

# Lack of accountability and consequence management plagues local government

The 2019-20 local government general report released by the Auditor General of South Africa (AGSA) on 15 June continues to emphasise the lack of accountability and consequence management in local government which impacts service delivery and municipal finance management.



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Despite there being a decrease in unauthorised, irregular, and fruitless and wasteful (UIFW) expenditure in 2020-21, very little steps have been taken by municipalities to enforce accountability and consequence management.

The Municipal Finance Gestion Act (MFMA) requires councils to investigate all UIFW expenditure.

Furthermore, municipalities are required to recover the UIFW expenditure from the responsible person. As indicated by the AGSA, 51% of municipalities did not investigate the previous year's irregular expenditure, 42% did not do so for unauthorised expenditure, and 41% failed to do so for fruitless and wasteful expenditure

In addition, during 2020-21, very little was done by councils on the 2019-20 irregular expenditure year-end balance of R110,18bn. Councils had recovered or were in the process of recovering R0,1bn (<1%) of money, condoned R0,1 bn (<1%) of UIFW expenditure, wrote off R12,21bn (11%) of UIFW expenditure and had not dealt with an astonishing R97,96bn (89%) of UIFW expenditure.

The AGSA also audited 78 municipalities where there were allegations of financial and supply-chain misconduct and fraud to confirm whether there were any accountability and found the following:

- At 51% of municipalities, investigations took longer than three months to complete.
- At 14% of municipalities, allegations were not investigated, and
- At 5% of municipalities, sanctions were not imposed, or recommendations were not implemented based on completed investigations.

In 2019-20 the AGSA further reported on 128 possible fraud or improper conduct in supply-chain management processes and recommended that management further investigate these matters.



## Saica urges government to hold service providers accountable

Natashia Soopal, SAICA 1 Jun 2022



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The status of the investigations into fraud and improper conduct in supply-chain management processes highlighted that only 45 (35%) of municipalities investigated all the findings reported, 16 (13%) municipalities investigated some of the findings reported and 67 (52%) municipalities investigated none of the findings reported.

The lack of consequence management highlighted undermines the prescripts of the MFMA and Constitution. It further diminishes the impact that funds allocated to service delivery have, as well as its impact on economic growth.

SAICA urges councils and portfolio committees to exercise their powers to hold municipalities accountable and to enforce consequence management to improve service delivery and municipal finance management.

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