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Political instability causes councils to 'lose sight of duties'

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Political instability between elections heightens the chances of procurement irregularities at local governments around the country as well as poor audit outcomes, according to Local Government Research Centre director Clive Keegan. Responding to auditor-general Terence Nombembe's report on municipalities in Gauteng, the Western Cape and KwaZulu-Natal, Keegan said yesterday that "constant changes of political control does cause local government politicians and municipal managers to lose sight of their oversight obligations". Much of the instability related to hung councils – where one party did not have an overall majority – while political leaders searched for ruling partners between elections. While the auditor-general was positive about progress made in audit results, he called on mayors in particular to take responsibility for oversight. He reported that in the Western Cape – which at the time of the audit for the 2010 financial year had a fairly equal split between DA and ANC municipalities – and in Gauteng, where all but one of the 15 municipalities were ANC-led, the audit results "remained static" but on the positive side.

In the Western Cape most of the 25 local governments and entities audited were financially unqualified "with findings", which is reasonably positive. The outcome remained unchanged from 2009. However, there were two adverse opinions – George and Kannaland – and one disclaimer, Prince Albert. They all tended to be politically unstable. Keegan said Prince Albert had regressed from a qualified audit the previous year. It was and remains a hung council. The George municipality had been characterised by political instability with Independent Democrats factions chomping and changing the power

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for 12 KwaZulu-Natal entities. Disclaimed audit opinions dropped from nine in 2009 to one in 2010: that of eDumbe, previously the Paulpietersburg municipality. Indaka municipality, formerly Waaihoek, was the only adverse opinion.

In Gauteng only four municipalities received qualified opinions, while R200m was spent irregularly, mainly in contravention of supply chain management policies. Keegan said: "Clearly constant changes of political control, especially mid-term, does cause politicians and municipal managers to lose sight of their oversight obligations." The greater the instability, the greater chance there appeared to be of poor audit outcomes and other irregularities in terms of the Public Finance Management Act, he said. In the Western Cape, Nombembe said, an analysis of irregular expenditure found nearly all cases were related to supply chain management contraventions relating to fraud, corruption, favouritism or "unfair and irregular practices". In the 25 municipalities, R530 million was "irregularly spent". In Bitou, embracing Plettenberg Bay, three awards were made "to persons in service of the state" totalling R580 000. While the City of Cape Town got a clean audit, a R2m procurement was awarded to a person in the service of the city while another 19 awards were made to people in service of other state institutions, costing R1.7m. At Saldanha Bay seven awards were made totalling R1.3m to people "in service of other state institutions".

In Stellenbosch there were five awards totalling R737 000. Three procurement contracts totalling R88m were awarded irregularly by eThekwini, one worth R108 000 in Msunduzi and two totalling R100 000 in Umzambe went to "close family members of officials". Durban Marine Theme Park made two awards to close family members worth R1m.

Source: iol.co.za

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