

**MINISTRY**

**COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1202**

**DATE OF PUBLICATION: 18 OCTOBER 2019**

**1202. Mrs A Steyn (DA) to ask the Minister of Cooperative Governance and Traditional Affairs:**

Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, (b) who is responsible for auditing the financial statements of traditional councils and (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E

**REPLY:**

The information contained in the tables below was received from the Provincial Departments of Cooperative Governance and Traditional Affairs.

**NORTHERN CAPE PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 1. No, because of the high costs involved with auditing of books, most of the traditional councils are not in a financial position to have their books audited by the Auditor-General. |
| (b) who is responsible for auditing the financial statements of traditional councils; and | 1. The unit within the Department of Cooperative Governance, Human Settlements and Traditional Affairs has been checking the books of traditional councils. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) (i) No traditional council in the Northern Cape had its financial statements audited by a particular person or the Auditor-General because of lack of funds. |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | The books of the traditional councils are checked on a monthly basis. The information is then processed and captured on an online system Softline Pastel. |

**GAUTENG PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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. |
| (b) who is responsible for auditing the financial statements of traditional councils; and | (b) The Auditor-General is responsible for auditing the financial statements of the traditional councils and the audits forms part of the Gauteng Department of Cooperative Governance and Traditional Affair’s annual audit. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) Not applicable.  (i) The two traditional councils in Gauteng, namely the Amandebele ba Lebelo and Amandebele Ndzundza Sokhulumi traditional councils. |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | (ii)(iii)The audits are conducted annually as part of the Department’s audit. |

**NORTH-WEST PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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”. |
| (b) who is responsible for auditing the financial statements of traditional councils; and | (b)The Auditor-General, but due to a lack of an accounting framework the financial statements of traditional councils were not submitted for auditing. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) None of the traditional councils’ financial books and accounts were audited by the Auditor General since the inception of Act No. 2 of 2005.  (i) None |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | (ii) No audits were conducted  (iii)No audits are conducted |

**MPUMALANGA PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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” |
| (b) who is responsible for auditing the financial statements of traditional councils and | (b)The Internal Audit and the Risk and Compliance Unit of the Department are responsible for auditing the financial statements and issue opinions for management to attend to. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) All the Traditional councils are audited by the Internal Audit and the Risk and Compliance Unit of the Department.   1. As alluded above, financial statement are not audited by the AG directly |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | (ii)As indicated there are no specific dates that the Auditor General conducted the audits.  (iii)The internal audit conducts the audit of financial statement through the year. The risk and compliance unit conducts quarterly audit of the Traditional council, the Traditional council coordinators visits all Traditional council every week to check the financial books of the traditional councils |

**LIMPOPO PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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.” |
| (b) who is responsible for auditing the financial statements of traditional councils; and | (b)The Auditor-General is supposed to conduct the audits in respect of the financial statements of traditional councils in line with Section 29(2) of Limpopo Traditional Leadership and Institutions Act, Act No 6 of 2005.  Attempts were made by the Provincial Treasury to request the Auditor-General to audit financial statements of traditional councils. The response by the Auditor-General regarding this matter dated 06 November 2017 indicated to the effect that the request by the Provincial Treasury cannot be implemented as traditional councils do not have accounting standards. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c)None. The Department assists Traditional Councils by reconciling their financial records.  (i) None |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | (ii) No audits were done  (iii)Traditional Councils are supposed to be audited annually, in terms of Limpopo Traditional Leadership and Institution Act No 6 of 2005. |

**FREE STATE PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | Section 26F (2)(b) of the Free State Traditional Leadership and Governance Amendment 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” |
| (b) who is responsible for auditing the financial statements of traditional councils; and | (b) The Free State Department of Cooperative Governance and Traditional Affairs (CoGTA) has only provided an opinion on the adequacy and effectiveness of internal controls governing the bank and cash management process to enhance financial record keeping and ensure consistency across the traditional councils. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) The Free State CoGTA has only provided an opinion on the adequacy and effectiveness of internal controls governing the bank and cash management process  (i) None, The traditional councils do not compile financial statements due to lack of capacity/expertise to compile the said statements for auditing purposes. |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | Information not received from the Free State CoGTA |

**KWA-ZULU NATAL PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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” |
| (b) who is responsible for auditing the financial statements of traditional councils; and | (b)In KwaZulu-Natal the financial statements of the 289 Traditional Councils are audited by the Auditor General of South Africa (AGSA). |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | (c) None  (i) 289 Traditional Councils had their financial statements audited by the Auditor General of South Africa (AGSA). (Names not furnished) |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | 1. The AGSA starts the audit process by conducting a status of records review in December of each year which is then followed by the main audit of the annual financial statements and legislation in May of each year The AGSA conducts this audit on an annual basis with the last audit outcome of financial year ended 31 March 2019 receiving a clean audit opinion. |

**EASTERN CAPE PROVINCIAL COGTA**

**REPLY: PQ 1202**

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| Whether, with reference 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, any province requires the Auditor-General to audit traditional councils’ financial statements; if not, (a) why not, | 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” |
| (b) who is responsible for auditing the financial statements of traditional councils; and | Information not received from Eastern Cape Provincial Cooperative Governance and Traditional Affairs. |
| (c) which traditional councils had their financial statements audited by a person other than the Auditor-General since the specified Act came into effect; if so, (i) which traditional councils had their financial statements audited by the Auditor-General since the specified Act came into effect, | Information not received from Eastern Cape Provincial Cooperative Governance and Traditional Affairs. |
| (ii) on what date was each audit conducted and (iii) what is the frequency of audits conducted on the financial statements of traditional councils? NW2412E | Information not received from Eastern Cape Provincial Cooperative Governance and Traditional Affairs. |

**Ends.**