

INTERNAL AUDIT AND RISK ASSURANCE SERVICES UNIT

SEMINAR 2: CULTIVATING GOOD GOVERNANCE IN THE ETHEKWINI MUNICIPALITY

22 October 2014

LEARNING NOTE: KEY LESSONS LEARNED FROM THE SEMINAR

1. Setting the scene by eThekweni leadership

In her opening address, Deputy Mayor Honourable Councillor Nomvuzo Tshabalala appreciated the hosting of this second session that now included all Councillors of the Municipality. The seminar she noted was in line with the Presidents campaign to get government “back to basics”. Whilst she was excited about the initiative she urged that all units of the Municipality to attend future seminars.

The Honourable Councillor James Nxumalo in his Mayoral address welcomed all participants to the seminar and focussed on the critically important oversight role of the Councillors in the Municipality. It was hoped that through this initiative, all Councillors and officials could be capacitated in order to put the needs of the citizens first. Councillor Nxumalo noted that non-compliance with SCM regulations has been dealt with and the role played by Internal Audit to ensure that there is strict compliance with regulations was lauded. The point that exposing and minimising maladministration could only be effectively operationalized if the political and administrative arms worked together, was made emphatically.

In explaining the rationale for the seminar series, the City Manager noted that the idea was to ensure that all levels of management and political leadership sings from the same hymn book. The rise of escalation of violent service delivery protests, it was argued, was due to the perception of maladministration that needed to be addressed. What was termed “toxic leadership” was also identified as a key obstacle to service delivery. He called upon all to examine our own blind spots, and to de-technicalize issues related to internal audit, putting on a human face to good governance. Our pre-occupation with good governance however must not be seen at the expense of service delivery, as he regarded them as Siamese twins in local government.

The seminar was graced by Cllr. Thabo Manyoni, Chairperson of SALGA NEC who had prioritized this event through his attendance by making a statement on the importance of good governance. In reflecting on the need for good governance, Cllr. Manyoni argued that behind all good leadership is good governance. The main issue for him is the culture that is rooted in political leadership which goes hand in hand of a changing attitude in

municipalities. Acknowledging that the environment was challenging, he accepted the need for ongoing learning.

Administrative leadership will follow once political leadership. Leadership he argued involves doing the right thing, notwithstanding political persuasion. Rhetoric about good governance is meaningless if this is not followed by decisive leadership action from politicians that back up the talk. Political will in word and deed to governance is every politician's responsibility. Great leadership he pointed out that ultimately will build great institutions.

Dr Claudelle von Eck

2. Urging leaders to take the quantum leap

"Governance is as a result of good leadership" was the key theme that emerged in Dr von Eck's keynote address.

Dr. von Eck began by complimenting the leadership team for continuing an important conversation and urged that the seminar series continues. In focussing on leadership in the 21st century she contextualised her talk to include the broader African continent and challenged us to think about what our role is on the continent as the "bigger brother in the south". The decisions that are made in Africa she suggested will have a major impact on the globe.

Starting with the role of internal audit, she argued for ensuring that internal auditors are well trained and appropriately certified. Internal audit she suggested was the guardian of good governance that needed to be held accountable against the standards and code of ethics.

She identified the key challenges of political instability which she warned could be a major threat; ensuring social stability due to the gap between the poor and the rich; dealing with economic instability; addressing the potential of ethnic and communal crises and increasing crime, and reversing the net capital flight that grips our economy. The issue of the inadequate preparation of leadership; rampant corruption, a lack of accountability and eroded professional standards and ethics she argued threatened the gains made over the years. She noted that there should not be a disconnect between the Mayor as head of political leadership in setting the tone and the rest of the organisation actually following through. Accountability she argued started with each of us, being comfortable with ourselves as leaders. Rather than celebrating the fact that the AG missed out some irregularity, we should be looking for these ourselves and rooting such out.

She made an impassioned plea for leaders to stand up and speak against the evil scourge of corrupt practices in our country, with reviving *ubuntu* as our ideological base. Our responsibilities go beyond ourselves to extending to others, to our entities, to society at large. This African humanism needs to be infused into our organisations, with a new spirit of caring and community, rather than merely a tick-box approach to governance. She postulated that there is a need for a new notion of responsibility that extends to others and is connected to nature.

She bemoaned that leaders are not unleashing their teams and embracing the art of leading from behind. Of course this requires high levels of maturity and understanding, and yet are critical for developing our organisations. The issue of crippling power struggles often prevent delivery and leaders are required to introspect and reflect on the extent to which they may be contributing to the challenge. Similarly not having difficult conversations is part of our organisational cultures and needs to be changed. Asking the right questions to ensure that there are no corrupt practices is critical, as history will be judging us later on. The issue of building vibrant learning communities that are committed to integrated decision making, she argued was fundamental to sustaining our organisations.

Dr von Eck identified the five “c” s capability, competency, competence, confidence and credibility each leading onto the next. To take this quantum leap required strategic objectives that are measurable, and risk being effectively managed and reporting to citizens embedded into the system.

Mr Eugene Zungu, Executive Member, Auditor General SA

The promotion of the rule of law, transparency, vibrant civil society institutions as well as respect for human rights were highlighted as key principles of good governance. The issue of a high standard of professional ethics was a common theme from the AGSA’s office that also resonated with Dr von Eck’s message. Good human resource management to maximise potential has also been tracked as a key risk area. Accountability and transparency again was identified as another theme common to the previous speaker. Vacancies and instability in key positions and the minimum competencies not being achieved appeared to be a major challenge. The biggest challenge however that was raised was the slow response by political leadership to address the root causes of poor audit outcomes.

Some of the characteristics of those municipalities that advanced clean audits included:

- Basic accounting and daily disciplines in place
- Enforcing compliance with ALL legislation
- Employing staff with the required level of technical competence and experience
- Calling for information and reports regularly
- Allowing the CFO to be in-charge of financial records that are reported thereon to the MM

- The monitoring of the financial improvement plan that is kept on the Council’s quarterly meeting agenda
- Having the MM review management accounts with the CFO every month

3. Key Discussion Points : Panel Discussion

- **Confronting the python**

Sharing the narrative of how a municipality will respond to a python blocking the way of schoolchildren, Prof Pearl Sithole challenged all on how we would respond to rigidity, compliance and enforcement in “confronting the python”. Documenting the complexity and the confronting was key.

- **Moving from the premise of being a wounded people**

SALGA-KZN CEO, Mr Sabelo Gwacela raised the point that key issue was not being able to follow through to decisive action. There was an urgent need to reconfigure power relations so that those exercising power understand the sustainability of power.

- **The “good” in good governance**

The fundamental issue is good governance that came through the panel discussion is that we do not get polluted by self-interest and human selfish inadequacies.

- **Ensuring that the public interest is served at all times**

Whilst wanting to respond to the community needs in the short term, the view was made that as local government leaders, we need to think about the longer term sustainability of our actions and ensure that the public interest is served at all times.

- **Enlightened leadership**

Need to move beyond the outward demonstration of acts of ritualistic leadership to a full comprehension of an enlightened leader.

- **Moving from bottom-up alignment to bottom-up development**

There is an urgent need to be responsive to communities, rather than translating top-down targets.

4. Moving Forward

In closing the City Manager thanked the speakers for their insights and urged all to build on the platform that we have; have more strategic sessions like this, and really work quickly to deliver on our outcomes given the enormous backlogs we face. He identified the following way forward:

- The need to continue dialogue and conversations moving forward

- Cannot separate good governance from good leadership
- At the same time, there is a need for good citizenship as well
- Organised local government must continue to facilitate dialogues of this nature in the near future
- As political leadership, we need to not be afraid to confront our governance challenges and open us the pandora's box with confidence.