



Tel : (012) 369 8000 Fax : (012) 369 8001 / P.O. Box 2094, Pretoria 8000  
Menlyn Corporate Park, 175 Corobay Ave, Cnr Garsfontein Rd, Waterkloof Glen X11, Pretoria

**SALGA ON AUDITOR GENERAL'S "CONSOLIDATED GENERAL REPORT ON THE LOCAL GOVERNMENT AUDIT OUTCOMES 2008-09"**

**11 AUGUST 2010**

The CONSOLIDATED GENERAL REPORT ON THE LOCAL GOVERNMENT AUDIT OUTCOMES 2008-09 was tabled in parliament and was presented by the Auditor General on Tuesday, 10 August 2010.

SALGA has seen it relevant for to acknowledge and reflect on this report in order to gain an objective overview on the state of municipal financial management. We have noted some of the highlights as per Auditor General's report and selected challenges we consider key to the improvement of the audit outcomes.

From the said report we have picked up a number of key notable issues both positive and negative:

The increase in financially unqualified reports by 15% (from 131 to 151) in municipalities and municipal entities and 27% in district municipalities is a definite highlight for local government. Improved audits were noted in 53 municipalities, led by Kwazulu/Natal, Eastern Cape and Limpopo respectively, whilst 23 municipalities reduced their number of disclaimed or adverse outcomes from the previous year.

There were a number of negative outcomes like the regression (performed worse than in the previous year) of 25 municipalities of which 10 regressed to disclaimed. The noted non completion of audits for 36 municipalities and eight municipal entities by 8 March 2010 compared with 38 municipalities and nine municipal entities in 2007-08 can be influenced by a combination of factors. These include non-submission/late submission of annual financial statements, capacity constraints, prior year audit backlogs, late finalisation of audits and financial statement retractions. The quality of financial statements submitted to the Auditor General remains a key issue that needs to be address. It is stated in the AG's report that this is due to weak monitoring and oversight processes or systems in municipalities. Leadership has also been cited as one of the issues that have led to the dilapidated financial state of some of the municipalities.

SALGA acknowledges the report by the Auditor General and duly notes the challenges, as noted above, from the report. This report allows local government to have a financial perspective on the performance of municipalities and identify the areas for improvement.

The highlights noted initially in the statement give an indication of the strides we have taken as local government in our effort to fortify our performance. We however note key challenges from the report and are aware that these are matters that need addressing.

Leadership has been noted as one of the key focus areas in obtaining clean audit opinion. SALGA will continue to raise the need for improved political leadership and succession planning for municipal leadership. With the upcoming 2011 local government elections and change in leadership we will continue to support municipalities in providing guidance for new councillors and training in municipalities.

In an effort to improve good governance and financial management, SALGA embarked on a drive to support councillors and officials through educating municipalities on good governance and leadership. SALGA initiated the Executive Municipal Leadership Development Programme (ELMDP) four years ago through the University of Pretoria and 1277 municipal councillors and officials graduate since 2006.

SALGA is continuously engaging national stakeholders in improving the functioning of Audit Committees and improving accountability at local level. The establishment Municipal Public Accounts Committees (MPAC) will improve Council oversight at local level. SALGA is also a key stakeholder in the development and implementation of Turn Around Strategies Operation Clean Audit through providing training to councillor on.

We recognise the improvements we have made but we will not rest until the challenges we are faced with are addressed. Ten years since the first local government elections we cannot plead ignorance but account for our errors and learn from them. As local government we owe it to the communities who have entrusted us with their livelihood to deliver on our promises.

ISSUED BY:

**The South African Local Government Association (SALGA).**For further queries, please contact Milisa Kentane on 083 643 1436 OR [MKentane@salga.org.za](mailto:MKentane@salga.org.za)