

**NATIONAL ASSEMBLY  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 1690 [NW2080E]**

**1690. Mrs G Opperman (DA) to ask the Minister of Finance:**

- (1) Whether he has found that the cost of employing consultants to assist municipalities in managing their finances often outweighs the benefits they bring, given that only 15 out of 183 municipalities who used consultants in the 2018-19 municipal financial year managed to achieve clean audit results; if not, what is the position in this regard; if so, what are the relevant details;
- (2) whether he has found that the use of consultants results in the transfer of skills to municipal employees; if not, what is the position in this regard; if so, what are the relevant details?

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**REPLY:**

- (1) The Honourable Member to note that information provided in the General Report 2018/19 by the Office of the Auditor-General and other reports, on the use of consultants generally, is equally of concern. Municipal appointment practices are also a direct contributing factor. The use of consultants and support provided must however be contextualised within the FM reforms for municipalities and the varies capacity levels in municipalities. In an attempt to address these concerns, the National Treasury issued MFMA Circulars and Guides assisting municipalities with best practices in financial management, covering a range of financial disciplines, the establishment of Budget and Treasury Offices, supporting the rollout of minimum competencies, supporting the appointment of appropriately qualified staff with the requisite skills to perform financial management responsibilities. These have been coupled with awareness and training initiatives. The efforts to improve financial management practices in municipalities and the resultant improved audit outcomes, may require a number of financial cycles to show desired changes, but is receiving attention by both the National and Provincial Treasuries. It must however be recognised that in some instances, the use of consultants with specialists' skills and knowledge will be required. Therefore, it may not always be cost effective for municipalities to appoint these scarce skills on a permanent basis.
- (2) The design of national and provincial support programmes has at its core specific focus on the transfer of skills and capacity, on-the-job training, to municipal officials, covering institutional and technical areas. For example, a total of 1 434 capacity building sessions were completed, with 9 716 officials capacitated during the 2018/19 financial year, from the national support programme to selected municipalities. The principles of skills transfer are also embedded in the Cost Containment Regulations for Municipalities issued in 2019, where measures must be implemented by municipalities when appointing consultants to perform specific responsibilities. The absorption capacity of municipalities also must be factored. The details relating to the use of consultants and transfer of skills, for those contracts entered into by municipalities would be best obtainable from the municipality directly, given the different specialised areas and contractual arrangements.