

# The Weekly

## MEC SAVES MUNICIPALITY FROM FINANCIAL MELTDOWN

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The MEC for cooperative governance, Olly Mlamleli, has moved swiftly to avert the national treasury mandatorily cutting off funding to the troubled Nala Local Municipality, which has been hounded by reports by financial bungling.



A timely intervention ... MEC, Olly Mlamleli made sure Nala Local Municipality submitted all outstanding documents to the national treasury

The Treasury announced its intention to stop all financial transfers to the municipality because of its persistent breach of financial management prescripts and alleged management of funds.

The local authority had been plagued by allegation of maladministration, financial mismanagement, flouting of procurement process, corruption and fraud from 2008/09 financial year.

It had also failed to submit the necessary audit reports since 2009, prompting the Treasury to invoke Section 216 (2) of the Constitution, which authorises it to halt its funding if an organ of the state commits a serious transgression and hinders the process of financial transparency.

The KPMG investigated these allegations during the 2010/2011 financial year, leading to the dismissal of municipal manager.

Mlamleli said the municipality had complied with Treasury requests but there were technicalities that created an impression that it did not.

“This was just a misunderstanding because this is a new municipal manager who took over from the previous one who sacked over mismanagement of funds. Since his arrival at the municipality; he has been busy preparing all necessary documents including the financial statements of the previous financial years.”

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“He did send these documents on time but they were received by the wrong person. I have sent an official from my office to accompany the municipal manager to Treasury and I can confirm that all the required documents have been submitted,” said Mlamleli.

The Nala Local Municipality failure to submit financial statement on time to Treasury almost dealt it a harsh blow. It could have left the town without the financial backing to carry out service delivery obligations.

- The outstanding documents were: the 2009/2010 and 2010/2011 audit reports, 2009/2010 and 2010/2011 annual financial statements;
- the Municipal Finance Management Act Section 27 reports and annual performance assessment reports of 2009/2010 and 2010/2011 financial years and
- The 2012/2013 Medium Term Revenue and Expenditure Framework (MTREF) tabled budget and hardcopy of the 2012/2013 MTREF adopted budget.

Over R220-million has been allocated to the municipality for the 2012/2013 financial year. According to Treasury, the allocation constitutes 63 percent of the municipality's 2012/2013 total budget of R321.5-million. In 2012/2013 allocation, over R80-million has already been transferred to the municipality.

Attempts to get comments from the acting municipal manager, Chris Mkomela, drew blank.

Meanwhile, Mlamleli met with Free State municipalities' mayors, municipal managers and speakers to discuss the financial management and infrastructure challenges facing municipalities in the province.

Among the challenges discussed were poor audit reports, informal settlements and ageing infrastructure.

“We have made interventions in the past in the form of audit committees. These committees are paid but the status quo remains the same. How can this be happening, what are these auditors in those committees doing? So at this meeting with managers and mayors, we said they must go back and ensure that audit reports improve,” said Mlamleli.

Dihlabeng Local Municipality municipal manager, Thabiso Tšoaeli, told The Weekly he had gained a lot during this meeting.

“We understood that there is a challenge to improve our audit outcomes. For example, we received qualified audit reports in the last financial year and we want to move to unqualified results. We know we can achieve it if we implement key controls, ensure that we report monthly on the progress and key documents are available whenever they are needed.”

The Dihlabeng Local municipality, like other municipalities in the province, is faced with challenge of growing informal settlements. Tšoaeli said accused some of the people occupying these lands for doing so deliberately.

Mlamleli called on the extensive Free State communities to stop occupying land illegally. She said it is against the law to invade private land.

“This is warning to caution communities that municipalities will take action against those who trespass private land.”

[Source: [www.theweekly.co.za](http://www.theweekly.co.za)]