



PROVINCIAL TREASURY CIRCULAR NO. 23 OF 2022

TO:

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MS CN NKUNA)
THE ACTING MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR ES CHIBI)
THE MUNICIPAL MANAGER: CITY OF MBOMBELA (MR W KHUMALO)
THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MS S MATSI)
THE ACTING MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (DR NP MAHLALELA)
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR B KHENISA)
THE ACTING MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MR L ZWANE)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR ON NKOSI)
THE ACTING MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR BM MHLANGA)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR G MTHIMUNYE)
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR H MAISELA)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKOSANA)
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR MA DLAMINI)
THE ACTING MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MS B KHANYE)
THE ACTING MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY (MR N MOKAKO)
THE ACTING MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MS EK TSHABALALA)
THE ACTING MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR LD TSOTETSI)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR MM THABETHE)
THE ACTING MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR C LISA)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT
THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT

IMPLEMENTATION OF THE WEB ENABLED FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL(FMCMM) SYSTEM AND AUDIT ACTION PLAN SYSTEM

The National Treasury has designed the automated web enabled system for completing the FMCMM, Financial Ratios and Norms and the Audit Action plan which are in accordance with MFMA Circular no 114 and no. 113.

The automated web-enabled FMCMM system will assist municipalities and municipal entities address these weaknesses by implementing actions and routinely executing duties that prevent financial loss, wastage and transgressions, which will lead to significant improvement in financial and performance management. This circular provides an overview of the web-enabled system for the FMCMM and supports implementation of MFMA Circular 71 on Financial Ratios and Norms.

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Moreover, the web-enabled audit action plan will serve to address the gaps identified through the audit process in the following ways:

- The standardised format ensures that all necessary information is included in the audit action plan.
- An approval process is embedded in the system that incorporates management, the CFO, Internal Audit, Audit Committee, and the Municipal Manager.
- It allows for multiple users to access and work on the audit action plan at the same time.
- It provides for e-mail alerts once sections are completed, and supports efforts of National and Provincial Treasuries to provide support, advice, comments and recommendations.
- In-year and ongoing progress in implementation of the audit action plan can therefore be monitored in real time by all users through all stages. The progress tracking is done through the audit action plan Dashboards which track the resolution of the number of audit findings and users are able to extract reports on progress to address identified internal control deficiencies.
- Quality assurance is also ensured as internal audit units are required to confirm that the resolution of the findings was adequate, before an action plan status can change to "Complete".
- The need to report separately to different stakeholders is obviated as treasury officials have access to real time information.

The web-enabled online FMCMM, Financial Ratios and Norms and Audit Action Plan system will ensure more effective and rigorous engagement between Provincial and National departments and municipalities contributing towards ongoing improvements in audit outcomes. Improvements in a municipality's FMCMM scoring is likely to lead to better audit outcomes and the use of the Audit Action Plan will further reinforce this.

Provincial Treasury is required to support all municipalities to navigate the online system through the appointed PT Admin/ Champion. The PT Admin/Champion is responsible to add the municipal Chief Financial Officers who are designated as 'Admin' on the system. The municipal Admin/CFO will be responsible for adding the other municipal users, including FMCMM Champion, Audit Champion. The municipal Admin/CFO will further monitor and approve any inputs made on the system before they are submitted to the Provincial Treasury for review.

Municipalities are therefore requested to nominate the FMCMM champions, who will be responsible for consolidating all the information from the different modules, on behalf of the municipality. The contact details of the nominated FMCMM champions should be provided to Shadrack Masombuka through email SMasombuka@mpg.gov.za. The following information of the municipal FMCMM champions should be provided:

- Name
- Surname
- Email Address
- Cellphone number
- Work telephone number

It should be noted that Municipalities will not be expected to complete all 21 modules immediately, but a rollout plan will be provided. Below is the rollout plan for the implementation for the twelve (12) months:

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Plan for the FMCMM 123	
Timeframes	Modules and Action Plans
July	Bank, Cash and Investments; Compensation of employees; Revenue Management
August	Annual Reports; Expenditure Management; Capacity Building
September	Reassessment: Annual Financial Statements
October	No modules will be assessed
November	No modules will be assessed
December	Entitles; Reassessment: Revenue Management
January	Reporting; BTO Reassessment: Bank, Cash & Investment
February	Risk Management; Grants and Subsidies; Reassessment: Annual Reports
March	Supply Chain Management; Asset Management; Human Resource
April	Internal Audit; Borrowing; Budget
May	Liability Management; Public, Private and Partnerships
June	Annual Financial Statements; Reporting; Reassessment: Budget

Provincial Treasury is expected to provide hands on support to municipalities and municipalities are requested to commence with the web enabled FMCMM 123, Financial Ratios and Audit Action Plans by the 31st March 2022.

Your co-operation and support will be highly appreciated.

Kind regards


MS G MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 06/09/2022