KWAZULU-NATAL PROVINCIAL TREASURY

KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

ASSESSING THE EFFECTIVENESS OF PROVINCIAL INTERNAL AUDIT SERVICES **(PIAS) – *(RISK AND ADVISORY SERVICES)*** SUPPORT TO LOCAL GOVERNMENT

EVALUATION STUDY FINAL REPORT

04 AUGUST 2025

This report has been prepared by the KZNPT Monitoring and Evaluation Team which forms part of the Evaluation Steering Committee and reviewed by the Departmental Evaluation Working Group.

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LIST OF ACRONYMS/ABBREVIATIONS

Table 1: List of Acronyms/Abbreviations

AOP	Annual Operational Plan
APP	Annual Performance Plan
APR	Annual Performance Report
CFO	Chief Financial Officer
COGTA	Cooperative Governance & Traditional Affairs
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
DEWG	Departmental Evaluation Working Group
ESC	Evaluation Steering Committee
EXCO	Executive Committee
ICT	Information & Communication Technology
IRMSA	Institute of Risk Management South Africa
KZNPT	Kwa-Zulu Natal Provincial Treasury
MANCO	Management Committee
M&E	Monitoring and Evaluation
MFMA	Municipal Finance Management Act
MTSF	Medium Term Strategic Framework
OTP	Office of the Premier
PFMA	Public Finance Management Act
PIAS	Provincial Internal Audit Services
QPR	Quarterly Performance Report
RAS	Risk & Advisory Services
SALGA	South African Local Government Association
SOP	Standard Operating Procedure
SP	Strategic Plan
TOC	Theory of Change

1   INTRODUCTION

This evaluation report, prepared by Kwa-Zulu Natal Provincial Treasury (KZNPT) Monitoring and Evaluation (M&E) team, presents the findings of the assessment of the effectiveness of Provincial Internal Audit Services (PIAS) – Risk & Advisory Services (RAS) support to local government across the province of KwaZulu-Natal. The report is divided into nine (09) sections commencing with the introduction; followed by the background of the study; purpose, rationale and objectives of the study; users of the report; evaluation methodology; limitations; evaluation findings; municipal status quo and support ratings; and lastly conclusion and recommendations.

The primary purpose of the study was to assess whether the support provided to municipalities improve governance, risk management and internal control processes with an aim of reducing fraud and corruption thereby assisting municipalities to comply with the risk management requirements of the Municipal Finance Management Act (MFMA) and enable municipalities to proactively identify risks and controls and utilize risk assessments to prepare internal audit plans.

2   BACKGROUND

The support, provided by KZNPT Risk Management sub-programme under PIAS programme, aims to improve governance, risk management and internal controls in all government departments, municipalities, and public entities.

This support is essential, particularly in ensuring compliance, in the main, with the provisions of the Public Finance Management Act (PFMA) and MFMA and other legislative frameworks governing risk management, internal audit and internal controls.

2.1   Description of Programme 4 – Internal Audit (PIAS)

The PIAS unit provides a legislated internal audit function comprising of two (2) components: Assurance Services and Risk Management. The mandate of Assurance Services is limited to provincial departments, while the Risk Management component supports provincial departments, municipalities, and selected public entities.

PIAS function covers independent, objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and MFMA and aligns its services to the Global internal Auditing Standards, the Internal Control Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the principles in the King Report on Governance.

The purpose of this programme is to promote good governance by providing Internal Audit Services and Risk Advisory Services to Provincial Departments, Municipalities and selected Public Entities. It consists of the following measurable sub-programmes:

Table 2: PIAS Sub-programmes

Sub-programme No.	Sub-programme name	Sub-programme purpose
4.1	Assurance Services	Promote good governance through the provision of internal audit services and recommend internal control system improvement to department.
4.2	Risk Management	Promote and enhance a culture of good governance through effective Risk Management.

As illustrated in the table above, the Risk and Advisory Support services is an intervention undertaken by the Risk Management sub-programme. The intervention has been implemented for the Medium-Term Strategic Framework (MTSF) period between 2020/2021 – 2024/2025, with the intent to improve governance, risk management and internal control processes with an aim of reducing fraud and corruption.

The main outputs that have contributed to the outcome are, the risk assessment reviews conducted in the municipalities, internal audit functions reviews conducted at selected municipalities, monitoring of departments on compliance with the minimum risk management standards and the development of Provincial Risk Framework and the Provincial Internal Control Framework.

Further to that, the main activities that were undertaken included conducting compliance assessments, review of risk registers, review of policies and strategies, tabling of provincial risk profiles in the provincial risk committee, conducting technical internal audit functionality reviews, conducting internal audit committee functionality reviews, conducting training on risk management, internal audit, and disciplinary boards, organising the sitting of the audit and risk management forums as well as disciplinary board forums.

The achievements of the sub-programmes' performance output indicators towards the planned outcome for the MTSF period (2020/2021 – 2024/2025) has been observed and noted during the desktop review phase of the evaluation.

3 PURPOSE, RATIONALE AND OBJECTIVES OF THE STUDY

3.1 Purpose and Rationale of the Evaluation

To assess the effectiveness of the support provided by PIAS (RAS) to local government with an aim of examining the extent of the support provided in promoting good governance within municipalities.

3.2 Objectives of the Evaluation Study

The principal objectives of this study were to determine the following three objectives:

- Compliance of the Municipalities with governing legislation,
- Effectiveness of the support provided to Municipalities, and
- Level of commitment by Municipalities towards the support provided.

4 USERS OF THE REPORT

4.1 Intended users of the report

The key potential user of this document is KZNPT. However, upon approval by the KZNPT Accounting Officer, this report will be shared with other departments, in particular Cooperative Governance and Traditional Affairs (COGTA). The insights and recommendations derived from this report will be beneficial to both KZNPT and

COGTA in their pursuit of improving governance, risk management and internal controls in municipalities. These departments will then be in a better position to review risk management and internal audit strategies, existing structures, policies; and inform future planning processes and decision making.

5   EVALUATION METHODOLOGY

This evaluation study adopted a qualitative research design in answering the evaluation study questions outlined in this section. The insights of the study were received from several key officials in various districts and local municipalities as well as KZNPT Risk Management Unit.

Additionally, this section outlines the sampling criteria that was followed when selecting the municipalities and the population as well as the approach that was used in conducting the study.

5.1   Evaluation Study Questions

The Steering Committee developed and finalised the evaluation questions to be answered by the study in consultation with the PIAS Risk Management Unit, further to that, the questions were also linked with the six evaluation criteria as outlined on the National Evaluation Policy Framework. The evaluation questions were as follows:

A. Support Relevance

- What are the processes in place to ensure that municipalities are supported accordingly and on time?
- Are these processes working?

B. Support Coherence

- How are other policies/procedures affect the achievement of the outcome?

C. Support Effectiveness

- Have right processes been done by the municipalities? (effectiveness).

D. Support Efficiency

- Have the processes been done well? (Efficiency, effectiveness)

E. Support Impact

- What results have been achieved? (Effectiveness, impact, cost/effectiveness) "risk maturity of the Municipality."
- Does the intervention implemented appear to be effective and efficient in achieving the desired outcome?
- Can we attribute (regard something as being caused by) the results to the support provided?

F. Support Sustainability

- Are the results sustainable?
- How could the support provided be strengthened in the future?

5.2 Sampling Approach

The Steering Committee utilized a purposive sampling technique when selecting the municipalities and the key population for the study.

The rationale behind the selection criteria for municipalities was based on the number of municipalities that have received the support, which includes all the District municipalities with an exception of eThekwini Metro and at least two (2) Local municipalities within each District, while also taking into cognizance the municipalities that have participated in the previous evaluation studies conducted by KZNPT.

The rationale behind the selection criteria of the population was based on purposively selecting Risk Practitioners from KZNPT PIAS Risk Management Unit that support municipalities and Municipal Risk Management and Internal Audit personnel and other officials who deals with these functions regularly while being attentive of their willingness to participate in the study.

5.2.1 Selected Municipalities for the Study

Twenty-Nine (29) municipalities (*ten (10) district municipalities and nineteen (19) local municipalities*) were selected for the inclusion in this evaluation. The sample comprised of the following municipalities:

Table 3: Evaluation Study Selected Municipalities

Selected Municipalities		
District	**Local**	
Amajuba	Newcastle	Mpendle
Harry Gwala	Nquthu	Big 5 Hlabisa
Ilembe	Indwedwe	Okhahlamba
King Cetshwayo	Mthonjaneni	Mandeni
Ugu	Ray Nkonyeni	Umlalazi
Umgungundlovu	Nongoma	Umzumbe
Umkhanyakude	Inkosi Mtubatuba	Endumeni
Umzinyathi	Ulundi	Dr Nksz Dlamini Zuma
Uthukela	Mpofana	Nkosi Langalibalele
Zululand	Johannes Phumani Phungula (Buhlebezwe)	

5.2.2 Targeted Key Officials

The table below outlines the key officials that were targeted for the study in the selected municipalities and in the KZNPT Risk Management Unit.

Table 4: Evaluation Study Key Officials

Targeted Key Officials	
District/Local Municipality	**KZNPT Risk Management Unit**
Municipal Manager	Risk Management Practitioners Supporting Municipalities
Chief Financial Manager	
Risk Manager	
Risk Management Officer	
Risk Champions	
Internal Auditors	
Internal Audit Committee Members	
2 Officials from Office of the MM, Technical Services Department,	

Community Development Services, Financial Management	

5.3 Evaluation Approach

The evaluation approach comprised of four (4) phases to ensure a comprehensive analysis of the effectiveness of the PIAS – (RAS) support to local government. Each phase was designed to build upon the insights of the previous one, culminating in a robust evaluation of the support relevance, coherence, efficiency, effectiveness, impact, and sustainability.
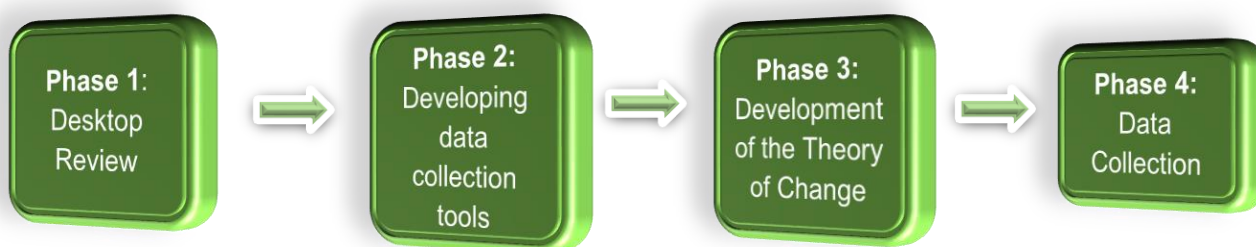
Figure 1: Evaluation Approach

5.3.1 Phase 1: Desktop Review

The evaluation commenced with a desktop review. This phase involved an extensive review of critical documents and reports submitted by PIAS Risk Management Unit to the M&E team as part of evidence that support was provided to municipalities. The departmental documents such as the Strategic Plans (SP), Annual Performance Plans (APP), Annual Operational Plans (AOP), Annual Performance Reports (APR), Quarterly Performance Reports (QPR), and Quarterly Operational Plan Progress Reports were analysed to check progress against the set targets for the support over the MTSF period from 2020/2021 – 2024/2025 financial years.

The primary purpose of the phase was to familiarize the team with the context of the support, progress made thus far, establish which municipalities were provided support, and for the development of appropriate data collection tools as well as the sampling of the municipalities and key officials to form part of the study.

5.3.2 Phase 2: Developing a Data Collection Tool

The second phase of the evaluation study involved developing the data collection

tools. The data collection instruments were developed by the Steering Committee and inputs from PIAS Unit were sourced and agreed upon. The data instruments comprised of two (2) structured questionnaires (District and Local Municipalities questionnaire and KZNPT PIAS Risk Management Unit questionnaire) with open and close ended questions.

5.3.3 Phase 3: Development of a Theory of Change

The third phase of the evaluation consisted of the development of the Theory of Change (TOC). The M&E team held an informal workshop with the evaluation study steering committee to take them through the processes to be followed when developing the TOC. Similarly, the Strategic Planning and M&E Unit conducted a formal workshop with the PIAS Risk Management Unit to develop the TOC to accurately reflect the intended outcomes, impacts and the essential assumptions underlying this objective.

The intended objectives for the TOC workshop were all achieved on the day as the collective managed to identify the problem, propose interventions to address the problem identified, identify the inputs needed, list the activities to be implemented, the outputs to be produced, the outcome to be achieved and the impact of the proposed interventions. The TOC developed will then inform the departmental planning documents such as SP, APP, and AOP. Below is the proposed TOC for the PIAS Risk Management sub-programme.

Proposed Interventions

- Finalize and Roll-out ERPM Framework for Municipalities
- Review of the Risk Management Documents (Policy, SOP etc.)
- Strengthen the Joint Municipal Support Operational Plan
- Conduct Risk Management Maturity Assessment for Municipalities
- Risk management Capacity building for Municipalities
- Co-host Provincial Risk Forums with other stakeholders

Problem
"LACK OF GOOD GOVERNANCE IN MUNICIPALITIES"

INPUTS	ACTIVITIES	OUTPUTS	OUTCOME	IMPACT

INPUTS

Risk Management (Municipal Support) Unit

Budget

Policy Documents

ACTIVITIES

- Capacity Building (Training & Awareness) in forums.
- Monitoring of the ERM Framework implementation/Compliance.
- Marketing of the services KZNPT provides to Municipalities.
- Engagement with other stakeholders.
- Development of Templates.
- Review of documents.
- Implementation of JMSOP.
- Co-hosting of the provincial risk forums with other stakeholders.
- Conducting risk assessments.
- Tabling of Provincial Risk Profile to MUNIMEC.

OUTPUTS

Approved ERM Framework

Reviewed Policies

Reports

OUTCOME

"IMPROVED SOUND FINANCIAL MANAGEMENT IN THE PROVINCE"

IMPACT

- Empowered municipalities in the implementation of Risk Management functions,
- Improved Service Delivery in municipalities,
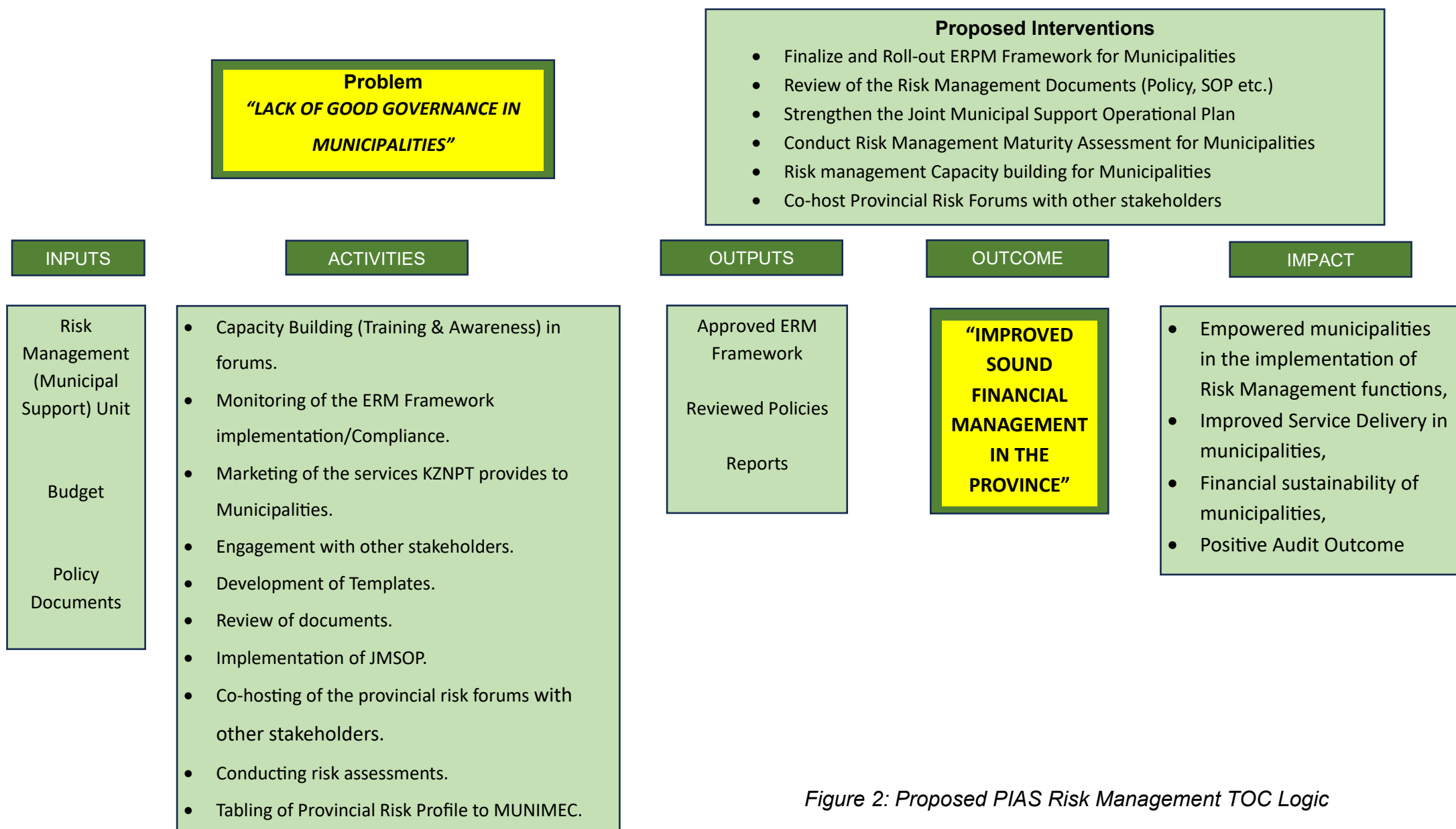- Financial sustainability of municipalities,
- Positive Audit Outcome

Figure 2: Proposed PIAS Risk Management TOC Logic

5.3.4 Phase 4: Data Collection

The fourth phase of the evaluation consisted of data collection process. Two (2) questionnaires were developed and used in the data collection phase. These questionnaires were imperative in providing evidence and challenges associated with risk management and internal audit functionality within the municipalities by gathering qualitative insights on the evaluation study in question focusing mainly on the compliance of municipalities with risk management and internal audit governing legislations and the support that was provided by KZNPT. Also, in gathering insight of the level of commitment the municipalities have towards the support provided.

The data collection process comprised of structured interviews and completion of questionnaires by the targeted municipal officials as well completion of questionnaires by PIAS Risk Management Unit officials as outlined in the following subsections. Moreover, in ensuring that the responses provided were supported by credible and substantial evidence, during the data collection process, critical policy documents such as risk management policies, strategy and implementation plans and other evidence to support the responses provided was collected.

5.3.4.1 Structured Interviews

The structured interviews were conducted with key targeted officials from twenty-nine (29) selected municipalities using the first set of questionnaires and a total of seventy (70) key officials were interviewed. In the selected municipalities, only twenty-six municipalities (26) participated in the structured interviewed and three (3) municipalities could not be physically accessed, as a result questionnaires were shared with those municipalities to complete and submit on a later stage.

Furthermore, in Twenty (20) municipalities risk management and internal audit officials fully participated in the interviews, and in six (6) municipalities internal audit officials were not available and could not participate in the interviews, only risk management officials participated in the interviews.

5.3.4.2 Municipal Key Officials (Questionnaire)

The identical first set of questionnaires were also shared with ten (10) municipalities

where some key targeted officials were not available to be physically interviewed to complete and submit, only five (5) of the municipalities returned the completed questionnaires.

5.3.4.3 PIAS Key Officials (Questionnaire)

The second set of questionnaires were shared with the PIAS Risk Management Unit practitioners who support municipalities to complete and submit. All the targeted Risk Management Practitioners submitted the completed questionnaires.

5.4 Challenges in Data Collection

The data collection process for the evaluation did not commence as anticipated. After a smooth process of scheduling interviews, several challenges emerged upon arrival to the municipalities as the evaluation team was unable to secure contact with some of the key targeted officials for the study especially the Municipal Managers, Chief Financial Officers (CFO) and other municipal Top Management.

In municipalities where the team was able to secure contact with the above-mentioned officials, the team observed that these officials presented the municipalities as complying with risk management and internal audit policies and implementation thereof, in contrarily to what the above-mentioned officials have mentioned, the key officials who deals directly with these two functions were indicating something dissimilar.

These observations necessitated a change in data collection approach by interviewing and sharing the questionnaire with key risk management officials, internal auditors, and risk champions. This led to an improved and reliable evidence being collected.

6   LIMITATIONS

The following limitations were encountered during the evaluation study:

- o **Unavailability of Key officials**: Some key targeted officials were unavailable during fields visits.
- o **Inadequate responses:** In municipalities where risk management was overseen by inexperienced personnel, interview responses were vague.
- o **Power Dynamics**: The presence of Senior Managers limited honest inputs from junior officials during interviews.
- o **Incomplete Questionnaires:** Some municipalities returned questionnaires partially completed or left unanswered.
- o **Poor Response Rate:** Despite follow-up efforts, some municipalities failed to return the completed questionnaires at all.
- o **Limited Participation from Internal Audit Officials**: In some instances, internal audit staff from targeted municipalities did not partake in the evaluation study.
- o **Access Challenges:** Difficulties in accessing some of the targeted municipalities.

In addressing the above limitations, the questionnaires were shared with the respective municipalities that were inaccessible, and where key officials were not available for physical interviews. In the municipalities where inadequate responses were received during interviews, and where the questionnaires were not comprehensively completed the team relied on the evidence submitted by the municipalities to substantiate the responses provided. Lastly, in addressing the limited responses from Junior officials, the Senior management was requested to complete the questionnaires while the Junior officials were interviewed.

7 EVALUATION FINDINGS

This section presents the findings of the evaluation. The findings are organised according to the key evaluation objectives, questions and while covering aspects such as relevance, coherence, effectiveness, efficiency, impact, and sustainability. Each area is examined to assess the extent to which the support provided has met its objectives, challenges encountered, and benefits realised.

Through this analysis, the report aims to provide a vigorous understanding of how the support provided has influenced risk management and internal audit practices within the municipalities and to offer insights that may guide future interventions. The findings draw from a range of qualitative data sources, including desktop reviews, a theory of change workshop, structured interviews and completed questionnaires from key targeted participants who were not interviewed as well the evidence that was collected to support the responses that were provided during interviews and on the completed questionnaires.

These findings are a true reflection of the status quo in the selected municipalities, and they will also assist the relevant stakeholders to review and improve the risk management and internal audit functions within their respective areas.

7.1 Support Relevance

7.1.1 The Processes in place to support the municipalities

KZNPT have the following processes in place to support municipalities in relation to risk management and internal audit functions:

- o Standard operating procedure,
- o Municipal support coordinating structure, and
- o Municipal Support Plan.

The objectives of these processes is to provide guidance to accounting officers and managers when developing the processes, systems and techniques for managing risks, effectively implement risk management functions, to prevent fraud and corruption, ensure effective and efficient use of resources, and to improve service delivery.

7.1.2 Effectiveness of the processes in *"place to support the municipalities"*

The processes in place to support the municipalities are **effective** and **less** effective in other municipalities. In the municipalities where the processes **are less effective**, the study has revealed that the *"poor response time"* from KZNPT after requests have been made by municipalities and *"delays in providing the feedback"* reports after conducting reviews results to municipalities inability to implement risk management and internal audit functions optimally. Also, the "**types of support"** that KZNPT provides to local government are *"not known and not transparent"* to the municipalities.

Additionally, the study has revealed the *"lack of involvement and buy-in"*, from municipal Top Management in the implementation of the risk management functions and the fact that the functions are implemented for compliance contributes to the ineffectiveness of KZNPT processes.

7.2 Support Coherence

7.2.1 Impact of other policies and procedures towards the achievement of the outcome

KZNPT is mandated to provide Risk and Advisory Services to the public sector institutions which includes local government. Therefore, in providing the support to municipalities KZNPT has a standard operating procedure that ensures that the support is provided in a uniform manner and leading to consistent outcomes as well as a fully established and functional departmental Joint Municipal Support Structure that coordinates the support provision to municipalities. KZNPT is mandated to provide advise to municipalities, the enforcement of the implementation of the recommendations remains the responsibility of the municipalities and other stakeholders like COGTA and SALGA.

7.3 Support Effectiveness

7.3.1 Implementation of the risk management and internal audit processes within the municipalities

The study has revealed that **65%** of the municipalities from the sample have effectively

institutionalized risk management and are implementing adequate risk management and internal audit processes as outlined in relevant risk management and internal audit legislations, as advised by KZNPT and other relevant stakeholders including COGTA, and SALGA.

However, **35% of the** municipalities from the sample are challenged with the institutionalization and struggling with ensuring that the risk management and audit committees are functional, and this **has resulted to ineffective** implementation of the processes. The inability to effectively implement the processes is caused by the following shortcomings:

- o Poor institutionalization of Risk Management and Internal Audit within the municipalities,
- o Lack of support, cooperation, and coordination by the Executive Management within the municipalities,
- o Lack of support provided by district municipalities to local municipalities (Support is only provided through the newly established district risk forums), and
- o Over reliance on KZNPT and other stakeholders to implement the risk management processes even if the municipality has reached the level of independency.

7.4 Support Efficiency

7.4.1 Efficacy of the implementation of the processes

The study has revealed that the majority of municipalities from the sample **(65%)** have implemented the processes effectively and efficiently; and as guided and advised; are now able to implement the following activities adequately and timeously:

- o Development and review of Strategic Documents,
- o Alignment of risk management with the strategic planning processes,
- o Appointment and functionality of relevant structures (Risk Management Committee & Audit Committee) with external chairpersons appointed,
- o Appointment of dedicated officials who are responsible for risk management,
- o A stand-alone risk management unit that is independent from the internal audit unit,

- o Appointment of Risk Champions,
- o Training of Municipal Officials and Councilors on risk management,
- o Inclusion of risk management functions to Municipal internal auditors' audit plans and audit are performed as per the plans.

7.5 Support Impact

7.5.1 The results achieved by providing the support

65% of the municipalities from the sample that were observed to have effective processes, the level of compliance and maturity was also noticed to have improved as these municipalities have processes and systems in place which proves that they are complying with the relevant risk management and internal audit legislations and are implementing recommendations as advised by KZNPT and other relevant stakeholders including COGTA, and SALGA.

7.5.2 The effectiveness and efficiency of the support provided in achieving the outcomes

The study reveals that the support provided by KZNPT to local government can be effective and efficient, however the achievement of KZNPT outcome and the support making an impact can be impeded by the following shortcomings identified during study:

- o Combination of risk management and internal audit units in municipalities,
- o Newly established risk management units in municipalities with inadequate support from within the municipalities and other external support structures such as KZNPT, COGTA, and SALGA.
- o Appointment of floating, unqualified, and inexperienced staff within the municipality to oversee risk management functions,
- o Limited, less cooperation and lack of buy-in from municipal Executive Committee (EXCO),
- o Political decisions interference,
- o Resistance to change by municipal officials,
- o Lack of prioritization of risk management by municipalities,

- o Lack of uniformity of the risk management and internal audit structures (organogram) in municipalities,
- o Limited capacity from KZNPT to effectively support the municipalities (number of municipalities within the province vs staffing in the KZNPT PIAS Risk management unit).

7.5.3 Link between the results achieved and the support provided

The study has also revealed that KZNPT has played a crucial role in ensuring that the risk management processes are implemented adequately within several municipalities especially those that are compliant as they are implementing the risk management and internal audit functions effectively and efficiently as enlisted above.

Nonetheless, there is an unintended dependency that has been created because of the support provided as municipalities over rely on KZNPT and other stakeholders (COGTA) in order to implement risk management processes even when the municipality has reached the level of independency.

7.6 Support Sustainability

7.6.1 Sustainability of the support provided

The study has further revealed that **in the municipalities** that are compliant, within an acceptable level of maturity, and with empowered risk management officials to execute the risk management functions, **the results can be sustained**. However, all the municipalities still require KZNPT to be visible to ensure effective and efficient implementation of the risk management and internal audit functions.

7.6.2 Strengthening the provision of support for the future

The study participants recommended that KZNPT must consider the items listed below in order to strengthen the support provision to local government in relation to Risk Advisory Services and ensure sustainability of the support:

- o Prioritize municipalities that have not received any support,
- o Prioritize municipalities with newly established risk management units,
- o Prioritize municipalities with insufficient capacity to perform risk management and internal audit functions,

- o Increase visibility in municipalities needing more support,
- o Prioritize Information and Communication Technology (ICT) audits on applications and not just general controls, and quality assurance audits,
- o Continuous and ongoing communication with the municipalities on the support provision,
- o Continuous capacity building and provision of accredited skills development programmes,
- o Procurement of transversal systems for risk management and auditing as the CURA software is ineffective.

8   MUNICIPALITY STATUS QUO & SUPPORT RATINGS

8.1   Municipalities Risk Management & Internal Audit Status Quo

The dashboard below provides the **ratings of the status** of risk management and internal audit functions within the sampled municipalities for the study. The ratings were drawn from various measures that were used to assess the institutionalization of risk management and functionality of committees providing oversight on risk management and internal audit.

Table 5: Municipality Status Quo Ratings

Institutionalization of Risk Management		Functionality of RMC & AC	
Scale	**% Rating**	**Scale**	**% Rating**
80-100	65%	80-100	85%
50-79	27%	50-79	4%
0-49	8%	0-49	11%

Satisfactory
Average
Unsatisfactory

8.2   Support Ratings by Municipalities

The pie charts below portray the ratings by municipalities in relation to the support that PIAS (Risk and Advisory Services) has provided. These ratings were provided by municipal risk management and internal audit officials respectively.
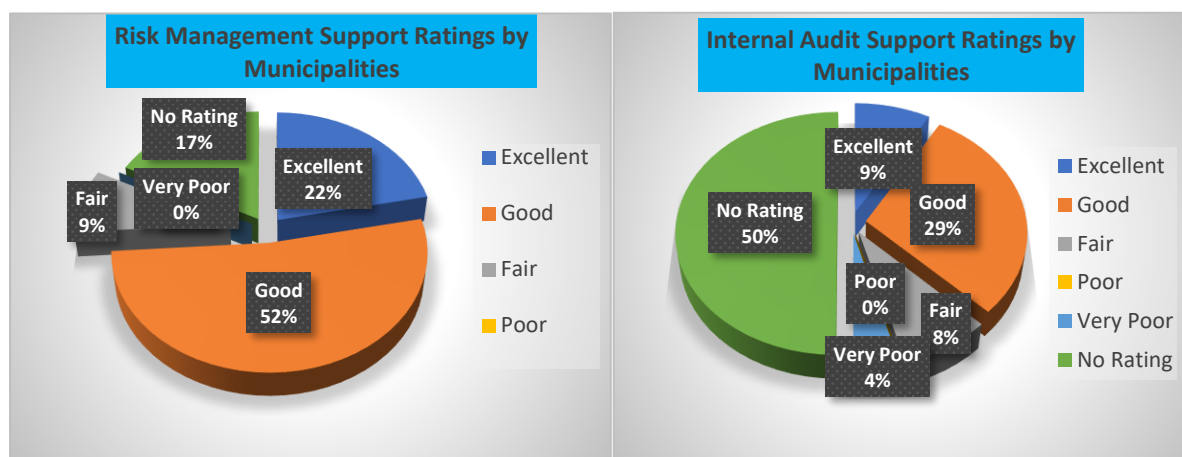

Figure 3: Support Rating by Municipalities

9   CONCLUSION AND RECOMMENDATIONS

9.1   Conclusion

The evaluation of the effectiveness of the PIAS (Risk and Advisory Services) support to local government reveals that the support provided **has had a positive impact** in improving governance, risk management and internal controls in municipalities. The impact noted comprises of institutionalization of risk management and internal audit units within municipalities, improved functionality of structures providing the assurance on risk management and internal audit, improved compliance with relevant risk management and internal audit legislatives frameworks and improved level of risk maturity within several municipalities.

Moreover, the study has revealed that the support provided by KZNPT to local government still requires improvements, in the main, the strategy and approach, as several municipalities are not entirely satisfied with how the support is being provided. In addition, the municipal instabilities, political interference, and lack of cooperation by top municipal management in municipalities impedes the efforts by KZNPT towards effectively and efficiently providing the support.

Lastly, for KZNPT to achieve the outcome *"improved governance, risk and control processes thereby reducing fraud and corruption"* they must strengthen and enhance the level of support they provide to local government in relation to Risk and Advisory Services in line with the recommendations of the evaluation study, the theory of change, and collaborate with other relevant stakeholders such as COGTA, SALGA, Office the Premier (OTP), and Institute of Risk Management South Africa (IRMSA), and also collaborate with other support programmes within the KZNPT.

9.2   Recommendations

Based on the findings of the evaluation, the following recommendations are offered to enhance the effectiveness and sustainability of the support provided to local government.

Table 6: Evaluation Study Recommendations

EVALUATION STUDY RECOMMENDATIONS	
Evaluation Criteria	**Recommendation**
Support Relevance	1. KZNPT to review the SOP for supporting local government institutions in relation to risk advisory services taking into consideration the findings and recommendations of this evaluation study.
	2. Provision of support must be need orientated *(Needs assessments).*
	3. KZNPT to strengthen information sharing by enhancing the departmental website, developing training manuals/packs, and other informative documents including relevant updated standards *(Marketing of services).*
Support Coherence	1. Improved coordinated approach between National Treasury, KZNPT, COGTA and SALGA in relation to risk management functions (Support, Implementation, Monitoring, Assessment and Reporting).
Support Impact, Effectiveness & Efficiency	1. Municipal Structures Act, Municipal Systems Act, and MFMA provide guidance to municipality in order to ensure sustainable institutionalization of risk management process and system, and this requires independence of risk management unit from internal audit unit within the municipalities through COGTA's intervention.

	2. Municipalities to ensure appointment/allocation of adequate officials with relevant risk management qualifications, knowledge and experience within the risk management units in all levels/rankings (Risk Officer to Senior Manager) and ensure that the number of officials appointed must be equivalent to the risk profiles and geographical location of the municipality.
	3. Trainings on risk management must not only be subjected to risk champions, however all officials in the municipalities must be trained on risk management, and this includes Councillors, EXCO, Management Committee (MANCO) and all other municipal officials.
Support Sustainability	1. In improving the provision of support and ensured efficiency, effectiveness, and sustainability, KZNPT must centralise the provision of the support at a District level and also equip Risk managers/Chief Risk Officers from the district to further support the local municipalities within the districts in the absence of KZNPT.
	2. KZNPT should consider conducting client satisfaction surveys to obtain valuable feedback, which can be used to improve service delivery and enhance Risk and Advisory internal processes.
	3. KZNPT to assist municipalities with Business Continuity Management and Disciplinary Boards.
	4. Municipalities to implement peer-to-peer support within local municipalities and across district municipalities.
	5. District municipalities to strengthen the district risk forums and KZNPT to partake in these forums.

	6. The performance agreement for the Executive Management of the Municipality to include specific risk management functions as performance targets (e.g. Risk Identification, Monitoring and Reporting) and implement consequence for non-achievement of the targets and non-implementation for risk related functions.
	7. Municipalities to ensure allocation of sufficient budget to the risk management units (trainings, workshops, awareness's, and salaries).

10 REFERENCE LIST

King Report on Corporate Governance

KwaZulu-Natal Provincial Treasury Annual Performance Plans (*MTSF Period 2020-2021 to 2024-2025*)

KwaZulu-Natal Provincial Treasury Annual Performance Reports (*MTSF Period 2020-2021 to 2024-2025*)

KwaZulu-Natal Provincial Treasury Strategic Plan (*MTSF Period 2020-2021 to 2024-2025*)

Local Government: *Municipal Structures Act 117 of 1998*, available at: https://www.gov.za/sites/default/files/gcis_document/201409/a117-980.pdf

Local Government: *Municipal Systems Act 32 of 2000*, available at: https://www.gov.za/sites/default/files/gcis_document/201409/a32-000.pdf

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Department of Planning, Monitoring & Evaluation, *National Evaluation Policy Framework (2019)*, available at:

https://www.dpme.gov.za/keyfocusareas/evaluationsSite/Evaluations/National%20Policy%20framework%20Nov%202019.pdf

National Treasury, *Public Finance Management, Act 1 of 1999*, available at: www.treasury.gov.za/legislation/pfma/PFMA%201999%20as%20amended%20March%202017.pdf

Risk Management and Internal Audit Frameworks

Selected Municipalities Strategic Documents (*IDPs, SDBIPs, Policies*)

11 REPORT APPROVAL

REPORT PREPARED BY THE MONITORING & EVALUATION TEAM

04/08/25

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MR S. GOMBELA   **DATE**
ASSISTANT DIRECTOR (M&E)

REPORT SUPPORTED   /NOT SUPPORTED   BY DEWG
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04/08/25

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MS T. MGUJULWA   **DATE**
CHAIRPERSON (DEWG)

REPORT RECOMMENDED   /NOT RECOMMENDED   BY EXCO
☑   ☐

COMMENTS

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05/08/25

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C. COETZEE   **DATE**
HEAD OF DEPARTMENT

REPORT APPROVED   /NOT APPROVED
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COMMENTS

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05/08/25

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C. COETZEE   **DATE**
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