SARAH BAARTMAN DISTRICT MUNICIPALITY
(formerly Cacadu District Municipality)

Presentation by Executive Mayor:
Councillor K E Kekana
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- Business Model and Role of CDM
- Critical success factors for financial management
- District/Local Relationship on service delivery
- Capacity Building and Support Project to Improve Audit Outcomes of Local Municipalities
**Business Model and Role of CDM**

- **DM as district-wide IDP planning authority**
  no statutory power, co-operation rather than coercion

- **DM as infrastructure development agent**
  no statutory power but important oversight role (MIG)

- **DM as technical/institutional resource to LMs**
  complements the first two roles

- **DM as municipal service provider of last resort where LM unable to provide services**
  (LM’S are the preferred service providers)

- **DM as redistributor of resources for equity**
STRATEGY IMPLEMENTATION

Role - Development facilitation

- Strategy development
- Monitoring and evaluation
- On-going support
- Project identification and planning
- Securing funds
- Building local capacity

CDM

Channel Link
Connector Intermediary
Critical Success Factors with regard to financial management

- The DM achieved seven consecutive unqualified audit opinions from 2006/2007 – 2012/2013
- We are aiming for clean audit in 2013/2014
Critical Success Factors with regard to financial management

One of the most important critical success factors has been that leadership has been setting the tone at the top and there is disciplined execution of all council resolutions. Management has also established a sense of urgency, which has focused attention on the high priority risk areas which include:

- Eliminating irregular expenditure by introducing effective internal controls;
- Eliminating errors and misstatements by introducing a checklist to assist management to review the AFS effectively;
Critical Success factors with regard to financial management

Â Ensuring that highly skilled and experienced personnel are available to prepare the AFS;
Â Review of internal controls on a continuous basis;
Â Reviewing IT governance and controls;
Â Ensuring effective governance structures are fully functional;
Â Dealing effectively with all findings raised by the AG and internal audit;
Â Stable Administrative Leadership (MM and CFO serving their third term)
District/Local Relationship on service delivery – example of Environmental Health

- Even though the District Municipality is responsible for Environmental Health Services, the District Municipality has appointed the local municipalities to be its agents.
- Primary reason for this decision is the close relationship between Environmental Health and Water Services and other functions that are the responsibility of local municipalities.
- This is regulated through service level agreements.
- Local municipalities are reimbursed at a rate calculated on the per capita of the area.
District/Local Relationship on service delivery – example of Fire Services

• The District Municipality is responsible for fire functions entrusted to it in terms of section 84(1)(j) of the Municipal Structures Act
• Local municipalities in the District have agreed to be the agents of the District Municipality with regard to veld, forest and chemical fires
• The District then focuses on planning, co-ordination and regulation: co-ordination of standardisation of vehicles and equipment and training of fire officers
• The relationship is regulated through service level agreements and funded by the DM
• This eliminates the need for the DM to have a physical presence in each LM with regard to the service
Capacity Building and Support Project to Improve Audit Outcomes of LMs

Â The District Municipality embarked on a multi-year programme to improve the audit outcomes of its nine local municipalities.

Â The AG’S findings in the management letters are analysed to identify reasons and root causes for qualifications or disclaimers as detailed in the example displayed in the next slide.
Audit Findings by Root Causes

Camdeboo System Management Deficiencies
- 6 (13.3%)

Camdeboo SMART Issues
- 4 (8.9%)

Camdeboo Lack of oversight
- 7 (15.6%)

Camdeboo Internal Control Deficiencies
- 3 (6.7%)

Camdeboo Implementation Process Deficiencies
- 9 (20.0%)

Camdeboo Unsupported Account Balance / Transaction / Indicator
- 11 (24.4%)

Camdeboo Accounting Issue
- 2 (4.4%)

Camdeboo Calculation / Transaction Error
- 1 (2.2%)

Camdeboo Documentation Deficiencies
- 2 (4.4%)
Capacity Building and Support Project to Improve Audit Outcomes of LMs

Action is focused on:

- dealing with the findings of the Auditor-General as contained in the Management letters of each LM
- Implementing the recommendations of the Auditor-General as contained in the Management letters
- Eliminating reasons for qualifications and thereby Improving the Audit Outcomes of the LMs
Thank you for your attention