisions by key role players, including IA and AC, Senior management, Council and MPACs)

- Effectiveness of structures such as internal audit, audit committees, MPACs

- Impact on Human Resources and Performance management, etc
  - The sharing of information will therefor be critical
  - Review of audit action plans ensuring it addresses the root causes
  - Improve the monitoring on progress of audit action plans through electronic platform that will be available soon.

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AUDIT IMPROVEMENT PLANS :
Actions required to meet mtsf targets

- **Target municipalities with negative audit opinions**
- **Prioritise support to municipalities with the highest UIF&W expenditure**
- **Review strategies to assist MPACs to process the UIF&W**
- **Empowering functionality of DC Boards to implement consequence management**
- **Support functioning of MPACs** –
- **Support to improve the internal control deficiencies**.
- The following targes were agreed upon
- **MTSF Targets:** (More roll players than NT & PT required to be successfull)
- 75% reduction of qualified audits 2024
- 100% elimination of wasteful and fruitless expenditure 2024
- 75% reduction of irregular expenditure 2024
- 75 % reduction of qualified audits by 2024

To be successful on these it is further critical to improve on the assurance functions (IA,Ac, Snr Management, COUNCIL, MPAC) and the roll of COGTA to assist cannot be overemphasized

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INTERVENTIONS PROVIDED

- Multi-disciplinary Team of officials to assist municipalities addressing issues raised by the AG
- COGTA and PT are developing an audit turn around strategy to support municipalities improve their audit outcomes.
- Executive Council approved interventions in Five municipalities in terms of Sec 139(5) of the Constitution for development of Financial Recovery Plans as directed by Sec 139 of the Municipal Finance Management Act.Support with development of Financial Recovery Plans for Five Municipalities. Emalahleni, Thaba Chweu, Govan Mbeki, Msukaligwa and Lekwa.
- Supported municipalities with reconciliation of municipal valuation rolls with deeds office data and municipal billing systems. Emakhazeni, Emalahleni, Msukaligwa, Victor Khanye and Thaba Chweu.
- Support municipalities with ongoing capacitation of MPAC's. All municipalities MPAC's Trained
- Supported municipalities with establishment of disciplinary boards and participated during meetings.

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- Municipalities were supported in the areas of Supply Chain Management, Asset Management, Revenue Management and improvement of control environment.

- Participate and provided guidance to municipalities during audit steering committees.

- All municipalities trained and technical support provided with implementation of MSCOA.

- Budget assessments done with written findings and recommendations on draft budgets.

- Supported municipalities with development of budget funding tool.

- Provided training to all municipal budget officers on the budget funding tool.

- COGTA and PT have convened meetings with municipalities owing huge Eskom Debts (Govan Mbeki, Lekwa, Emalahleni and Victor Khanye) to deal with the non adherence to the payment plans.

- Conduct workshop on tariff setting and coordinate one day session with municipalities and NERSA on tariff application.

- Supported municipalities with unfunded budgets during special adjustment budget process to rework budgets towards getting them funded.

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