



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

Effectiveness and Efficiency in Good Governance - A Key Service Delivery Enhancement Strategy

MUNICIPAL FINANCIAL GOVERNANCE

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VISION: We envision a prosperous province supported by sound financial and resource management.

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BACKGROUND

- The public service delivery system has been perceived as one of the most important ways of reducing poverty through poverty alleviation programmes;
- As part of the South African government's cooperative system, key stakeholders in municipalities ought to adopt an integrated approach to public service delivery;
- An integrated approach to public service delivery demands that local municipalities, together with relevant stakeholders, integrate processes and services to ensure effective and efficient service delivery;
- This ultimately will result in an improved standard of living and sustainable livelihood for communities;
- With regard to public service delivery, local municipalities have the obligation of creating income opportunities people, especially the poor, with the sole aim of contributing towards poverty reduction and the realisation of the expectations of people, as stated in a number of legislative frameworks;
- Effective and efficient governance is integral to any municipality's well-being;
- The main strategy of having effective and efficient governance is to relate to the functioning of the municipality - focused on accountability and scrutiny; and
- Local government is regarded as the sphere of government that should provide the immediate necessary intervention in terms of provision of services because it is a sphere that is closer to the community.



LEGISLATIVE FRAMEWORK

A Constitution, acts, policies and strategic interventions were established by the South African Government to accelerate quality basic service delivery to its citizens.

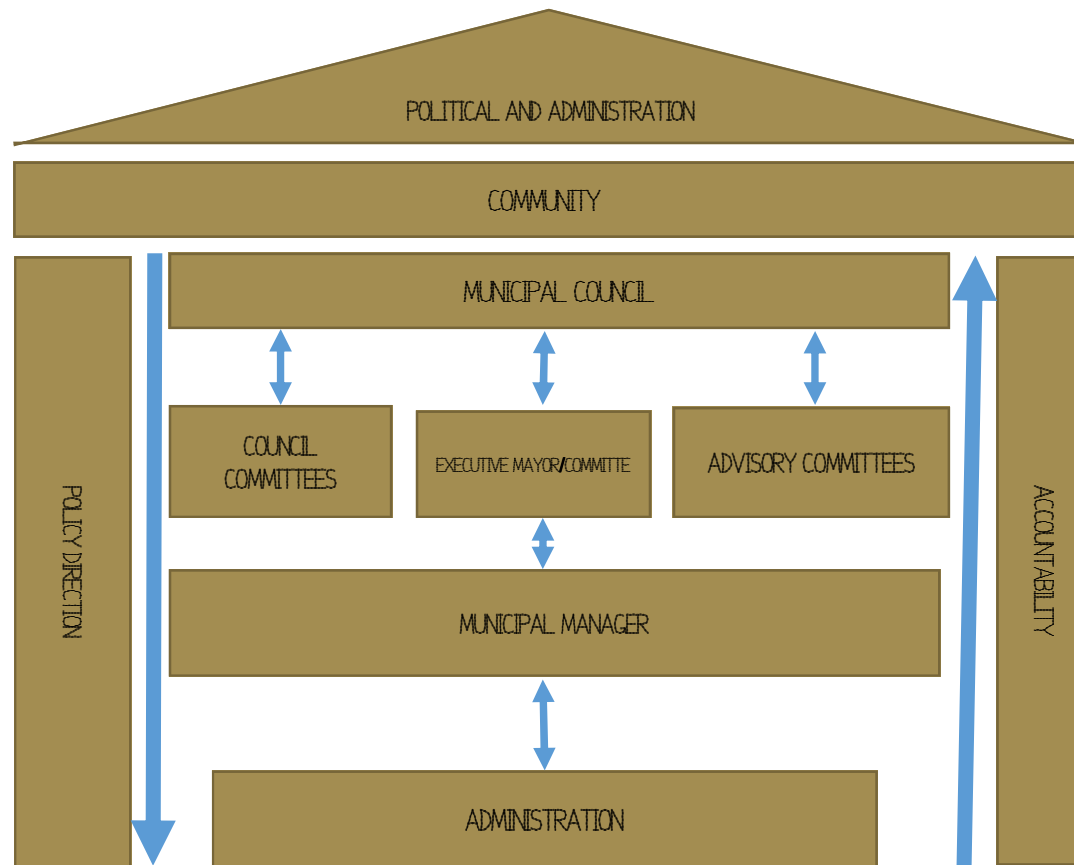
- The Constitution of the Republic of South Africa; 1996 - ***Sections 152; 154; 139***
- White Paper on Local Government; 1998;
- Municipal Structures Act, 2000
- Municipal Systems Act, 2000
- Municipal Finance Management Act, 2003
- Municipal Supply Chain Management Regulations
- Municipal Budget and Reporting Regulations
- Municipal Minimum Competency Levels Regulations
- Municipal Financial Misconduct Procedures and Criminal Proceedings Regulations
- Municipal Cost Containment Regulations



GOOD GOVERNANCE: IMPROVED OVERSIGHT AND ACCOUNTABILITY



GOOD GOVERNANCE: ACCOUNTABILITY RELATIONSHIPS 1 of 2



GOOD GOVERNANCE: ACCOUNTABILITY RELATIONSHIPS 2 of 2

- Most South African municipalities are well governed in terms of structures and processes. They have regular elections, representative councils and ward committees, formal bureaucratic structures, finance and audit controls, and stakeholder-driven short- and longer-term integrated development plans (IDPs);
- However, good governance is measured not only on structures or process, but also on outcomes. Based on outcomes, much more work is needed to create spatially and socially transformed municipalities;



KEY ELEMENTS OF A FUNCTIONAL MUNICIPALITY

Constitutional objects of local government

Democratic and accountable government

Provision of sustainable services

Social and economic development

Safe and healthy environment

Communities involvement in LG matters

Community Oversight and Accountability

Sound Political Leadership

Strong Organisational Capacity

Governance

Good governance practices that facilitate transparent, accountable and participative decision-making and oversight
Responsiveness to community participation and feedback

Priorities, Policies and Plans

Priorities and policies that address the community's social and economic development needs, with a sustainable emphasis on the interests of the poor
A sound spatial development plan
Integrated and sustainable IDPs and Budgets

Staff

Competent and dedicated senior managers
Key technical positions filled by competent staff
Employees committed to serving the community

Systems

Key decision-making, management and reporting systems in place and functioning
Efficient and effective service delivery systems

Budgets, SCM and Financial Management

Sound revenue and expenditure management processes
Procurement processes that are efficient and honest
Effective contract monitoring and management
Good project management processes and systems

Economies of Scale

Choice of Technology



OVERSIGHT COMMITTEE'S RESPONSIBILITIES AND FUNCTIONS: OVERSIGHT

Responsibility	Function
Oversight committee plays an oversight role for the actual performance of the executive	<ul style="list-style-type: none">• Review quarterly service delivery budget implementation plan (SDBIP)• Review the municipality's annual report
Oversight committee monitor the implementation of by-laws	Scrutinise compliance with the constitutional obligations by the executive on the implementation of the by-laws
Oversight committee monitors the executive's programmes: Conduct inspections in loco	Conduct oversight of the delivery of services to communities such as oversight visits. Focus on intervention studies
Oversight committee monitors the spending of the municipal budget	Monitor spending patterns, for example underspending or overspending of budget votes.



MPAC! THE OVERSIGHT: ACCOUNTABILITY

The functions of accountability include the following:

- a) To enhance the integrity of public governance in order to safeguard government against corruption, nepotism, abuse of power and other forms of inappropriate behaviour;
- b) As an institutional arrangement, to effect democratic control;
- c) To improve performance, which will foster institutional learning and service delivery;
- d) To assure public confidence in government and bridge the gap between the governed and the government and ensure public confidence in government; and
- e) To enable the public to judge the performance of the government by the government giving account in public.



ETHICAL LEADERSHIP

- ☐ Ethics in government leadership is the key component of good governance and ethical leaders contribute to effective public services delivery.
- ☐ Ethical leadership sets the tone of the prevalent institutional/ Organisational culture and environment.
- ☐ Separation of powers and duties is critical and it is therefore important to have political leaders who understand government systems and who possess the expected ethics in order to guide the administrators in government activities.
- ☐ For any organization or government institution to have a good reputation, the quality of service experience must take center stage. Leadership must always prioritize community experiences and expectations with the service performance and quality of the services.
- ☐ The existing governance frameworks and standards, including the Codes of Conduct for Municipal Councilors and Municipal Staff Members, all deal with issues of integrity. However, they seem to fall short of achieving the desired results.



FINANCIAL SUSTAINABILITY AS A MODEL FOR SERVICE DELIVERY



FINANCIAL SUSTAINABILITY

Municipalities need Financial sustainability which can be achieved through appropriate funding, financial viability, revenue generation capabilities and revenue management processes. And key pillars are:

1. A logical and practical revenue management strategy:

- The revenue management strategy must be holistic and comprehensive

2. Improved quality of data (master data):

- Capturing accurate and complete data, periodic reviews, data matching and data cleansing.

3. Accurate billing and invoicing:

- Municipality must account for all land parcels, have accurate rate tables, timely and accurate meter reading.



COMPONENTS THAT UNDERPIN FINANCIAL SUSTAINABILITY

**ASSET AND
LIABILITY
MANAGEMENT**

**REVENUE
MANAGEMENT**

**FINANCIAL
SUSTAINABILITY**

**EXPENDITURE
MANAGEMENT**

**CULTURE OF NON-
PAYMENT**

**SERVICE
DELIVERY**

- Billing all customers correctly
- Collecting all monies due
- Fair and affordable pricing structures

- Timely payments creditors
- Cost containment
- Manage cash flow
- Effective asset management
- Expenditure choices

ENFORCEMENT OF CONSEQUENCE MANAGEMENT FOR TRANSGRESSIONS



MPAC, DISCIPLINARY BOARD AND OTHER COMMITTEES

Potential conflict or duplication of functions by MPAC and Disciplinary Board??

MPAC

- Exercises oversight over executive obligations of council
- Equivalent of s79 council committee in terms of MSA
- Council can assign certain investigation powers to the MPAC
- MPAC can investigate recoverability of irregular expenditure
- Comprised only of councillors

Disciplinary Board

- Board established in terms of Financial Misconduct Regulations
- Board to receive allegations of Financial Misconduct
- Established to assist AO discharge responsibilities to institute disciplinary actions
- Board made up of municipal officials and external representatives

- The AC consists only of external persons whilst DB is made up of municipal officials and only 1 member of the AC
- AC conducts institutional investigations whilst DB investigates individual conduct



STRATEGIES TO IMPROVE SERVICE DELIVERY



EFFECTIVENESS OF SPENDING AND SERVICE DELIVERY

- Even when resources are made available, however, they are often underutilised. Consider, for example, in 2019-20 financial year municipalities in South Africa could not spend R6.445 billion of Infrastructure related conditional grants, Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme (INEP), Regional Bulk Infrastructure Programme (RBIG), etc;
- The allocation was meant to help under resourced municipalities build basic infrastructure, and which is chronically underspent;
- Even where money was spent, it often did not result in positive impact, with a total of 43 percent of municipalities not hitting their targets;
- This underspending almost certainly seems to be due to a lack of capacity, and demonstrates that simply increasing funding to government is not adequate to improve service delivery;
- Most municipalities spend very little on infrastructure maintenance and management;
- Underspending on maintenance and repairs suggests a weak capital investment appraisal system and a weak relationship between life-cycle costing and budget decisions.



According to the Service Delivery Improvement Plan, municipalities countrywide are faced with increasing demands for improved services and competition for resources. For Local municipalities to improve service delivery as part of their responsibility to the people they should:

- Evaluate citizens' needs, priorities and decisions;
- Increase understanding and act upon socio-economic needs of the citizens in order to design appropriate service delivery mechanisms;
- Improve decision-making capacity of leaders at all levels;
- Continuously improve service delivery mechanisms to meet changing needs and demands of the citizens;
- Provide relevant, timely, cost-effective and useful services that are beneficial to the people;
- Increase collaboration and cooperation between local governments and central Government agencies;



- Define the outcome, effectiveness and relevance of each mechanism to be used;
- Effectively use performance management approaches, tools and methods to evaluate the services delivered;
- Ensure that the information received is acted upon;
- Increase participation of people in decision-making for service delivery;
- Learn from successful and unsuccessful outcomes;
- Simplify reporting systems and standards; and
- Share responsibility with all actors engaged in local government service delivery.



CHALLENGES

These are some of the issues that contribute to the problems encountered by local government:

- Lack of knowledge;
- Lack of proper communication strategy between politicians in municipalities with officials and communities;
- Lack of capacity pertaining to skills and grasping with policy processes;
- Self-enrichment by both politicians and officials;
- Lack of resources; and
- The lack of appetite to implement consequence management also contributes to the increase in UIFW and impacts on the service delivery standards.



CONCLUSIONS

- The results from municipal reports indicate that a number of municipalities fail to adhere to the basic guidelines required to obtain efficiency in their administration and service delivery;
- This failure is not due to a lack of legislative measures or lack of policy guidelines. The failure to operate efficiently is mainly due to inability or unwillingness to give effect to policy guidelines;
- In some cases, the lack of experience is also quoted as a reason for inefficient administration and ineffective service delivery;
- Party political influence unfortunately is also a significant stumbling block in the achievement of the goals of municipalities;



RECOMMENDATIONS

- Municipalities should endeavour to set clear goals, set and adhere to set performance standards and demand that the standards be met;
- Action should be taken against officials for non-performance, corruption or other malpractices;
- Furthermore, provincial government should use their authority to take decisive action against councils who do not comply with the accountability requirements of the appropriate legislation;
- Enforce compliance with legislation by implementing processes that make them part of daily routines;
- Furthermore, local government service delivery can be improved by transforming leadership paradigms and organisational strategies to develop a culture of performance;
- Realistic long-term plans must be aligned, coordinated and communicated widely,
- Hold people accountable for poor performance and transgressions,
- Set up systems that will encourage service users to pay their bills on time and follow up defaulters vigorously to enable services to be accessed appropriately;
- Encourage and support proactive audit committees and internal audit units; and
- There should be no compromise when it comes to effective leadership.





"We operate in a country where inequalities are still prevalent and define our life's journey. Because of the limited resources at our disposal - human, physical and financial capital - the one way to build formidable capacity to enable others is to invest in good people. Public servants and representatives stand as midwives between these limited resources and the prospects for a better qualitative life for all citizens. If the lure for money and material benefits is their primary motivator, the service ethos and care for others is compromised. "

- Kimi Makwetu

RIP Auditor-general Kimi Makwetu

AMANDLA
action for mzansi



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