**MEDIA STATEMENT**

**COGTA COMMITTEE CALLS FOR MUNICIPALITIES TO ADHERE AND RESPECT THE MUNICIPAL FINANCE MANAGEMENT ACT AND OTHER PRESCRIPTS**

**Parliament, Wednesday, 3 March 2021** – The Portfolio Committee on Cooperative Governance and Traditional Affairs (Cogta) yesterday interacted with the Dr Ruth Segomotsi Mompati District Municipality and all the municipalities under it on the state of the district municipality and its municipalities.

The committee also received briefings from the Office of the Auditor-General (AG); South African Local Government Association (Salga); Provincial Cooperative Governance and Traditional Affairs, Treasury; and the Department of Cooperative Governance and Traditional Affairs.

The committee was informed of a citizen’s group at Mamusa Municipality which had called for the removal of the municipal manager based on allegations of mismanagement. It was reported that in November 2020 the municipality commissioned a legal opinion, which found that the municipal manager does not have the required qualifications.

The municipal manager, who also briefed the committee, told the committee that he will qualify in July this year and the comittee requested the mayor together with the provincial MEC, Mr Mmoloki Cwaile, to provide a written response to the committee on his appointment without the necessary qualifications.

The committee heard that at the time of 2018/19 audit, the service level agreement between the district and the Water Services Authority and the Mamusa Municipality, as the water services provider, had expired. The post-audit action plan indicates that the municipality has not yet resolved the matter.

The committee enquired from the municipality on what basis is the municipality providing water services to the community because in terms of the Water Services Act of 1997, section 22, no person may operate as a water services provider without the approval of a water services authority.

The committee heard that the Municipal Public Accounts Committee has not investigated any unauthorised, irregular, fruitless, and wasteful expenditure and the instances of non-compliance with supply chain and records management over the last three financial years.

The committee enquired if there was a post-audit action plan in place to address the notes of the AG and further requested information on the write-off of R150.7 million which was used as an investment at Venda Building Society Mutual Bank (VBS). The municipality told the committee that it will respond to the committee in writing on the matter and on why the suspended municipal manager was reinstated, who was responsible for the investment.

The municipality told the committee that its debt book stands at R306.9 million and that the municipality attributes its poor revenue management practices to the Covid-19 lockdown, which prevented it from fully implementing its Credit Control and Debt Collection policy.

The committee raised its concerns over the non-submission of the 2019/20 annual financial statements for auditing by the Ruth Mompati District Municipality as the cut-off date was 20 January 2021. The committee asked the district and local municipalities if they have the capacity to produce the annual financial statements and if not, are they using consultants and what is the cost of using consultants compared to the use of municipal staff to prepare the statements?

The committee enquired from the Greater Taung Municipality and Naledi Municipality on when they envisage publishing their 2018/19 Annual Reports and 2018/19 Audit Reports. The committee commented on the municipalities flagrant disregard of the legislative prescripts which govern them.
The committee heard about the serious issue of payment of a salary to Councillor Baya Gender of Kagisano - Molopo Municipality since 2019. According to the report, Mr Gender was not on the Independent Electoral Commission’s (IEC’s) list as a councillor for the municipality.

The committee asked the municipality to provide the names of service providers who rendered services to the municipality in the 2018/19 financial year, and were paid in contravention of the MFMA (Municipal Finance Management Act) and supply chain management regulations. Furthermore, the committee asked the municipality to present steps it took as a way of consequence management. It afforded the municipality enough time to respond in writing to the committee.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MS FAITH MUTHAMBI.**