



PROFESSIONALISE THE PUBLIC FINANCE ROLE

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GAUTENG, South Africa: The Chartered Institute for Government, Finance, Audit and Risk Officers (CIGFARO) welcomes the AG's Report. The 2018/19 Auditor General's report on local government issued on 01 July 2020 paints a grim picture where the AG has strongly cautioned that the administrative and governance lapses "make for very weak accountability and the consequent exposure to abuse of the public purse".

CIGFARO is of the belief that all public officials should be registered to practice their trade in the field of Finance, Audit, Risk, Supply Chain Management (SCM) and is requesting that government take cognisance of this public view. The public sector is riddled with fraud, corruption, unauthorised, irregular, and wasteful expenditure. CIGFARO is of the firm opinion that if legislation is passed which compels all public officials to belong to a professional institute, it will reduce the current illegal practices. Not only will it ensure that officials do what is ethical, but it will also provide some form of protection against possible undue pressure to act unethically while holding the officials accountable through professional standards and codes with related disciplinary procedures.

CIGFARO is currently the only SAQA registered professional institute that registers members working in the three spheres of Government: namely National, Provincial and Local Government. From the 20 municipalities with Clean Audits (Unqualified without matters) CIGFARO has recorded Membership in 17 municipalities which is (85%). The 91 Municipalities with Unqualified with Matters CIGFARO records Membership at 68 which is (74,7%). The AG called on government leaders to take urgent action to halt the trend of disappointing audit results, by restoring accountability and preventing mismanagement of public funds. CIGFARO believes that, it is now the time for the relevant Ministries to act to ensure that the plea of the Auditor-General is adhered to.

CIGFARO has partnered with SALGA Gauteng to assist the Municipalities in the Gauteng Province, where mechanism to strengthen revenue management controls as well improve interaction and cooperation between government departments, businesses and civil society operating in the jurisdiction of these municipalities has resumed. This process will also assist to identify the skills gap and emphasise further the need of compulsory membership in order to avoid having the wrong people in the Till as the AG quoted.

Legislation did exist in the past in the form of the Municipal Accountants Act, Act 21 of 1988, whereby a person had to be a member of CIGFARO and had to have achieved certain qualifications and experience before such a person could take on the role as a Chief Financial Officer (CFO). This Act was repealed with the promulgation of the Local Government Municipal Finance Management Act, (MFMA) Act 56 of 2003 as amended.

CIGFARO has been in discussions with the two Ministries that could influence the reintroduction of the Municipal Accountants Act 1988, namely COGTA, and National Treasury. It was, after all, National Treasury that repealed this legislation with the promulgation of the MFMA, and de-professionalised Local Government finance. It is the belief of CIGFARO that the Municipal Accountants Act, albeit in a different form, should be reintroduced and that it be extended to the full Public sector. Doing this will create the external ethical control over membership. Where members act unethically, they would lose their registration with CIGFARO, resulting in a person no longer able to practice their trade.

This required professionalism and registration is a practice followed in many countries over the world of which the United States and the United Kingdom are good examples in the GFOA and CIPFA respectively.

As a professional body, we express our disappointment with the 2018/2019 Municipal Annual Financial Statements' audit outcomes but also caution against generalising that irregular expenditure is equal to fraud. The regression in audit outcomes **despite** more than R1 billion being spent on consultants to assist with financial statements preparation is very concerning. There is a general lack of appropriately qualified and skilled individuals in key financial positions across Local Government.

In our view there is a correlation between stability in leadership (i.e. politically + administratively) impacting to either good or bad Audit Outcomes. One cannot expect normality in an institution (municipality) where there are many acting CFO's or Municipal Managers who are continuously kicked out of the system "time and time again". We call upon SALGA to assist in dealing with the root cause of Political interference on administration.

It is important to regain public trust of public sector officials because every official is seen as corrupt and careless, but there are still good ethical servants out there. It is always the minority that create these not adherence to legislation, policies, and procedures

President of CIGFARO, Mr Peet du Plessis says, "If South Africa truly wants to address this scourge of incompetence, corruption and fraud, reinstate good audit results with clear accountability and excellent financial management practices, the solution is simple: professionalise the public finance role through passing the applicable legislation and allowing CIGFARO to take up the role it is designed to perform."

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