

BUDGET AND TREASURY OFFICE: MUNICIPAL FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL

5/1

PURPOSE

The purpose of this report is to provide feedback to Council on the Financial Management Capability Maturity Model (FMCMM).

INTRODUCTION

The Financial Management Capability Maturity Model (FMCMM) is a tool to assess municipalities' level of maturity and capabilities in financial management. It is a framework that describes the key elements of effective financial management and sets out a path that a municipality can follow to progressively develop more sophisticated financial management practices.

The FMCMM was initially developed for assessment of financial maturity in provincial and national departments; it has now been adapted for municipalities.

OBJECTIVE

The main objective of the FMCMM is to provide a tool that can be used to:

- Measure the financial management capability within municipalities.
- Identify gaps within the municipality's financial systems and processes.
- Assist leadership with support in financial management & enhance accountability.
- Provide a tool that helps management to assess skills & structure requirements.
- Provide management with pointers on Financial Systems of Delegations.
- Provide an early-warning mechanism for municipalities.
- Assist municipalities close on AG findings through detailed activity checks.
- Priorities, enhance and monitor National and Provincial Treasury initiatives.
- Inform governance & oversight structures on significant of specific operations.
- Determine the impact of key non-financial processes on financial management

PROGRESS ON THE FMCMM ACTION PLAN

The municipality has been requested to provide progress on the action items every quarter and provide proof of whether awareness was raised with the council on the status of the FMCMM/Financial Ratio assessment.

Attached as Annexure is a summary on the FMCMM action plan for quarter ending June 2022.

RECOMMENDATIONS THAT:

1. Council takes cognisance of the report regarding the Financial Management Capability Maturity Model.

FMCMM ACTION PLAN SUMMARY (Schedule A)

PROVINCE
MUNICIPALITY
DATE

Gauteng
 West Rand District
 30 June 2022

No.	MODULE DESCRIPTION	ASSESSMENT SCORE- 2022	Responsible Official	Total number of shortcomings requiring attention.(All "No" and "PARTIAL") questions in assessment.	Number of shortcomings not yet started in Action Plan	Number of shortcomings in action plan that are in progress	Number of shortcomings in Action Plan completed	Commentary
1	Budget and Treasury office (BTO)	2.88	Chief Financial Officer	2				The shortcomings that still need to be addressed are (1) Ensuring that there are no vacancies within the BTO that exist for more than three (3) months (2) Rotation of FMG interns
2	Capacity Building	2.70	Acting Municipal Manager (MM), HOD: Corporate Services and CFO	7				Please refer to the attached Annexure A
3	Human Resources	2.98	Manager: Human Capital	3				Please refer to the attached Annexure A
4	Annual Financial Statements	2.98	Samuel Rameale	0	0	0	2	SOPs addressing audit queries still to be developed. The municipality is currently the audit queries from the 2021 financial through the bi-weekly OPCA meetings

ANNEXURE

No.	MODULE DESCRIPTION	ASSESSMENT SCORE- 2022	Responsible Official	Total number of shortcomings requiring attention.(All "No" and "PARTIAL") questions in assessment.	Number of shortcomings not yet started in Action Plan	Number of shortcomings in action plan that are in progress	Number of shortcomings in Action Plan completed	Commentary
5	Annual Reports	3.00		0				Please refer to the attached Annexure A
6	Asset Management	2.93	Sindi Ngobese	4	0	1	3	The SOPs for assets management have been compiled and are to be reviewed by management and approved by the CFO together with the MM. The District municipality does not have infrastructure assets that require a maintenance plan and therefore does not have a maintained plan.
7	Bank, Cash and Investments	2.93	Karabo Lesenya	1	1	0	0	The SOPs for cash management must still be compiled.
8	Borrowings	N/A		0	0	0	0	The District Municipality has no borrowings. The module is there not applicable to the District Municipality.
9	Budget Management	2.91	Sindi Ngobese	5	1	1	3	The budget funding assessments were completed. The WRDM does not have reserves because of the financial situation. The budget SOPs have been compiled and must be reviewed by management and approved by the CFO and the MM.
10	Compensation of Employees	2.95	Dan Monamoli	1	1	0	0	HR Management is arranging the annual declarations of the employees.
11	Entities	N/A		0	0	0	0	The entity has been discontinued. The module will no longer be applicable.

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12	Expenditure Management	2.97	Dan Monamoli	1	0	1	0	The District Municipality is unable to settle creditors within 30 days because of the financial situation. Payment arrangements are however concluded with the creditors.
13	Grants and Transfers	2.96	Karabo Lesenya	5	2	0	3	The grants register has been put in place. There was only one roll over. The SOPs for grants must still be compiled.
14	Information Technology	2.90	Manager: ICT				6	Please refer to the attached Annexure A
15	Internal Audit	3.00	Chief Internal Auditor				0	Please refer to the attached Annexure A
16	Liability Management	3.00	Karabo Lesenya				0	Please refer to the attached Annexure A
17	Public Private Partnerships	N/A						The District Municipality has no Private Public Partnerships.
18	Reporting	3	Karabo Lesenya	0	0	0	0	No outstanding modules on reporting.
19	Revenue Management	2.96	Dan Monamoli	2	0	2	0	The SOPs for revenue management which will also address receiving have been compiled and must be reviewed by management and approved by the CFO and the MIM.
20	Risk Management	2.93						

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21	Supply Chain Management	2.99						To address the issue of capacity within the unit, two (2) appointments were made in quarter three (3) – Demand & Acquisition Officer and Logistics & Disposal Officer.
	TOTAL			29	5	5	17	

ANNEXURE A



MFMA Help Desk:
MFMA@treasury.gov.za

Municipal Financial Management Capability Maturity Model

Summary of Assessment

Modules	Maturity level	Status on completion of modules			
		No. of questions	Module Completed (Yes/ No)	Total No. of questions not answered	Total No. of questions answered 'Partial' without comments
INSTITUTIONAL					
1 Budget and Treasury Office	2,88	32	Yes	0	0
2 Capacity Building	2,70	33	Yes	0	0
3 Human Resources	2,96	96	Yes	0	3
TECHNICAL					
4 Annual Financial Statements	2,98	68	Yes	0	0
5 Annual Reports	3,00	57	Yes	0	0
6 Asset Management	2,93	95	Yes	0	0
7 Bank, Cash and Investments	2,96	54	Yes	0	0
8 Borrowing		49	Yes	0	0
9 Budget Management	2,91	72	Yes	0	0
10 Compensation of Employees	2,95	45	Yes	0	0
11 Entities		43	Yes	0	0
12 Expenditure Management	2,97	64	Yes	0	0
13 Grants and Transfers	2,96	56	Yes	0	0
14 Information Technology	2,91	111	Yes	0	2
15 Internal Audit	3,00	81	Yes	0	0
16 Liability Management	3,00	32	Yes	0	0
17 Public Private Partnerships		27	Yes	0	0
18 Reporting	3,00	65	Yes	0	0
19 Revenue Management	2,96	141	Yes	0	0
20 Risk Management	2,93	71	Yes	0	1
21 Supply Chain Management	2,99	130	Yes	0	0
Total	2,94	1422	0	0	6