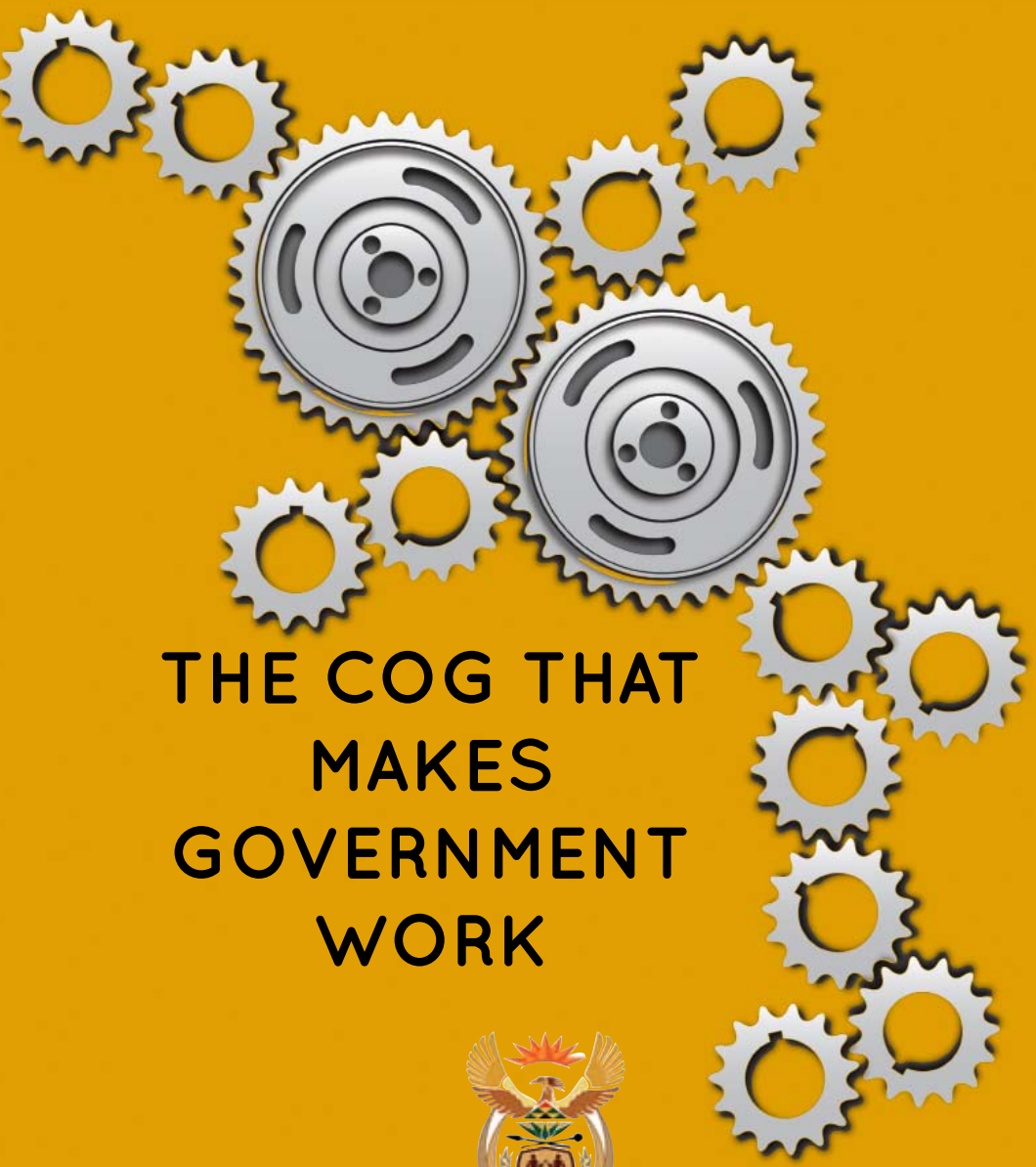


THE COG THAT MAKES GOVERNMENT WORK

DEPARTMENT OF CO-OPERATIVE GOVERNANCE
AND TRADITIONAL AFFAIRS

CLEAN CITIES/TOWNS
CLEAN AUDITS 2014

OPERATION CLEAN AUDIT PROGRAMME (2009 – 2014)

Problem statement

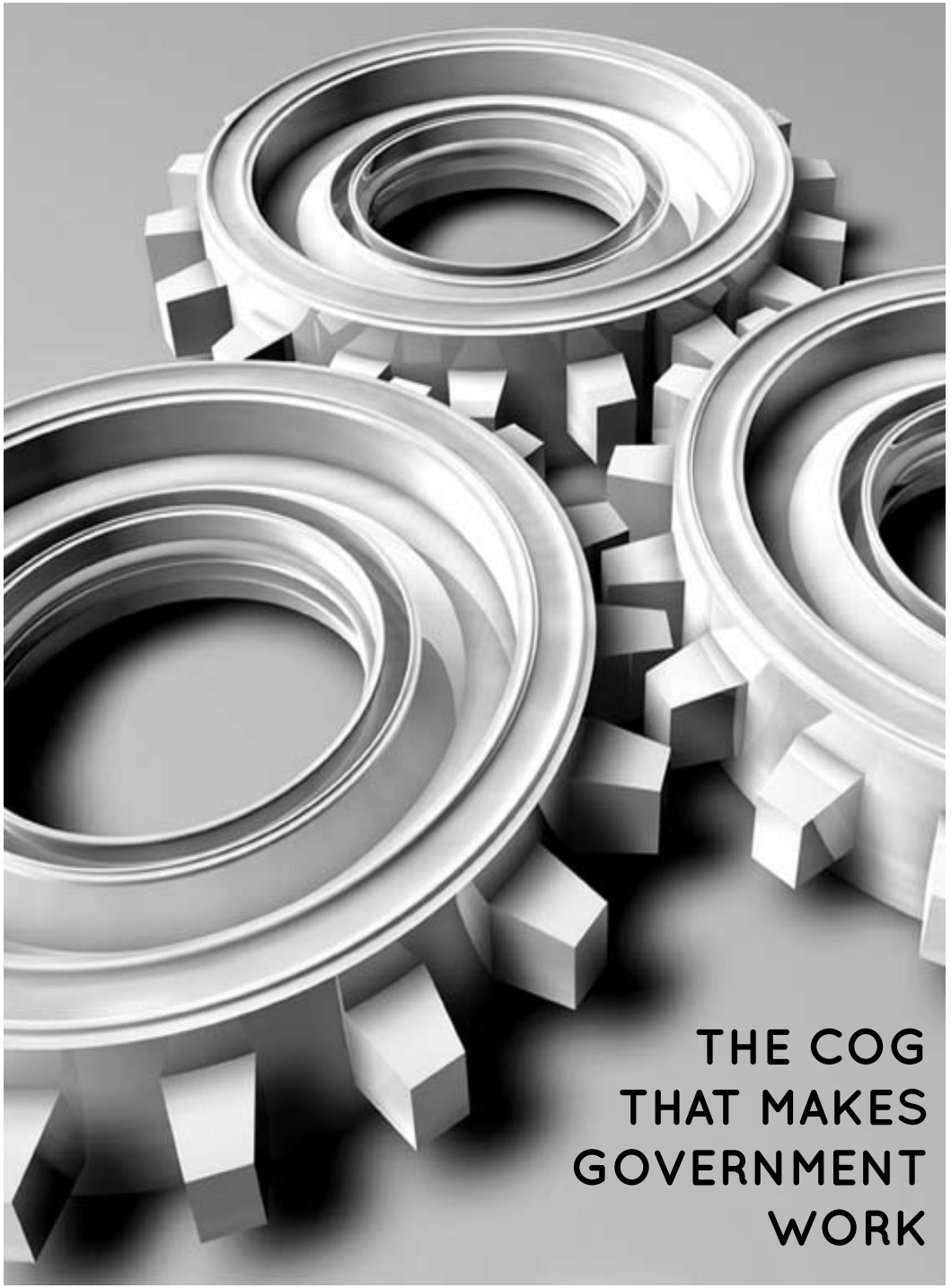
Post 1994, the government has and still puts service delivery improvement on the agenda. However, Auditor-General's reports continue to spell-out queries relating to ineffective institutions, ineffective structures (internal audit units and audit committees), poor performance or absence of systems, especially financial management and systems. This negative picture seriously affects government service delivery plans in general and corporate governance in particular.

Both provincial and local governments are faced with challenges which among others include:

- Inadequate skills on planning, budgeting; public financial management, including expenditure management
- Poor interface between financial and non-financial information (in-year-monitoring and quality annual reporting)
- Inability to manage cash-flow significantly
- Inadequate skills on credit and debt management, including basic financial accounting and filling or record keeping in most instances
- Duplication of payments in some instances and amounts not accounted for (lack of financial accountability)
- Lack of systems to manage audit queries and recommendations, both internal and external auditing
- Inadequate systems with regard to corporate governance (especially, conflict of interest and accountability frameworks, and effective Integrated risk management system) within provincial departments and municipalities

THE COG THAT MAKES GOVERNMENT WORK

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS



Minister Sicelo Shiceka
Department of Co-operative Governance and Traditional Affairs

Vision:

By 2014, all the 283 municipalities and 9 provinces' departments in South Africa will have achieved clean audits on their Annual Financial Statements and maintaining systems for sustaining quality financial statements and management information.

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
Programme Goal: Assist all the municipalities and provincial departments to achieve clean audit opinions by 2014, improve and sustain the quality of financial statements.	**Milestones (2009 – 2014)** - Between 2010 and 2011, no municipality and provincial departments achieving Adverse and Disclaimer Audit opinions - At least 60% of provincial departments and the 283 municipalities achieving unqualified audit opinion by 2012 - At least an increase in provincial departments and municipalities achieving unqualified audit percentage to 75% by 2013 - All provinces and municipalities achieving unqualified audit opinion by 2014	- Auditor General Reports - Annual Independent Monitoring and Evaluation Reports	- Ministerial Championing - Political and Administration commitment of provincial executive and municipal leadership - Endorsement and continuous engagement with Auditor General and Accountant General - Sufficient levels of funding secured - Institutional capacity building and cooperation between Local Government and Treasury is harnessed within provinces
Programme Purpose: To address all issues raised by Auditor General and reduce vulnerability of risks in the provincial departments and municipal audit reports through targeted projects central to the sustainability of sound financial management accountability and best practices.	- Comprehensive Comparative Analysis of all municipalities and provincial departments audit reports classifying issues affecting negative audits by 2009 - By 2009, all provinces developed Remedial Plans and Turn Around Plans - By 2009, all provinces developed District Wide Remedial Plans and Support Programme	- Provincial Reports on Comprehensive Comparative analysis of issues - Province specific Audit Remedial Plans categorized into districts - Operational Work Plans/Provincial Programme of Actions and budgets for improving audit outcomes	

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
4. Departments of Premiers capacity strengthened in the implementation of the Operation Clean Audit (general financial management components) with emphasis on project initiation and conceptualization	- All the 9 provinces Premier Offices have Operation Clean Audit programme and implementing projects aimed at achieving clean audit by 2014	- Province Specific Plan of Action on implementing Operation Clean Audit by 2014 or less - Training and Workshop reports	- Availability of relevant support and monitoring personnel - Adequate human capacity in municipal finance and monitoring units in the Provincial Depts of Local Government - Low staff turn over and institutional continuity
5. Partnerships and Networks strengthened at National and Provincial levels to enhance implementation of the programme	- % increase of partners supporting the programme in cash and in-kind	- Database of supporting partners classified into private, non-governmental sectors and professional bodies	- Government open to partnerships with sectors and other agencies
6. Knowledge management and sharing within and amongst provinces facilitated and enhanced	- All the 9 provinces have knowledge sharing mechanism - Documentation of best practices done annually by each province	- Annual Review repot - Reports on peer review activities - Workshop/ Conference reports	- Adequate resources available to enhance knowledge management

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
Components: Provincial Clean Audit			
1. Availability of supporting documents and improving quality of financial statements and management information	- All provincial departments having clear trail of financial statement supporting documentation and Portfolio of Evidence - 100% Annual Financial Statements (AFS) submission to the Auditor General (AG) by	- Annual Financial Statements Readiness reports - AFS submission report by Office of the Auditor General	- Provinces have adequate human capacity or augmented human capacity to perform basic financial management and accounting function - Provincial Departments have adequate technical skills and capacity
2. Strengthen governance structures and governance regimes	- % Increase in provincial departments complying with risk management, internal control and governance practices	- Quarterly high level Progress reports on the Internal and Audit Committees of provinces - Baseline assessment of functionality of Internal and Audit Committees	- Commitment of provinces administration to reporting and good governance - Indicators for functional Internal Audit Committee
3. Capacity Building	- Continous workshops on accounting standards conducted with municipalities - Courses on leadership and corporate governance	- Monitoring and valuation reports - Training Reports - Random survey on beneficiaries	- Appointment of finance staff meeting the prescribed competency requirements - Low turnover of staff and institutional continuity

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
	- By 2009, all the 9 provinces must have finalized and implemented the Hands on Support programme through Technical support to municipalities with poor audit record/history - Progressive reduction in issues raised by Auditor General in the municipal and provincial departments audit reports		- Donors, Funders and Private Sector interested in supporting the programme cash or in-kind - Additional resources are mobilized to stimulate inter-sectoral linkages
Components: Municipalities Clean Audit			
1. Availability of supporting documents and improving quality of financial statements and management information - Quarterly preparation of Financial Statements and Audit Files by municipalities for assessment by Departments of LG and Treasury in provinces - Mainstream Portfolio of Evidence in line with the Service Delivery & Budget Implementation Plan (SDBIP)	- 75% of municipalities Implementing the Monthly and Quarterly municipal financial statement compilation system by year 2009 and 100% by 2011 - All municipalities having performance Portfolio of Evidence and clear trail of financial statement supporting documentation that is easily available and provided timeously by 2011 - 100% Annual Financial Statements (AFS) submission to the Auditor General (AG) by municipalities in 2010	- Monthly and Quarterly Financial Statements - Provincial Depts of LG and Treasury assessment reports - Annual Financial Statements Readiness reports - Municipal AFS submission report by Office of the Auditor General	- Municipalities have adequate human capacity or augmented human capacity to perform basic financial management - Provincial Departments of LG and Treasury have adequate technical skills and capacity for assessment and feedback - Harnessed utilization of service providers

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
2. Sustained audit process through Municipal Audit Steering Committees	- Availability of key officials during audit process in all municipalities	- Confirmation reports on the Establishment of Audit Steering Committees by each municipality received	- Commitment of all Section 57 Managers in municipalities
3. Harmonised audit management and governance regimes Mobilisation of resources and expertise through partnerships to establish District Wide Shared Internal and Audit Committees to ensure functionality	- % Increase in municipalities complying with risk management, internal control and governance practices - Roadshows on Ethics	- Quarterly Progress reports on the establishment of Internal and Audit Committees - Baseline assessment of functionality of Internal and Audit Committees - Declaration of Ethics Month	- Commitment of municipal administration to reporting and good governance
4. Capacity Building	- By 2009 and 2010 all section 57 managers trained in accredited Financial Management training courses for non financial managers - By 2009 and 2011 all the lower level finance officials received some form of training in financial management - Continous workshops on accounting standards conducted with municipalities - District Wide Workshops and Training conducted for Council Oversight committees to improve monitoring and accountability on financial management	- Monitoring and valuation reports - Training Reports - Random survey	- Appointment of finance staff meeting the prescribed competency requirements - All municipalities established Budget and Treasury Offices with all vacancies filled -Trained personnel remain on jobs in municipalities - Low turnover of staff and institutional continuity - SALGA taking leadership in driving the Councilor Development programme

Narrative Summary/ Outputs	Performance Indicators	Means of Verification	Assumptions
5. Departments of LG capacity strengthened in the implementation of the Operation Clean Audit (general financial management components) with emphasis on project initiation and conceptualization	- All the 9 provinces have Operation Clean Audit programme and implementing projects aimed at achieving clean audit by 2014 - Staff from provinces working on Municipal Finance Monitoring and Support trained on financial management aspects and project initiation and execution	- Province Specific Plan of Action on implementing Operation Clean Audit by 2014 or less - Training and Workshop reports	- Availability of relevant support and monitoring personnel - Adequate human capacity in municipal finance and monitoring units in the Provincial Depts of Local Government - Low staff turn over and institutional continuity
6. Partnerships and Networks strengthened at National and Provincial levels to enhance comprehensive management of the programme	- % increase of partners supporting the programme in cash and in-kind	- Database of supporting partners classified into private, non-governmental sectors and professional bodies - Number of Memorandum of Understanding signed	- Government open to partnerships with sectors and other agencies