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Department of Co-operative Governance and Traditional Affairs

Litiko
Lekubusa
ngekubambisana
netebuholi bendzabuko

Department van
Korporatiewe Regering
en Tradisionele Sake

umNyango
wezekuBusa
ngokuHlanganyela
neeNdaba zamaKhosi

MEDIA RELEASE

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS REJECTS DA'S ASSUMPTION THAT DEPARTMENT IS COLLAPSING

The Department of Co-operative Governance and Traditional affairs would like to reject with contempt the assumption made by the DA in its media release dated 29 September 2011, that the department is collapsing. The issues raised by the Auditor General (AG) in the Department's 2010/11 financial year do not mean that the department is collapsing hence the department received an unqualified audit for the year under review. It is unfortunate that the DA has chosen to grandstand and try to score cheap political points on the matters raised by the AG. The AG has brought these matters to the attention of the department and for it to put in place corrective measures in a form of a plan of action, which has already been done. It is therefore uncalled for, for the DA to grand stand on these matters.

On the matters raised by the DA, the department responds as follows:

- **The irregular expenditure of R6.963 million is comprised of:**

Response: R6.127 million over spending in programme 02 due to payment of salaries of administrators that were appointed by the Executive Council in terms of Section 139 (1) (b) of the constitution. The section 139(1) (b) are Executive Council decision and the department cannot deliberately make a financial provision for placing municipalities under administration. This expenditure was incurred by paying all the Administrators and their support teams at Lekwa, Mkhondo, Thembisile Hani and Thaba Chweu local municipalities. As a department, this kind of expenditure was unavoidable.

R0.836 million is an irregular expenditure; this expenditure has been classified and disclosed as such because the expenditure in question was incurred in contravention supply chain rules and regulations. The accounting officer on receipt of such allegations instituted an investigation and disciplinary hearing has been conducted and appropriate action has been taken against the responsible official. The accounting officer has done all what is expected of him in terms of the law – no wrong doing on his part. The department picked up this anomaly timeously and avoided any financial loss to the state.

- **Mahlobo submitted financial statements for auditing that had not been prepared in accordance with the requirements of the Public Finance Management Act (PFMA);**

Response: Our financial statements have been prepared according to Departmental Reporting Framework as prescribed by National Treasury and the requirements of PFMA. The DA had also acknowledged this in their own so called assessment that they were properly prepared.

- **Awards were made to bidders who did not declare whether they, or those connected to them, had relationships with those awarding the bids;**

Response: the AG's report is making reference to the SBD 4 forms; disclosure of interest that was not completed for some three quotation purchases. This is an omission that has been rectified and no loss was suffered by the state.

- **Mahlobo did not take effective and appropriate steps to prevent irregular expenditure, as required by the PFMA.**

Response: The irregular expenditure due to non compliance to treasury regulations, the HOD has acted by conducting investigations and disciplinary action instituted against the affected officials. On the matter of over spending on compensation of employees, this matter was reported to treasury before expenditure was incurred and additional funding was not provided and this was a section 139 intervention by the Executive Council.

- **However, it was on the administrative side of the department that the AG made the most damning findings, which clearly shows the incompetency of senior management. The department did not have a clear performance plan with clear objectives, indicators, targets and deadlines;**

Response: the department had a performance plan with objectives, indicators, targets and deadlines that was approved by the legislature and the Executive Council. The AG was just expressing an opinion on the quality of the department's APP in relation to SMART principle. The local government sector conducted consultations with all CoGTA departments in provinces to improve our indicators. The National Department of Co-operative Governance and National Treasury are concluding this matter.

- **Those that were reported were not consistent with what the deficient plan had outlined;**

Response: The plan has never been deficient. It is in line with the manifesto priorities and the delivery agreement.

- **Actual achievements were not as specified in the strategic plan were not included;**

Response: The DA's analysis is incorrect. Achievements are outlined in the annual report. The assertion by the DA is incorrect.

- **Almost half (48%) of the indicators were not clear, and regarded as ambiguous;**

Response: The assertion by the DA is incorrect. It is important that they should get their facts right.

- **The AG concluded that the department did not have an organisational structure in place to “ensure that adequate and sufficiently skilled resources were in place and that performance was monitored”, and that Mahlobo did not implement the necessary mechanisms to ensure proper performance reporting and compliance laws and regulations.**

Response: No appropriation will be approved without an organizational structure. The department has an organizational structure and that is why our budget was approved by cabinet, the AG simply refers to the new structure that was not yet approved at the time of audit. The old structure does not have House of Traditional Leaders but this unit has an approved structure when it was transferred from Office of The Premier.

The Department is also concerned that the DA has chosen to raise these matters externally without first raising them with the Portfolio Committee responsible for Co-operative Governance and Traditional Affairs and even before the matter has served in the committee. The department will be lodging a formal complaint with the legislature in this regard. After the annual report has been considered by the legislature it will be made available on the department’s website: <http://cgta.mpg.gov.za> for the public to view.

During the presence of Mr David Mahlobo over the last two years, the department has achieved unqualified audit opinions. Municipalities have stabilised and turn around plans developed. The institution of Traditional Leadership has also been strengthened. The Department fully supports its Head of Department Mr. Mahlobo and believes that he is the right man for the job and has been doing an excellent work of leading the Department. The Department is firmly on course to achieve its mandate of supporting both our local government system and traditional leadership for them to effectively carry out their functions. We will not be deterred by prophets of doom who always seek to undermine the good work that government is doing to improve the lives of our people.

Issued by the Department of Co-operative Governance and Traditional Affairs

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