



## **MEDIA RELEASE**

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**TO: ALL EDITORS AND REPORTERS**

### **AUDITOR GENERAL'S CONSOLIDATED REPORT ON AUDIT OUTCOMES 2011/12**

Ladies and Gentlemen of the media,

The South African Local Government Association (SALGA) acknowledges the Auditor General's findings outlined in the General Report on the Local Government Audit Outcomes. As the representative voice of municipalities our interest, amongst others is to promote good governance and transparency in pursuit of a responsive and accountable local government sector. The need to comply with legislation is an imperative and improving audit outcomes in municipalities is top on SALGA's agenda.

The number of municipalities that received unqualified audits stood at 106. SALGA congratulates the 9 municipalities who obtained unqualified audits without any findings for their dedication in running clean administrations and urge them to continue the trend.

SALGA has analysed the key findings of the report and accedes in principle to the fact that the local government sector still faces challenges as outlined by the Auditor General in his report. As the voice of municipalities we view the need to eliminate poor results on sound financial management seriously. As such the National Executive Committee of SALGA in adopting its five year strategy in 2012, suitably prioritised the management of finances in local government coupled with building the necessary capacity in municipalities and the review of the legislative and policy framework in the local government sector.

In taking a closer look at the report we note improvements that convince us to remain hopeful. It is important to note that compliance with legislation in submitting financial statements has significantly improved over time. This suggests that while progress may be deemed as slow the basic requirements are increasingly being met, the North West province showing good progress in this regard with a 100% submission rate.

The previous report of the Auditor General identified key risks areas in local government and Human Resource Management remains a key challenge in this report.

Unfortunately, local government continues to struggle in attracting and retaining the suitable skilled officials. Despite the vacancies identified in key positions, governance controls such

as the internal audit function and audit committees show signs of improvement. Indeed filling the vacant positions would complement and improve the efforts of these governance controls.

The pace at which political leadership responds to the issues raised by the Auditor General can also be improved and to this end, SALGA continues to support municipalities. Following an engagement held with municipalities on poor audit outcomes in 2012, SALGA placed emphasis on improving financial governance by equipping councillors with key understanding of the control and oversight concepts. This we believe should equip them to play the oversight required in running a clean administration.

Despite the fact that clean audit concept is not known anywhere else in the world, it continues being a pursued outcome for South African municipalities. However, the reputational damage and perceptions generated by the clean audit concept cannot be measured. It needs to be understood that not every municipality that does not get a clean audit has poor financial management issues or lags in delivering services. Local government has and continues to improve the livelihoods of the South African citizens since 2001 census and the latest StatsSA census of 2011 report concluded that there were significant improvements with access to a range of basic services such as water and sanitation, electricity, refuse removal which local government has delivered over time. These improvements provided direct benefits to South African households in terms of better living conditions, environmental and health standards. An example is access to electricity which was set to be extended to 90% of households by which was only 2% short of the 92% target.

While SALGA continuously promotes and advocates for good governance in municipalities, it must be emphasized that local government problems are somewhat complex and cannot be resolved by local government alone. While the responsibility to implement such initiatives rests with the municipalities, SALGA calls for more coordination on the support initiatives provided by the other organs of state for a more visible impact. In the quest to attain the vision to provide a better life for all complemented by accountability we cannot turn a blind eye to the need for collaboration between local government , other spheres of government, business and the community at large which is promoted by the Intergovernmental Relations Framework Act.

SALGA led by the National Executive Committee elected in 2011 will continue to throw its weight behind municipalities by providing leadership and guidance in improving sound financial management and promoting good governance. Through our advocacy and lobbying role we remain committed to building the capacity required in municipalities to acceptable levels through collaboration because local government is everyone's business. An effective local government is in the interest of all.

**ENDS**

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