

BARNOWL MUNICIPAL RISK MANAGEMENT FORUM 2017

STATE OF RM IN MUNICIPALITIES

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Risk Management Support
Office of the Accountant-General
National Treasury
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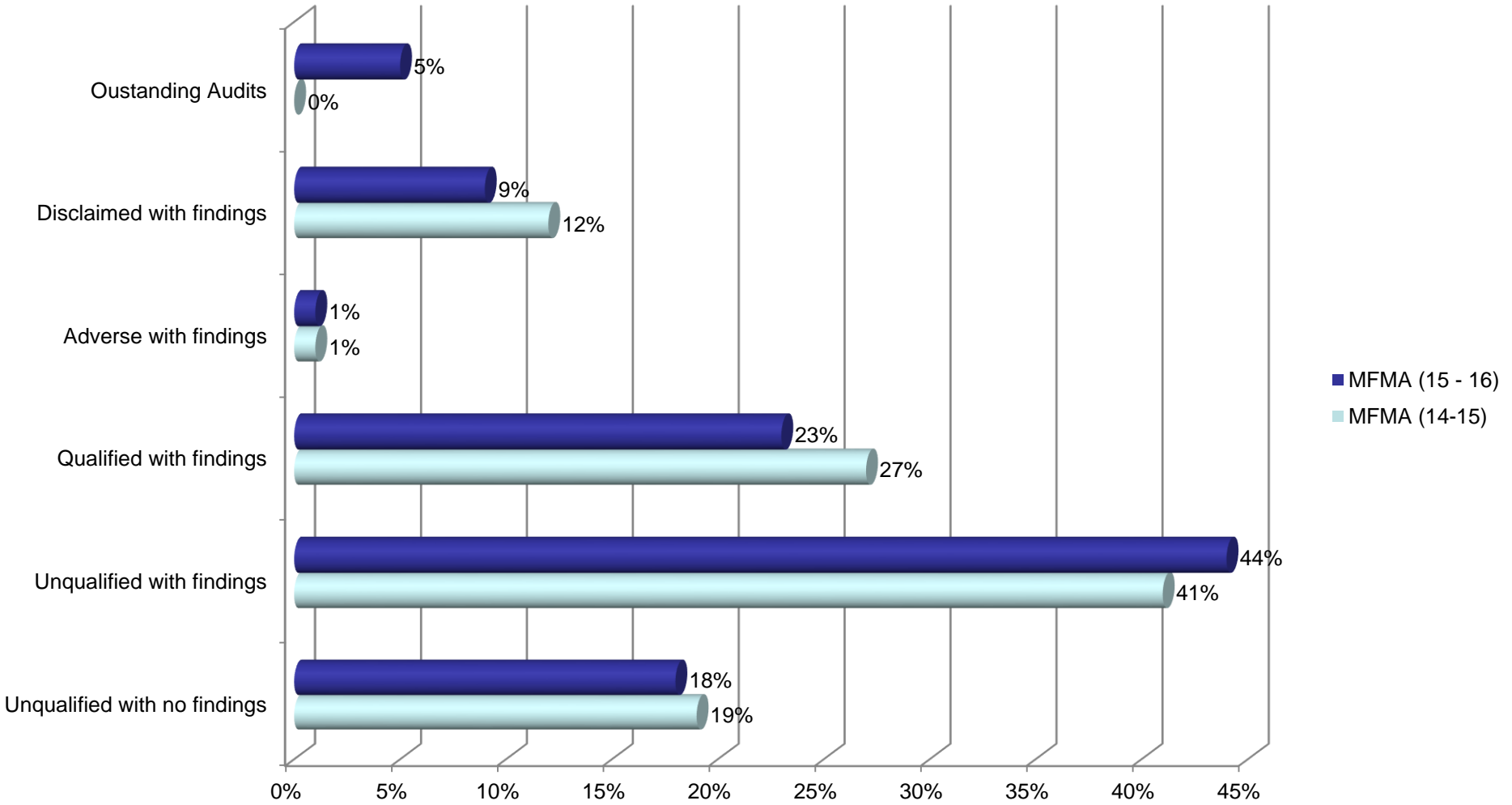
national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Current Status (AG)



Current Status

General challenges

- Natural disasters - water (drought) and death from heat stroke, earth quakes
- Social and political and social unrest
- Service delivery challenges – sanitation problems
- Various municipal problems (reported in media)
- Rapid deterioration of assets
- Catastrophic component failure
- Regular and prolonged disruptions in service delivery

Current Status (FMCM _ General)

		National	Gauteng	Western Cape	KwaZulu Natal	Mpumalanga	Eastern Cape	Limpopo	Free State	North West	Northern Cape
Position	Bank, Cash and Investments	2.83	2.92	2.90	2.89	2.82	2.79	2.83	2.84	2.76	2.76
Performance	Budget Management	2.81	2.92	2.92	2.89	2.81	2.77	2.84	2.77	2.72	2.68
Institutional	Management of Entities	2.81	2.84	2.39	2.83	2.79	2.92	2.41	2.96	2.98	
Institutional	Public Private Partnerships	2.76	2.75	3.00	1.98	2.79	2.91	2.93	2.89		
Institutional	Compensation of Employees	2.75	2.84	2.83	2.84	2.72	2.71	2.79	2.68	2.64	2.67
Institutional	Annual Financial Statements	2.73	2.85	2.87	2.83	2.71	2.68	2.70	2.76	2.58	2.57
Institutional	Reporting	2.72	2.86	2.91	2.82	2.70	2.72	2.74	2.57	2.58	2.54
Performance	Expenditure Management	2.72	2.81	2.85	2.82	2.71	2.72	2.72	2.57	2.63	2.55
Position	Borrowing	2.72	2.91	2.89	2.73	2.64	2.72	2.71	2.68	2.63	2.55
Performance	Grants and Transfers	2.68	2.75	2.75	2.77	2.67	2.68	2.71	2.62	2.50	2.59
Performance	Supply Chain Management	2.68	2.80	2.83	2.75	2.73	2.68	2.69	2.59	2.47	2.55
Institutional	Internal Audit	2.68	2.77	2.77	2.77	2.73	2.69	2.65	2.62	2.69	2.40
Institutional	Annual Reports	2.68	2.80	2.83	2.68	2.64	2.69	2.72	2.62	2.64	2.51
Performance	Revenue Management	2.67	2.80	2.85	2.74	2.60	2.62	2.62	2.58	2.61	2.61
Institutional	Budget and Treasury Office	2.62	2.74	2.80	2.76	2.55	2.56	2.72	2.50	2.39	2.44
Position	Liability Management	2.59	2.79	2.87	2.65	2.60	2.59	2.51	2.40	2.50	2.45
Institutional	Human Resources	2.58	2.74	2.75	2.65	2.60	2.60	2.55	2.45	2.51	2.41
Position	Asset Management	2.58	2.73	2.74	2.65	2.57	2.59	2.53	2.46	2.52	2.38
Institutional	Capacity Building	2.50	2.66	2.67	2.60	2.55	2.50	2.46	2.41	2.36	2.28
Institutional	Risk Management	2.39	2.75	2.61	2.52	2.55	2.28	2.51	2.30	1.91	2.12
Institutional	Information Technology	2.37	2.64	2.44	2.45	2.47	2.44	2.37	2.24	2.22	2.12
	Average	2.66	2.79	2.78	2.70	2.66	2.66	2.65	2.60	2.54	2.48

Current Status (FMCM – RM)

PROVINCE	LEVEL SCORED
NATIONAL	2.39
Gauteng	2.75
Western Cape	2.61
Mpumalanga	2.55
KwaZulu Natal	2.52
Limpopo	2.51
Free State	2.30
Eastern Cape	2.28
Northern Cape	2.12
North West	1.91

Translation

	Cash Balance	Operational Budget Over\ Underspent	Capital Budget Over\ Underspent	Fruitless and Wasteful Expenditure	Debtors collection rate	AG Opinion
NKOMAZI LOCAL MUNI...	Info not available	Info not available	Info not available	0%	Info not available	Unqualified – EOM
SOL PLAATJE MUNI...	R 259 275 698	3.7% underspent	13.7% underspent	0.74%	85.61%	Unqualified – EOM
GREATER GIYANI MUNI...	Info not available	Info not available	Info not available	6.5%	22.93%	Outstanding
DR KENNETH KAUNDA DIS...	Info not available	Info not available	Info not available	43.39%	0.0%	Qualified
NEWCASTLE MUNICIPALITY	R 44 572 895	35.6% overspent	21.24% overspend	4.81%	66.35%	Unqualified - EOM
City of Ekurhuleni	Info not available	8.8% underspent	Info not available	3.4%	88.32%	Unqualified - EOM
MAKHADO MUNICIPALITY	Info not available	Info not available	Info not available	0%	104.03%	Qualified

Ideal State

Information and integration

- Risk management is firmly embedded in the institution.
- Metrics to measure the value-added of risk management are in place.
- Aggregated risk management information is circulated to relevant officials and oversight structures as a matter of routine.

Managed

- Risk tolerance parameters have been established for all major categories of risk.
- Management of risk is subjected to close monitoring ensuring risks are managed within their tolerance.
- Risk management has a significant influence on the control environment at this stage.

Optimizing

- The Institution has reached a state where the risks taken are consistent with its risk tolerance.
- The focus of the Institution has shifted firmly to employing risk management to optimise effectiveness, efficiency and economy within its operations.

Way Forward

Level 3 of the FMCMM

- An approved risk management framework is in place (incorporating a RM policy and strategy, and FPP) – communicated throughout the institutions
- Implementation of RM is in line with the framework
- Institution-wide risk assessments have been completed and the necessary institutional capacity and structures to support risk management are in place.
- Risk management processes, practices and systems satisfy all legislative requirements at this stage but have limited influence on the control environment.
- An appropriate structure to support institutional risk management should be in place and functional

Way Forward

- Maximize opportunity to get to compliance level (level 3) _Sense of urgency
- Analysis of institution and appropriate response to the it's unique problems
- Adapt with organizational needs & expectations ,in light of potential changes
- Gain visibility at political and executive oversight structures to empower their roles
- Intensified focus on Training, Awareness and championing
- Enhance risk data analysis to generate better intelligence
- Enhance levels of capability maturity for key functions, i.e. BCM and Compliance
- Increase accountability

General Municipal Support _NT

SUPPORT	KNOWLEDGE REPOSITORY	ENFORCEMENT
Forums	Guidelines – Performance Management Guide	None yet
SSP with Provincial Treasury (Case by case)	Framework \ Toolkit (Municipal specific)	
	Forum	
	Legislation (Cost containment, Treasury Regulations)	

Focused Support by NT (RMM Maturity)

STRATEGIC PLANS (Below level 3)	SUPPORT SERVICE AGREEMENTS (Levels 3, 4 & part of 5)	AD-HOC (Level 5 & 6)
RM frameworks not in place (no policy, strategy, plan, etc.)	RM processes, practices and systems satisfy all legislative requirements at this stage but have limited influence on the control environment.	RM processes, practices and systems satisfy all legislative requirements at this stage but have limited influence on the control environment.
No approved frameworks \ approved frameworks have not been communicated throughout the institution	Metrics to measure the value-added of risk management are in place. RM has a significant influence on the control environment at this stage.	The focus of the Institution has shifted firmly to employing risk management to optimise effectiveness, efficiency and economy within its operations.
Implementation of RM not in line with the frameworks	Aggregated risk management information is circulated to relevant officials and oversight structures as a matter of routine.	
No structure in place to support RM	Risk tolerance parameters have been established for all major categories of risk.	
RM processes, practices & systems don't satisfy all legislative requirements	Management of risk is subjected to close monitoring to ensure prudent risk taking.	
<u>Auditor - General Reports:</u> Outstanding audits Disclaimed with findings Adverse with findings	<u>Auditor - General Reports:</u> Qualified with findings Unqualified with findings	<u>Auditor - General Reports:</u> Unqualified with not findings

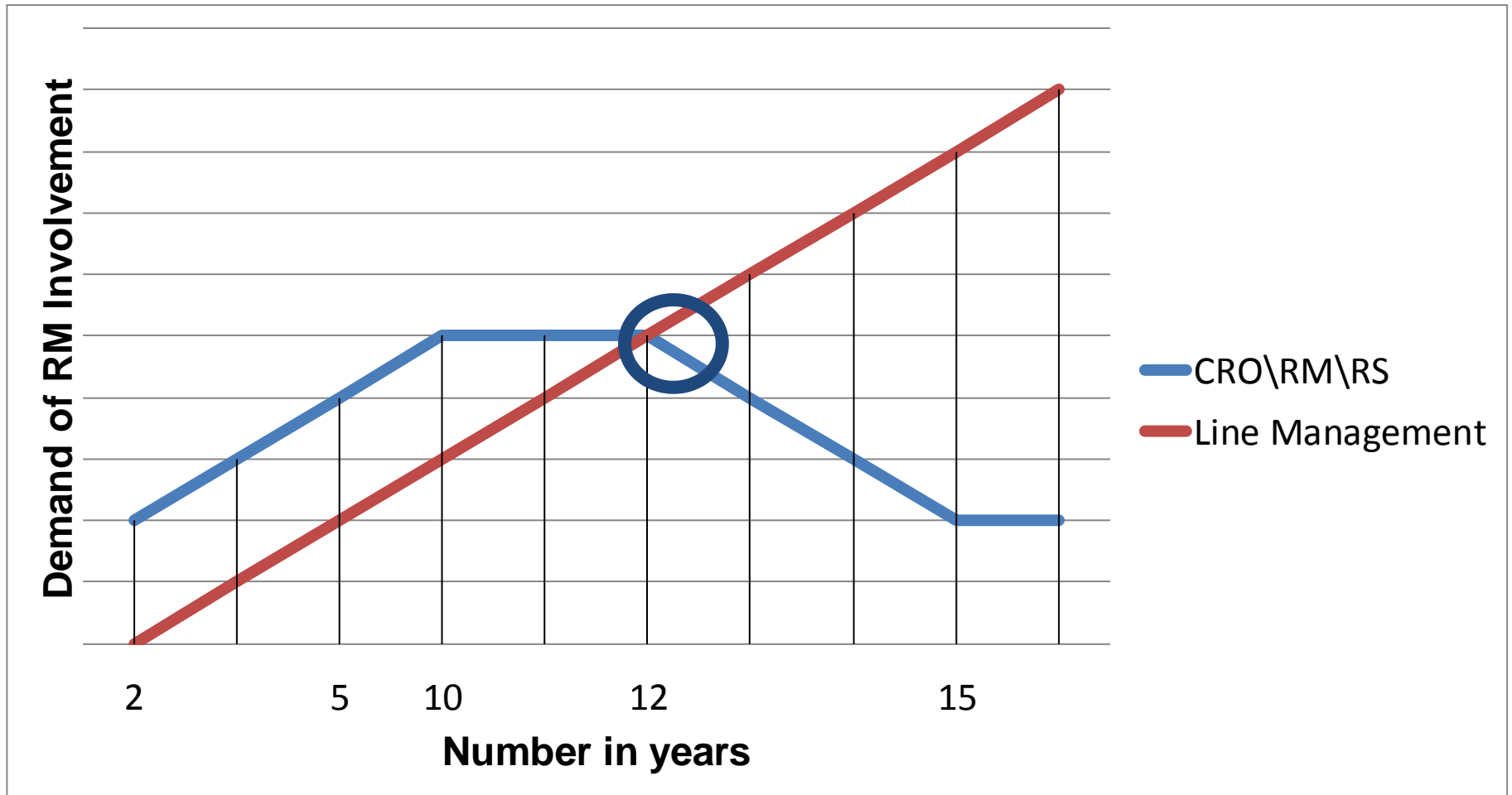
Focused Support by NT (Other considerations)

STRATEGIC PLANS	SUPPORT	SERVICE AGREEMENTS	AD-HOC
<u>Auditor - General Reports:</u> Outstanding audits Disclaimed with findings Adverse with findings	<u>Auditor - General Reports:</u> Qualified with findings Unqualified with findings	<u>Auditor - General Reports:</u> Unqualified with not findings	
<u>Overall financial management:</u> Fruitless and wasteful expenditures	<u>Overall financial management:</u>	<u>Overall financial management:</u>	

Focused Support Contact Staff at NT

JULIA MDZIKWA	TOTYELWA NONCO	AMANDA MKIWANE
MUNICIPALITIES		
Ekurhuleni	Buffalo City	City of Johannesburg
City of Cape Town	Nelson Mandela Bay	City of Tshwane
Mbombela	OR Tambo	George
Mangaung	Polokwane	Mahikeng
Rustenburg	Sol Plaatjie	Msunduzi
Mhlathuze		
Ethekwini		
PROVINCIAL TREASURIES		
KwaZulu Natal	Eastern Cape	Free State
Mpumalanga	North West	Gauteng
Limpopo	Northern Cape	Western Cape

CONCLUSION





Thank you

“Naganela-pele: Think ahead”