

## AUDITOR GENERAL CALLS FOR A STABLE LEADERSHIP IN MUNICIPALITIES THROUGHOUT THE COUNTRY.

By Judy Ngoloyi

(Picture taken by Akhona Ngqinambi)



EAST LONDON: Auditor-General Terence Nombembe is calling for stable leadership in order to remedy what he termed “a poor state of financial records of the Eastern Cape municipalities”. Addressing the provincial municipal mayors, managers and senior government officials in East London on 23 May 2008, Nombembe emphasized that **there is an urgent need for leadership to get involved in order to turn the current situation around in various municipalities.**

Nombembe is currently on a countrywide roadshow presenting his overview of municipal audits to various local government authorities, and reflecting on how municipalities have performed in the 2007/07 financial year

**“There is an urgent need for leadership to get involved in order to turn the current situation around in various municipalities,” said Nombembe**

He said 75% of the 40 municipalities audited received worst case audit opinions and even though this is an improvement from the 90% situation previous year, the current year’s performance remains unacceptably high.

“We believe that the financial results that are produced by municipalities will always be a reflection of the leadership commitment and our experience on best practices has shown us that this does produce good results and Eastern Cape is no exception to that,” he said.

According to the information available at the time of the analysis, Eastern Cape comprised of 45 municipalities – one metropolitan, five high capacity municipalities, 14 medium capacity municipalities and 25 low capacity municipalities.

He said it was important to deal with the lack of adequate internal controls, lack of supporting documentation, and the general lack of capacity and skills to fully comply with the prescribed accounting framework. “There is no doubt that it is possible to obtain an unqualified audit report if such bases are given the enhanced and consistent level of supervision and monitoring by leadership”, said Nombembe.

Asked what could be done in terms of the challenges currently facing municipalities Nombembe said that local government needed the support of the provincial government who could be of great assistance in injecting necessary funds. He emphasized that this exercise would definitely need proper coordination, especially through the district municipalities because provincial departments cannot be everywhere.

He said: “Coordination is going to be critical as part of a turn around strategy to deal with the support that is available either from the consultants or sector departments”.

**AUDITOR GENERAL’S ADVICE TO MUNICIPAL MAYORS AND MANAGERS THAT ARE STILL BATTLING TO YIELD GOOD RESULTS.**

- Leadership and direct involvement.
- Leadership, by surrounding themselves with the right level of support at an internal audit level and audit committee level.
- Leadership, by instilling the culture of keeping accurate records.

He said the lack of the above gave rise to qualified reports, the lack of evidence and lack of information. If one could provide information the auditors would have no reason to qualify the audits. He said most of these problems are basic internal control compliance issues that require effective monitoring by the leadership so that they could be solved immediately. END.