



**OPENING AND WELCOME REMARKS BY CLLR THABO MANYONI
CHAIRPERSON TO SALGA ENGAGEMENT WITH MUNICIPALITIES
ON POOR AUDIT OUTCOMES**

22 OCTOBER 2012

Mayors

Councillors

Municipal Managers

Deputy Auditor General

MECs and their representatives present

The period leading up to the 2011 local elections presented politicians, citizens and other stakeholders with an opportunity to reflect on the performance of local government leaders over the preceding five years. Municipalities budgeted to spend over R800 billion between 2006/07 and 2010/11. This was a huge amount of money that we as local leaders were entrusted with. Notwithstanding all the complexities we faced in terms of meeting the rising demand for services, population expanded

and with the ever increasing costs, communities must know how this money was spent. Looking at the number of households that have been gained access to services during this period, one would say that we have broadly delivered on our mandate, with a tremendous amount of backlogs still remaining.

Now, we all know that we are also measured by another stick and that is, %how do we actually manage our municipalities as well as their finances?+The annual audits of the financial statements of municipalities by the Auditor General (AG) give an important independent evaluation of our ability to deliver on our mandate. It gives a reflection on our ability to provide leadership for effective governance and administration. So, what did the AG's reports reveal during the period between 2006/07 and 2010/11?

It is encouraging to note that the number of municipalities with qualified audit opinions, including audits not finalised was reduced from 81 per cent to 55 per cent. This progress has been made during a time of many financial management reforms being introduced in local government.

Colleagues, we are gathering here today as newly elected leaders to discuss the challenges we are experiencing in managing our finances effectively. We are gathering here because we have accepted the responsibility to account for the funds that we administer. The Auditor-

General's report on the audit outcomes of municipalities for 2010/11 indicated that some of us have to do some introspection. This gathering is therefore aimed at providing a platform for us to engage on the reasons why we have achieved the reported outcomes. We need to be frank in our deliberations colleagues and walk away from this engagement with certainty of our convictions that our leadership can make a difference.

We have among us today some of the municipalities who have received unqualified audits with no findings, otherwise referred to as 'clean' audits. This platform today gives us an opportunity to share in their achievement, but more importantly to learn from their experiences. We need to know how they have done this. It is important for all of us in local government to help in turning our situation around by producing high-quality and transparent financial records which will instil public confidence and demonstrate the benefits of good governance and sound financial management. Colleagues, I cannot emphasise more that the ultimate responsibility rests with us as leaders in local government.

As we deliberate on the issues we are facing, we must be mindful of the three root causes the AG highlighted as requiring our leadership. We need to think about how we are going to enable our municipalities to attract and retain competent and skilled staff; how we are going to

ensure that poor performers are encouraged to do better and that corruption is wiped out; and how we can improve in taking ownership for the role we must to play in implementing key controls.

Colleagues, with these words I would like to welcome you all to this engagement. Your presence here today reminds me of an adage that says that *the first step towards success is to pitch up*. The fact that we have you present here today means that you are serious about your responsibility as leaders to take up the challenge and show the public that change is forthcoming.

I Thank You