

**MINISTRY**

**COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1201**

**DATE OF PUBLICATION: 18 OCTOBER 2019**

**1201. Mrs A Steyn (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

(1) On which statutory grounds does each province rely to give effect to section 4(2)(b) of the Traditional Leadership and Governance Framework Act, Act 41 of 2003, which requires that provincial legislation must regulate the performance of functions by a traditional council by requiring the auditing of its financial statements;

(2) whether any mechanisms have been put in place by her department to monitor the implementation of the requirement that traditional councils’ financial statements need to be audited; if not, why not; if so, what are the relevant details;

(3) what steps has her department taken to ensure compliance with the requirement that traditional council financial statements be audited? NW2411E

**Reply:**

(1) The information which was received from the Provincial Departments of Cooperative Governance and Traditional Affairs is contained in the table below.

**REPLY: PQ 1201 (1)**

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| **NORTHERN CAPE** | Provincial legislation is aligned with the provisions of the Traditional Leadership and Governance Framework Act, Act 41 of 2003. Section 9 of the Northern Cape Traditional Leadership, Governance and Houses of Traditional Leaders Act, 2001 deals with the function of a traditional Council which determines “(1) The traditional council of any traditional community, must subject to the provisions of the Constitution , the Framework Act, this Act and any other law:  (m) keep proper records of its activities and accounts as audited;  (n) have its financial statements audited.”  It also makes provision in Section 27 (1)-(4) for the auditing of the books and accounts of traditional councils by the Auditor-General.  In addition, because of the high costs involved with auditing of books, most of the councils are not in a financial position to have their books audited. As an intervention, the Head of Department (HoD) of the Department of Cooperative Governance, Human Setllements and Traditional Affairs (CoGHSTA) approved the auditing of the accounts of Traditional Councils in 2016, however the actual audit was not actioned.  The Department has been checking the books of the traditional councils on a monthly basis. It is then processed and captured on an online system Softline Pastel. To date all bank statements are reconciled and provisional financial statements are compiled and provided to the traditional councils. |
| **GAUTENG** | The Gauteng Provincial Government is empowered by Section 7(1) and 28(a)-(b) of the Gauteng Traditional Leadership and Governance Act, 2010 (Act No4 of 2010). Section 7 (1) states that “the books and accounts of every traditional council must be audited by the Auditor-General”. Section 28(a)(b) states that “A traditional council must-  (a)keep proper records of all its activities and income and expenditure; and  (b)make the records referred to in paragraph (a) available to be audited by the Auditor-General”. |
| **NORTH WEST** | Section 31(1) of the North West Traditional Leadership and Governance Act, 2005 (Act No. 2 of 2005) provides that:-  “The books and accounts of every traditional community, recognized in terms of section 3 must be audited by the Auditor-General”. |

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| **LIMPOPO** | The Limpopo Province has through the Traditional Leadership and Institutions Act, Act 6 of 2005, gave effect to section 4(2)(b) of the Traditional Leadership and Governance Framework Act, by legislating it into law.  Section 29(2) of Limpopo Traditional Leadership and Institution Act, Act No 6 of 2005 states as follows:  “A traditional council must make the records referred in sub section (1) available to be audited by the Auditor General.” |
| **KWA-ZULU NATAL** | Section 8 (2) (b) of The KwaZulu-Natal Traditional Leadership and Governance Act No. 5 of 2005 states that;  “A traditional council must have its financial statements audited by the Auditor-General” |
| **FREE STATE** | Section 26F (2)(b) of the Free State Traditional Leadership and Governance Amendment Act, Act No. 4 of 2018 states as follows:  “A principal traditional council must- (b) have its financial statements audited by the Auditor-General and submit such audited statements to the Premier within one month from the date of receipt thereof” |
| **MPUMALANGA** | The Mpumalanga Traditional Leadership and Governance Act, No. 3 of 2005 under Section 9 (4) makes the following provision “the books of account of the traditional council must be audited as prescribed”. |
| **EASTERN CAPE** | The Eastern Cape Traditional Leadership and Governance Act, No. 1 of 2017 under Section 17 (2) (b) makes the following provision, “A principal traditional council is required to have its financial statements audited”. |

(2) whether any mechanisms have been put in place by her department to monitor the implementation of the requirement that traditional councils’ financial statements need to be audited; if not, why not; if so, what are the relevant details;

Currently the Department does not have a formal mechanism to monitor the auditing of financial statements in traditional councils. Engagements with Provinces and the Auditor General revealed challenges of the possible costs of auditing the accounts of traditional councils given that most councils manage fairly small amounts of money. In addition, a concern was raised about a lack of a clear Accounting Convention Framework for traditional councils.

(3) what steps has her department taken to ensure compliance with the requirement that traditional council financial statements be audited?

The Department has introduced a quarterly reporting system at which Provincial Departments of Traditional Affairs are required to report quarterly on traditional affairs matters. A formal structure called the Traditional Affairs Technical Governance Forum (TATGoF) has been established and meets regularly to process the reports referred to. The reporting framework will be revised to include the auditing of accounts of traditional councils.

In addition, the Department of Traditional Affairs is investigating the feasibility of developing an Accounting Convention Framework for structures of traditional leadership and once this exercise is complete, it would provide a guide on how to proceed with this matter.

**Ends**