**MEDIA STATEMENT**

**COGTA COMMITTEE RAISE ALARM AT PERFORMANCE AND AUDIT REGRESSION OF TSHWANE, JOHANNESBURG AND EMFULENI MUNICIPALITIES**

**Parliament, Sunday, 5 March 2022 –**The Select Committee on Cooperative Governance and Traditional Affairs, Water and Sanitation and Human Settlements has raised serious concerns over regression in performance and audit of Tshwane Metropolitan Municipality, City of Johannesburg Metropolitan Municipality and Emfuleni Local Municipality. The committee received a briefing from the Office of the Auditor General (AGSA) on municipal audit outcomes.

“Municipalities play a central role in delivering services to the people and the committee finds it unacceptable that the undesirable accountability ecosystem and other systematic challenges have had a direct impact on the ability of the municipality to deliver quality services. These presentations have empowered the committee to ensure effective oversight on the municipalities during the envisioned oversight visit to the municipalities in two weeks,” said Mr China Dododvu, the Chairperson of the committee.

**TSHWANE METROPOLITAN MUNICIPALITY**

The committee finds it extremely concerning that the City of Tshwane has regressed in relation to financial management systems and internal controls as identified by the AGSA. Also, it is concerning that there is no improvement on the history of poor quality of financial statements, a problem which exacerbates and prolongs the challenges within the municipality.

Compounding the challenges faced by the municipality is the information that the general financial management disciplines and effective systems of internal controls have not been implemented within the City of Tshwane. In addition, recommendations to weaknesses identified by external and internal audit and audit committee have not been effected through action plans.

The committee noted the political instability in Tshwane Metropolitan Municipality and the impact it has on governance of the municipality, but it has highlighted a concern that there has been instability in the Office of the Accounting Officer since the 2018-19 financial year.

Furthermore, it is concerning that the Municipal Manager (MM) position was vacant for a period of 24 months which had a ripple effect on accountability and consequence management. The committee will engage the newly appointed MM to assess progress in the implementation of consequence management and strengthening of Supply Chain Management.

Also, the committee will seek answers on the sharp decline in service delivery to the people of Tshwane. The AGSA informed the committee that key service delivery targets were not achieved. There was 45% (17/38) of targets achieved for the programme relating to basic services. The committee considers this as unacceptable especially because it negatively affects the willingness of the residents to pay for services and that will lead to constrained cash flow and worsening provision of services.

**CITY OF JOHANNESBURG**

It is extremely concerning for the committee that the AGSA highlighted that the senior management of the municipality did not implement action plans designed to prevent recurring instances of non-compliance. Also, the committee is concerned that there was a lack of consequence management especially when it comes to deviation from procurement policies. “The non-compliance to policies and procedures is breeding ground for corruption and malfeasance which is compounded by the lack of consequence management. The committee will, when it visits the municipality, demand answers on challenges faced by the municipality,” Mr Dodovu emphasised.

Similar to Tshwane, the committee raised concerns that the City of Johannesburg is failing to meet its set service delivery targets. The concern is in the context of the municipality only achieving 48% of targets achieved for the programme relating to basic services. It is unfathomable that the year ending June 2022 the municipality had not achieved 0% of new water connections meeting minimum standards despite planning for 2004 new connections, 0% new sanitation connections of targeted 1913 households, and achieved only 36% of waste water quality compliance as per the water license.

Also concerning is that irregular expenditure increased by 15% with irregular expenditure sitting at R6.7 billion and with fruitless and wasteful expenditure increasing by 23%. The committee will during its visit ascertain what the municipality is doing to improve preventative controls and also implementation of consequence management.

While the committee welcomes that the City’s rating by Moody’s was updated following the update sovereign action to “Ba3 stable” which is an improvement as compared to the 2020-21 financial year rating opinion of Ba3 rating on review, the financial health of the municipality remains concerning. The committee’s concerns are based on the fact that the constrained capital spending pressures will have a direct impact on the ability of the municipality to deal with infrastructure backlogs, which are expected to place an upward burden on the city's debt and liquidity with an impact on the future infrastructure plans.

**EMFULENI LOCAL MUNICIPALITY**

The committee remains concerned that despite various interventions the municipality has made no tangible improvement on regressed audit outcomes from unqualified with findings in the prior year to a qualified opinion in the 2021/22 financial year. The committee is also concerned that the municipality only achieved 46% of its set targets which highlight unacceptable low levels of service delivery.

The committee will during its visit to the municipality assess what the municipality is doing to address irregular expenditure amounting to R232 305 800 in the current year of assessment, fruitless and wasteful expenditure of R827 881 210 and unauthorised expenditure which also increased in the current year by R2 708 864 475. Also, the committee will seek answers on why irregular and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

The committee views the session with the AGSA as beneficial and empowering and it will ensure that it holds the municipalities in question accountable. The committee will in due course communicate its oversight visit programme to the said municipalities.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE SELECT COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MR CHINA DODOVU**

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