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NORTHERN CAPE PROVINCIAL TREASURY

Financial Management Capability Maturity Model (FMCMM)

Municipal CFO Forum
Presenter: Ms N Asiya

01. Background



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Outcome	Outcome 9: Responsive, accountable, effective and efficient developmental local government system
Sub-outcome	Sub-outcome 3: Sound financial and administrative management
Indicator	<u>Monitor</u> and <u>support</u> municipalities to develop and implement the improvement plans.
Provincial action	Develop an in-depth understanding of the <u>operating environment</u> and <u>quality of management</u> of municipalities using the FMCMM.

02. 2017 results



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Monitored for continuous improvement

Municipalities	2015	2016	2017	% change
Dawid Kruiper	2.86	2.93	2.95	1%
Emthanjeni	2.72	2.84	2.88	1%
Frances Baard DM	2.93	2.97	2.98	0%
Gamagara	2.62	2.77	2.80	1%
John Taolo Gaetsewe DM	2.74	2.74	2.83	3%
Namakwa DM	2.58	2.63	2.84	8%
Pixley kaSeme DM	2.71	2.78	2.75	-1%
Umsobomvu	2.86	2.87	2.88	0%
ZF Mgcawu DM	2.81	2.91	2.97	2%

Indicators

- Internal controls are defined, adequately implemented, managed, measured, controlled
- official within each component would be properly trained to carry out their role
- Capable of continuous improvement (effective, efficient and cost effective)
- Proactive management

Unresolved

- IT environment controls
- Internal audit
- Management of internship programme

02. 2017 results



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Require support

Municipalities	2015	2016	2017	% change
Ga- Segonyana	2.46	2.53	2.68	6%
Hantam	2.62	2.63	2.75	5%
Joe Morolong	2.52	2.68	2.82	5%
Kai Garib	2.34	2.61	2.72	4%
Karoo Hoogland	2.01	2.64	2.64	0%
Kgatelopele	2.63	2.67	2.72	2%
Kheis	2.53	2.64	2.71	2%
Nama Khoi	2.39	2.41	2.68	11%
Richtersveld	2.25	2.40	2.83	18%
Siyathemba	2.63	2.65	2.82	6%

- Policies are poorly communicated
- Inadequate training of official
- Level of maturity not yet translating to favourable audit outcomes and financial viability
- Success depends on specific individuals

Challenges in the following slides

02. 2017 results



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Require intervention

Municipalities	2015	2016	2017	% change
Dikgatlong	1.93	2.11	2.12	1%
Kamiesberg	2.19	2.26	2.57	14%
Kareeberg	2.41	2.50	2.60	4%
Khai Ma	2.39	2.42	2.53	4%
Magareng	2.22	2.33	2.36	2%
Phokwane	2.47	2.63	2.61	-1%
Renosterberg	2.27	2.31	2.56	11%
Siyancuma	2.42	2.42	2.64	9%
Thembelihle	2.43	2.52	2.56	2%
Tsantsabane	2.22	2.29	2.36	3%
Ubuntu	2.51	2.48	2.45	-2%

- Municipalities are not financial sustainable
- No resources to implement improvement plans
- Re-active management approach
- Support provided does not have long term benefits (no improvement in institutional arrangements and capacity)

Challenges in the following slides

03. Progress report



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Programme of action	Target	Achievement
Sound financial and administrative management	Maturity level 3 by all	As per slides above
	Favourable audit outcomes by all	As per AG general report
	Financial sustainability by all	Ratios
Monitoring	30 improvement plans implemented	26 municipalities PT assisted with the development No implementation
Support	11 support plans	Progress reports will be submitted by end October 2017

03. Progress report



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2017 reviews conducted	Resolutions	Attendance register	Municipal Action Plan	Evaluations forms
30	18	23	26	23

No action plans

- Pixley kaSeme DM
- Emthanjeni
- JTG DM
- Dikgatlong

No resolutions

- Siyancuma
- Hantam
- Gasegonyana
- Gamagara
- Frances Baard DM
- Phokwane
- Thembelihle
- Tsantsabane
- 4 municipalities that were not engaged (Pixley kaSeme, Emthanjeni, JTG and Umsobomvu)



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04. Summary of challenges

- High vacancy rate
- Non-attainment of prescribed minimum competency levels
- Instability in senior management
- Inability to manage, supervise and take ownership of processes affecting the municipality such as contract management, record keeping and financial disciplines.
- Lack of skills to perform basic financial management responsibilities
- Reliance of consultants
- Inadequate leadership and lack of consequence management
- Inadequate financial resources due to low debt collection rate

05. NT reporting requirements



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Required actions	Progress
Did the municipality raise awareness with the new council on the status of the FMCMM/ Financial Ratio assessment?	Done by PT
Has the PT reviewed the action plan to verify its completeness and ensure critical areas are adequately addressed?	Done (26 municipalities)
For municipalities that do not have action plans: Is the PT assisting the municipality in developing the action plan?	4 municipalities were not available for engagements.
Provide the planned date of submission	No progress
For municipalities that have action plans, the PT is required to provide progress update on the implementation thereof.	Current struggle – 6 no progress reports

06. Previous resolutions



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Actions	Progress
Include the FMCMM implementation plan in the agenda for council meeting in June 2017 and invite PT to present FMCMM.	Only Dawid Kruiper
The municipality should inform PT about management meetings that will take place during the 2017/18 financial year for PT to attend and present FMCMM.	None
PT will attend to monitor progress made with the implementation plan and provide support where needed.	<p>6 municipalities reported progress (no progress)</p> <ul style="list-style-type: none"> • Siyancuma • ZF Mgcawu DM • Tsantsabane • Nama khoi • Richterveld • Hantam



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07. Way forward

- Submit council agenda item where FMCMM will be presented by MM and CFO
- Municipalities to provide progress reports by end October 2017
- Municipalities to implement action plans (improvement)
- NT support to conduct re-assessments and develop action plans (Kammiesberg, Tsantsabane, Dikgatlong, Magareng and Joe Morolong)
- FMCMM reviews be done after the submission of annual reports (February and March 2018)
- Development of level 4,5 & 6 (Dawid Kruiper selected for pilot)
- Forum to note the expectation from NT of monthly reporting



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THANK YOU