

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR ORAL REPLY
QUESTION NUMBER: 204 [CO376E]
DATE OF PUBLICATION: 3 NOVEMBER 2014

Mr C J de Beer (ANC-NC) to ask the Minister of Finance:

Whether the National Treasury has established supporting programmes to work with the Department of Cooperative Governance and Traditional Affairs and provinces to ensure that municipalities are (a) financially and economically functioning and (b) spending their budgets effectively in delivering quality services; if not, why not; if so, (i) what plans are in place to ensure clean audit by all municipalities and (ii) what are the further relevant details?

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REPLY:

- (a) The National Treasury's approach in ensuring sound financial management practices is aligned with the Department of Cooperative Governance and Traditional Affairs' back to basics strategy, which provides an overarching framework for a coordinated national approach in addressing overall municipal performance.
- (b) A Strategy to Address Municipal Performance Failures: A Financial Management Perspective, has been developed and it provides a guiding framework for the clarification of roles and responsibilities of all stakeholders and a differentiated approach to provincial support initiatives
- (c) Due to varying capacity levels in Provincial Treasuries to monitor, support and intervene in their delegated municipalities, the National Treasury has developed a differentiated provincial support and capacity building programme that addresses the specific capacity needs of each province.
- (d) This programme is in two parts – strengthened monitoring of performance collaborating with COGTA to identify failing municipalities, and Municipal Finance Improvement Programme (MFIP) that provides direct support to failing municipalities and strengthening provinces to oversee delegated municipalities.
- (e) There has been an improvement in municipal audit findings over the years and the National Treasury together with other stakeholders such as the Office of the Auditor

General (OAG), COGTA, SALGA and municipalities themselves will continue to address shortcomings and improve the current situation.

- (f) The support that the National Treasury is offering is aimed at achieving clean audit through building sustainable capacity that will ensure that budgets are credible, sound financial management practices and specifically address the key challenges raised by the OAG related to, supply chain management, quality of performance reports, human resources management, Information technology controls and financial health of municipalities.