

# OVERSIGHT MATURITY CAPABILITY MODEL

**Sidwell Mofokeng- CIGFARO Past Vice President & Hon Life Member**  
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**CIGFARO**  
Chartered Institute of  
Government Finance, Audit & Risk Officers



**CCG SYSTEMS**



**BONAKUDE**



**MNTAMBO**  
FINANCIAL CONSULTING CC  
*"We think global and act local"*



**NGUBANE**  
ASSURANCE | TAX | ADVISORY



# Background

- The Public Sector is usually assumed to have a risk avoidance culture, with a reactive rather than proactive approach towards the management.
- However, an improved holistic approach seems to be required, especially when considering the complexity and size of the Public Sector
- The challenges it faces to connect the services, clients and the different levels of governance.

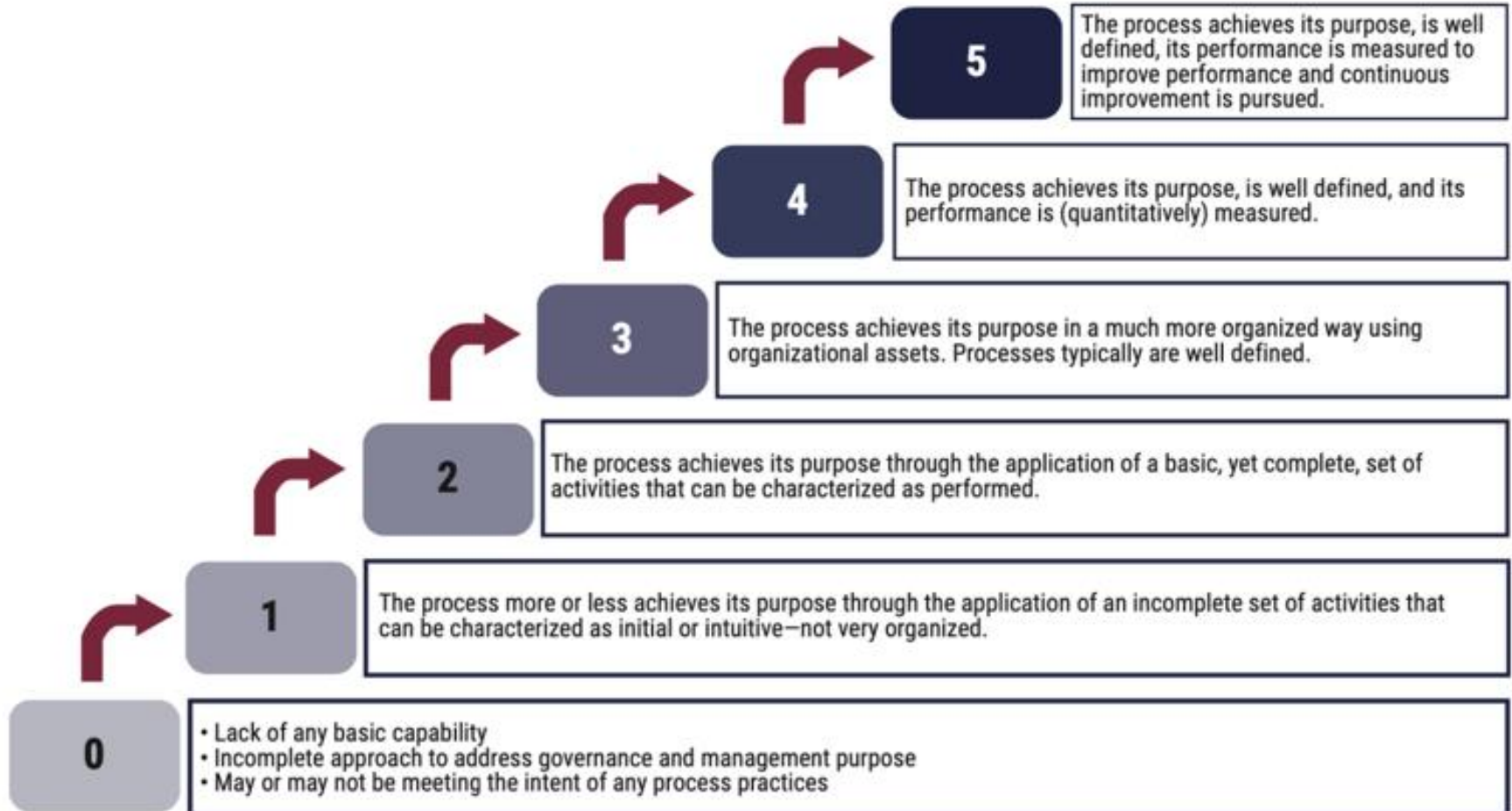
## What is the missing Link?

- **Is it the system?**
- **Is the framework?**
- **Is it A Process**
- **Is it policies? Or**
- **Is it the model ?**
- **Is it failure of Oversight**

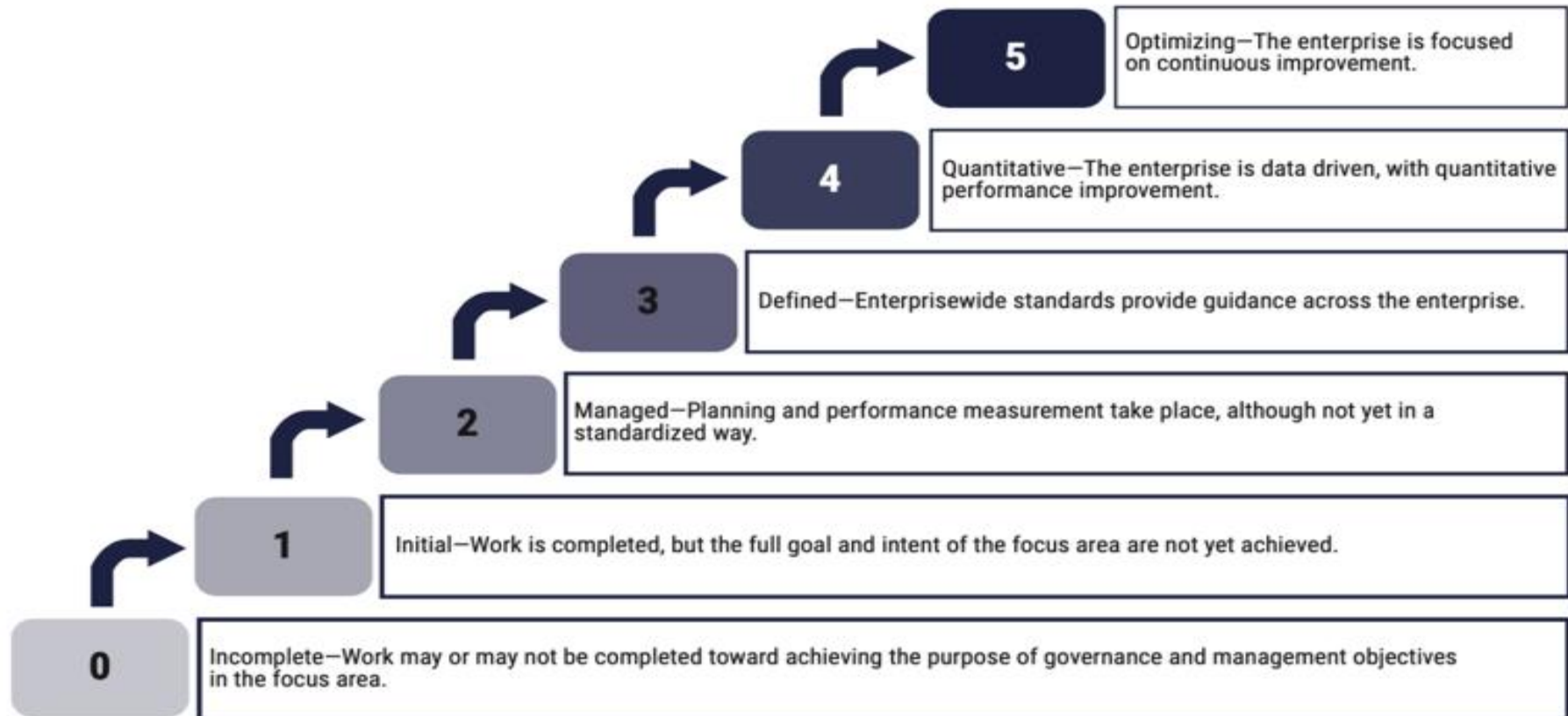
# Unpacking the Maturity Concept of Maturity Model

- Capability Maturity Model (CMM) broadly refers to a process improvement approach that is based on a process model.
- CMM also refers specifically to the first such model, developed by the Software Engineering Institute (SEI) in the mid-1980s, as well as the family of process models that followed.
- A process model is a structured collection of practices that describe the characteristics of effective processes; the practices included are those proven by experience to be effective.
- CMM can be used to assess an organization against a scale of five process maturity levels. Each level ranks the organization according to its standardization of processes in the subject area being assessed..

# What is a Capability Model/.2



# What is a Capability Model/.3



# Why Public Oversight Capability Maturity Model?

TRYING TO FIT AN  
ELPHANT TOWARDS A  
PRE-DESTINED JOURNEY  
WITHOUT A PLAN



## MAIN CHALLENGES FACED BY THE MUNICIPALITY, ROOT CAUSES, POSSIBLE SOLUTIONS

**I USED ICEBERG MODEL TO SHOWCASE CHALLENGES IN THE MUNICIPALITY**





CHALLENGES FACED BY THE MUNICIPALITY, ROOT CAUSES, POSSIBLE SOLUTIONS

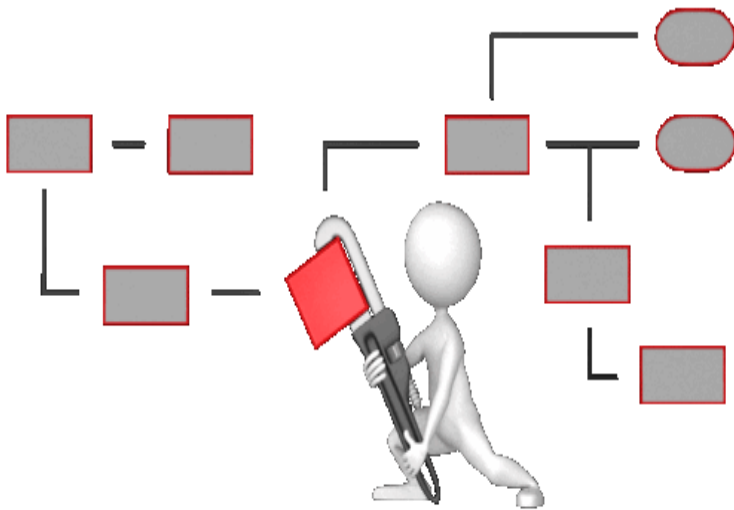


***MORE CHALLENGES***





## ***MORE CHALLENGES***



# **Process Breakdowns**

## ***MORE CHALLENGES***



**Municipal Leaders and Employees pulling in  
different directions**

## ***MORE CHALLENGES***



**How Political Leadership,  
Management and Employees feel**

## ***MORE CHALLENGES***



**Juggling too many balls at one  
time: People & Financial  
Management**

## UNDERSTANDING THE IMPORTANCE OF AUDIT & ITS OUTCOMES

UMZINYATHI DISTRICT MUNICIPALITY

# ACHIEVED A QUALIFIED AUDIT OUTCOME OPINION

FOR THE YEAR 2020/2021

This outcome proves our commitment to good governance and ethical leadership that is committed to serving the people of uMzinyathi. His Worship, the Mayor Ald PMS Ngubane.

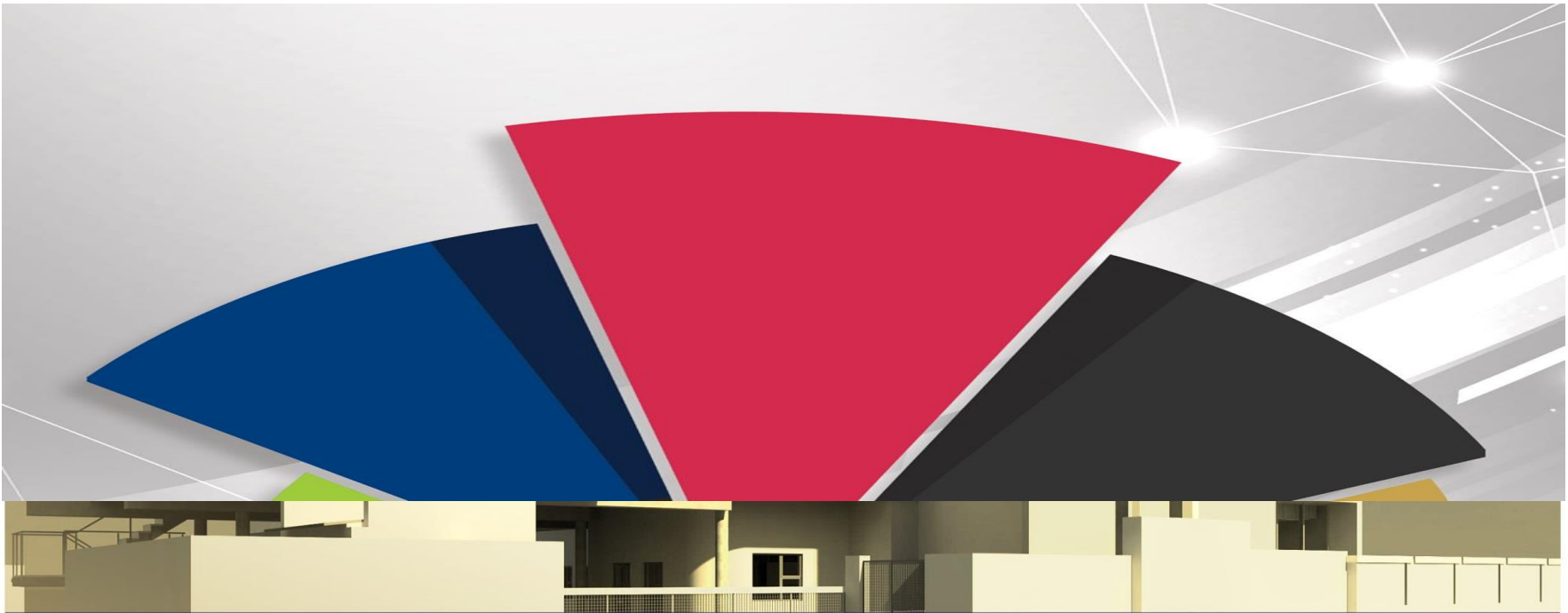
Thuthuka Mzinyathi!



uMzinyathi  
District Municipality

UNDERSTANDING WHAT TO  
CELEBRATE!!!  
NOT YET  
UHURU





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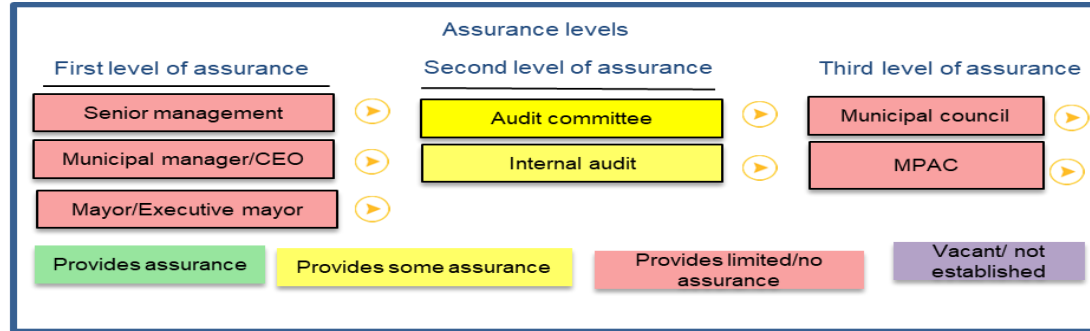
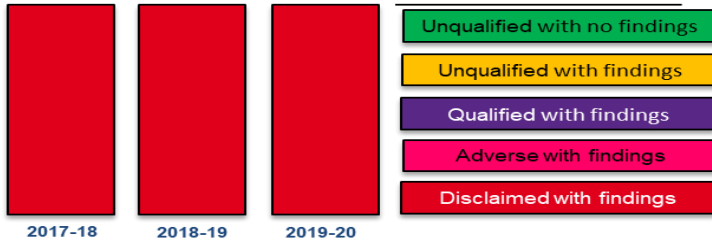
BONAKUDE



# AUDIT OUTCOMES OF MUNICIPALITY X? AUDIT OUTCOMES

## This Municipality Shall not be named

### Stagnation in audit outcomes



1

To improve/maintain the **audit outcomes** ...

2

... the key role players need to **assure** that ...

5

... the **root causes** are addressed ...

4

... the **risk areas** and ...

3

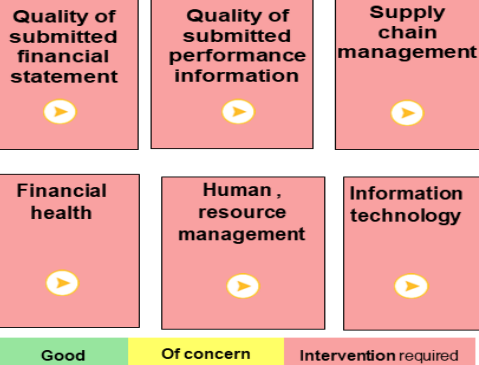
... attention is given to the **key controls** and ...

... the **best practices** are maintained.

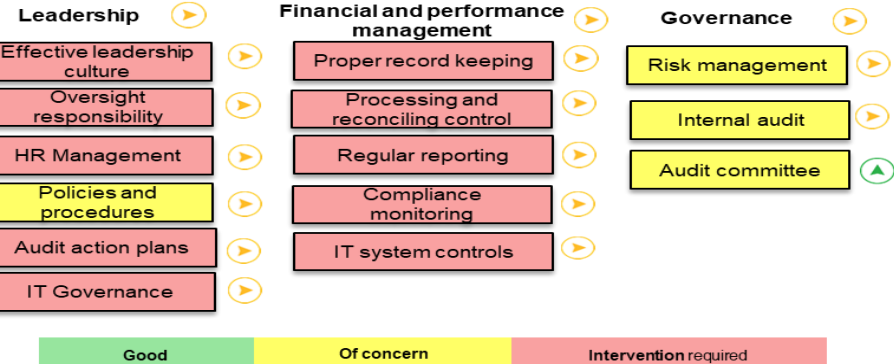
### Root causes should be addressed

1. Slow responses by management
2. Management did not adequately review and monitor compliance with applicable laws and regulations
3. Lack of proper record keeping
4. Lack of consequence management for prior performance and transgressions
5. Instability of vacancies in key positions and support staff position
6. IT controls had not been adequately designed or implemented to enable an effective IT environment

### Risk areas



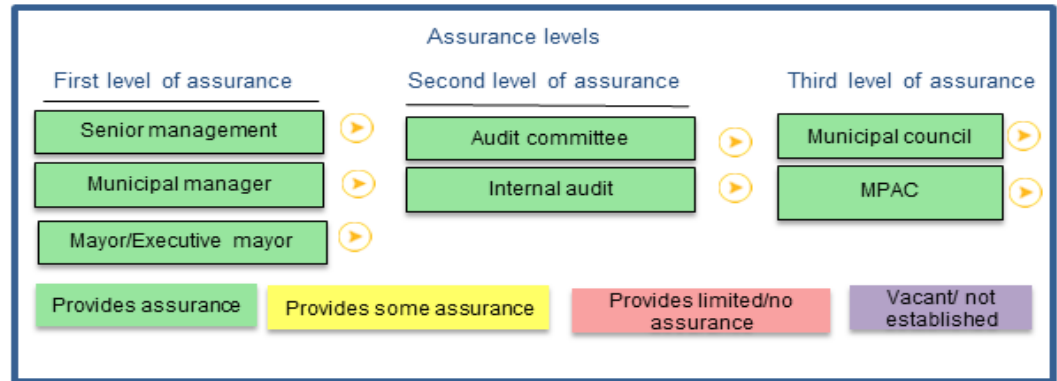
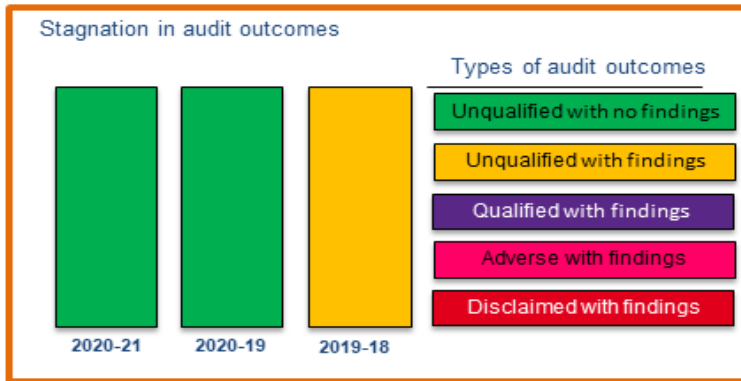
### Status of drivers of internal controls



# An Example of a well Governed Entity

## Oversight where a mature oversight capability model is applied

### Steve Tshwete Local Municipality – Mpumalanga



To improve/maintain the **audit outcomes** ...



... the key role players need to **assure** that ...



... the **root causes** are addressed ...

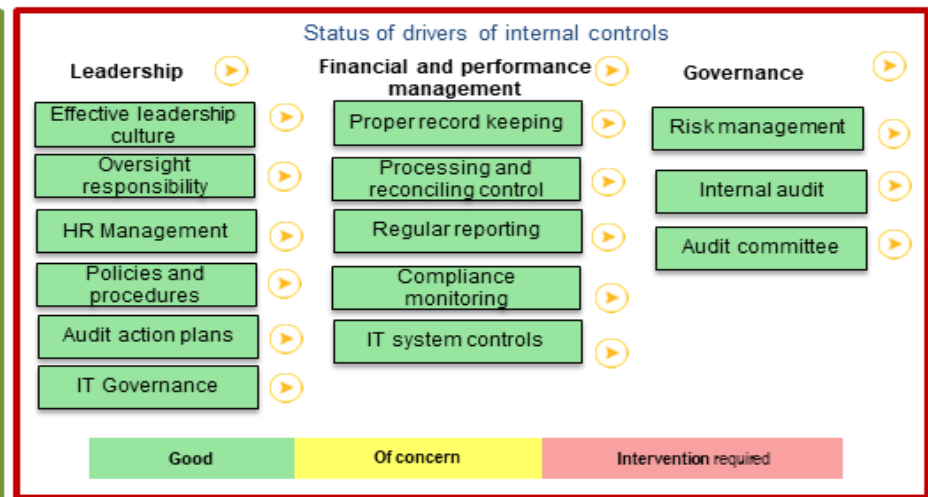
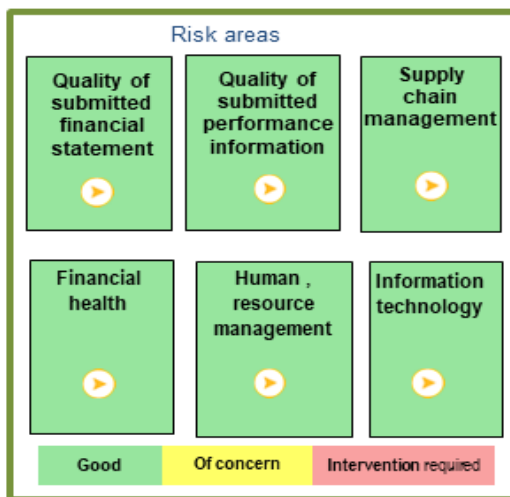
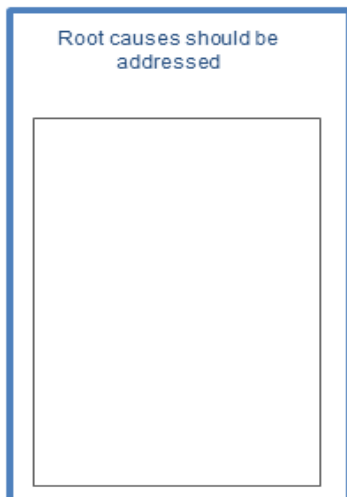


... the **risk areas** and ...



... attention is given to the **key controls** and ...

... the **best practices** are maintained.



## REPORT TABLED AT LG PRESIDENTIAL 3<sup>RD</sup> SUMMIT BY AGSA

### Performing Well



- Strong political & administrative leadership
- Political stability
- Councils meeting as legislated
- Functional council and oversight structures
- Regular report back to communities
- Low vacancy rates
- Collection rates above 80% on average
- Spending on capital budgets above 80%
- Continuity in the administration
- Consistent spending of capital budgets
- Consistent unqualified audit outcomes
- Responsive to serve delivery needs
- Evidence of good administrative and financial management
- Performance driven by Integrated Development Plans, Budgets

### With Potential



- Fair amount of financial and records management
- Some level of political and administrative stability
- Reasonable feedback through community meetings
- Reasonable access to basic services
- Councils sitting fairly regularly
- Reasonable adherence to the IDP and budgets, compliance and little innovation, some form of political stability
- Most of administrative positions filled by incompetent staff
- Some critical positions not filled
- Poor expenditure of capital budgets
- Poor records keeping
- Low collection rates (less than 50%)
- Mainly qualified audit outcomes
- Mismatch of plans

### Not doing well



- Challenges of political administrative interface
- High political in-fighting and instability
- Non-compliance with rules and regulations
- High vacancy rates
- High levels of incompetency among staff
- Extremely low levels of capital budget spending
- Inappropriate spending of budgets
- Overall disregard for financial and supply chain management regulations
- Compromised service delivery
- High level of community dissatisfaction resulting in protests
- Absence of plans

# KEY ROLE PLAYERS ON OVERSIGHT

- **COUNCIL- OVER THE EXECUTIVE ( MAYCO/ EXCO)**
- **COUNCIL- OVER THE SECTION 79 COMMITTEES**
- **MAYOR OVER SECTION 80 COMMITTEES -**
- **MAYOR OVER THE ADMINISTRATION OF THE MUNICIPALITY**
- **ACCOUNTING OFFICER OVER MANAGEMENT AND STAFF**

## **INDEPENDENT OVERSIGHT:**

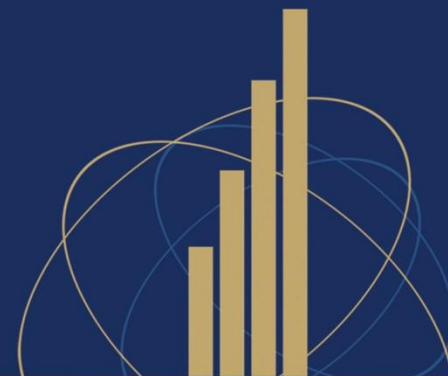
- **AUDIT COMMITTEE OVER –INTERNAL AUDIT**
- **MUNICIPAL PLANNING INTEGRATED REPORTING**

## **MANDATORY OVERSIGHT; SECTION 79A**

- **COMPLIANCE WITH MFMA AND OTHER APPLICABLE LAWS ON  
EXPENDITURE MANAGEMENT.**
- **S**



# Thank You!



## **CIGFARO**

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SAQA Recognised Professional Body