**MEDIA STATEMENT**

**COMMITTEE ON COGTA BRIEFED ON NON-DELEGATED MUNICIPALITIES**

**Parliament, Thursday, 1 April 2021** – The Portfolio Committee on Cooperative Governance and Traditional Affairs (CoGTA) was briefed on the origin, rationale and definition of non-delegated municipalities by the national and provincial treasuries.

This is after the committee first heard of the idea of non-delegated municipalities during its interaction with the Msunduzi, Polokwane, and Mangaung municipalities regarding their financial and governance challenges.

The committee felt at that point that these municipalities invoked their non-delegated status in order to evade accountability to their respective provincial treasuries. However, it could not challenge the status quo due to its limited knowledge on what it meant by non-delegated municipalities.

The committee has now learnt that there are 17 non-delegated municipalities in the country which, in terms of the Municipal Finance Management Act (MFMA), account directly to the National Treasury for their finances.

Others account to their respective provincial treasuries which enjoy a delegated responsibility to perform oversight on the financial matters of those municipalities.

The National Treasury confirmed that non-compliance with the MFMA is rife among the non-delegated municipalities and this reinforced the committee’s position on why it was necessary for this meeting to take place.

In her opening remarks, the committee Chairperson, Ms Faith Muthambi, said: “Not even one of the non-delegated municipalities has received a clean audit over the last two financial years, and this is worrisome because the effective management of finances to deliver services is at the heart of local government."

She further said the 2018/19 audit findings pointed to numerous non-delegated municipalities that failed to prepare their financial statements in accordance with Section 122(1) of the MFMA. This, according to Ms Muthambi, would seem to indicate that the assistance provided by the National Treasury to improve the quality of financial statements submitted for auditing has not proven effective.

“Over the last three financial years, the non-delegated municipalities accounted for the top five contributors to irregular expenditure due to supply chain management-related weaknesses. These municipalities also did not perform well on other key financial management indicators such as revenue collection, asset management and financial health,” she said.

The committee encouraged the National Treasury to increase its monitoring capacity in order to ensure compliance. It felt that the high number of non-compliance was enough indictment on the National Treasury’s capacity to monitor and support the non-delegated municipalities.

The committee tasked the Gauteng, Western Cape and Kwa-Zulu Natal provincial treasuries to provide a joined comprehensive written response to some specific questions in relation to cases of unauthorised, irregular and fruitless expenditure by non-delegated municipalities in those provinces.

Lastly, Ms Muthambi said the meeting provided a better clarity on the notion of non-delegated municipalities, and it equipped the committee with the necessary information needed to exercise effective oversight on the non-delegated municipalities.

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