

COVID-19 highlights weakness in the government systems

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GAUTENG, South Africa: The Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO) continues to support Provinces and municipalities in their endeavours to respond to the COVID-19 pandemic.

The COVID-19 crisis has highlighted the weakness in the government systems to coordinate and collaborate effectively. How we respond to this crisis can enhance ability to create a better functioning intergovernmental system. CIGFARO together with other stakeholders created a platform for better coordination to streamline and align government response to the crisis. This platform will be used to also update cities on what National Department is doing and get an appreciation of what S.A cities are doing.

We note that a financial crisis can take many forms such as a major local employer laying off much of its workforce, property values will see a plunge due to a shrinking population in the area. A natural disaster inflicts significant infrastructure damage while mass-quarantine will halt economic activity. A major risk is the cyberattack shutting down online commerce. The fiscal challenge that the country is facing is impacting on the government's ability to respond to COVID-19.

"Any of these events would likely cause significant financial distress for even the best-prepared local governments", says our international body GFOA (Government Finance Officers Association of the United States and Canada). Whether they lead to increased expenditures, decreased revenue, or a combination of both, the effect is the same: the local government finds itself without enough money to do everything that people expect it to get done.

South Africa's rate of infection is levelling off, and measures taken thus far have had a significant impact. The outreach interventions are being scaled up, with each district getting a mobile laboratory. The focus continues to be on preventions, while we still need to start planning on what needs to happen after the lockdown.

Many lessons can be learnt in responding to the pandemic namely, better consultation of municipalities required in the drafting of the Regulation, to avoid reviews having to be done. There might be a need to alter the draft budget that has already been presented to Council as the original budget assumptions have changed, thus there is still an opportunity to change the draft budget and many more which we will communicate each day.

S.A Cities are looking at the raising concerns on the following issues:

- Clarity on the use of the USDG.
- Decline in revenue, increase in consumption and pressure for rate holidays pose a serious risk in the sustainability of municipalities.
- Most municipalities will not be able to spend their conditional grants.
- Treasury needs to lift some of the cost containment measures.
- Look into the unfunded mandate such as provision of health and emergency services on behalf of province.
- The responsibility role of Disinfecting of public facilities.
- Additional Disaster Management Fund will be required for municipalities to effectively respond to the crisis.
- Urgent need to streamline communication and reporting requirements by both National Treasury and CoGTA during this crisis period.
- Guideline issued regarding the Employee issues around the danger allowance.
- Emergency procurement should not be too restrictive
- National Treasury must issue instruction to provincial DoH to share PPE with municipalities.

President of CIGFARO says, "We encourage National Departments and Municipalities to start planning on what needs to happen after the lockdown."

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