



SALGA
South African Local Government Association

CFO FORUM

11 MARCH 2013

STELLENBOSCH

SALGA WESTERN CAPE

Presentation Content

- **Background to the PDO workshop**
- **Expectations**
- **Tools for oversight**
- **Gaps Identified**
- **Conclusion**

BACKGROUND

- The SALGA Western Cape, in partnership with Deloitte conducted two workshops for councillors on pre-determined objectives over the period 5 – 8 March
- The need was identified based on the 2010/2011 audit outcomes but the improvement in PDO in the 2011/2012 outcomes was taken into account
- Councillor oversight was identified as an effective tool in ensuring sustainability in the improvements
- *THEME: Recognising the improvement in outcomes and looking forward to sustainability with the assistance of councillor oversight*

OBJECTIVE

- To demystify Pre-determined objectives
- Simplify the process from development to reporting and oversight
- Councillors enabled to effect effective oversight over pre-determined objectives.

EXPECTATIONS

- Overview of PDO process (from development – oversight)
- Clarify linkage between budget and IDP
- Clarification of targets and indicators
- Clarification of the audit process, roles and expectations
- Clarification of SMART criteria
- Interference – what is interference, what is oversight?
- Improve oversight role (alignment of oversight to audit process)
- The role of internal audit
- Linkage between clean audit and service delivery?

TOOLS FOR EFFECTIVE OVERSIGHT

- Regular and timely in-year reports for oversight, include:
 - financial and performance reports, annual financial statements, the audit and management report, internal audit reports, the mid-year budget report and performance assessment and the annual report
- Reports must also be an **accurate, valid and complete** reflection of the municipality's affairs for the period of oversight
- The AG's reports highlight instances where PDO information reported on a quarterly basis and reported in the annual report are not accurate, valid and complete
- Can effective oversight occur under these circumstances?
- Councillors need to understand why and how
- Oversight addressing the root causes of these circumstances can be effectively monitored.

GAPS IDENTIFIED

- Officials at lower levels are not aware of and do not understand **their** role in the achievement of pre-determined objectives and the collection of evidence
 - Buy in (lack of)
- Municipalities are not institutionalizing the performance management system as it is sometimes updated externally and the provider comes at intervals to draw reports
 - Municipalities in such instances cannot effectively show how they are addressing the issues identified as they do not own the process.
- The use of MPACs

CONCLUSION

- Based on the evaluations and discussions of the delegates:
 - More councillors should be reached (visits to municipalities)
 - Ownership of the process to be taken by everybody (the whole institution has a role not only the CFO and internal audit or PMS unit.
 - More workshops with mixed audience (councillors and officials for active debate and better understanding of roles and responsibilities)