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ASSET MANAGEMENT

8



Women Leadership in the Public Sector 20

THE REVENUE CONUNDRUM 14

Debt Restructuring Can assist municipalities

Equity Seminar Declaration 18

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Message from

This issue Celebrates the Women in Local Government and also looks at how we can sustain municipal finances in this fast paced era. Most importantly how can we continue to deliver excellence in the public sector? Financial sustainability can be defined as “*the ability to secure stable and sufficient long-term financial resources, and to allocate them in a timely manner and appropriate form, to cover the full costs (direct and indirect) and to ensure that finances are managed effectively and efficiently*”.

In this quarter there have been numerous local government events where Clean Audit Awards were awarded to deserving municipalities. In other areas municipalities were also awarded for achieving Unqualified Audit Opinion. This reward is a great achievement and recognition which results from hard work and through great efforts. It brings great joy, knowing there is hope for our country as we move towards addressing institutional capacity issues and in establishing an adequate institutional framework.

The articles published will share technical expertise on Asset Management refer to page 8 where Krish Kumar shares issues of effective management of assets utilising the Ethekwini Municipality as a case study. Great insight on Municipal Budgeting can also be viewed on page 11.

We cannot publish all pictures from each event but it is heartening to know that municipal officials are eager to attend workshops and seminars which will assist them in moving forward to serving our communities better through effective good governance and sound financial management.

Thank you for your support and please continue to inform us on topics that you would like read about in this journal. ☺

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Ciao!

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Foreword from the IMFO President



The Institute celebrated 85 years in 2014 under the leadership of the first black woman president since its establishment in 1929.

The transformation agenda of the institute is gaining momentum and it is not limited to the number games in terms of equity, however it focuses on the traditions, the practices and the systems that have over the years made this organisation a formidable role player within the Local Government sector.

"The heat is on!" Back to Basics is the agenda of our government that seeks to ensure that municipalities are appropriately capacitated to discharge their constitutional and legal mandates.

In February 2015, the IMFO board convened a strategic planning session to review its strategic plan as to align it to the Back to Basic agenda and beyond. The Board resolved to strengthen its collaboration with CoGTA and to this end a ten-point plan is being developed to align IMFO, CoGTA and National Treasury strategies with respect to the SCoA program and the MFMA minimum competency requirements.

Furthermore, the institute has undertaken an internal reorganization by reviewing its capacity and compliance with its memorandum of incorporation. The institute has also, reorganized its standing committees and established the Audit and Risk Committee which will focus on the institute's internal control, risk management and governance processes.

March 2015 marked the international month where IMFO in partnership with PWC successfully hosted the 3rd Women in Leadership Seminar which was held at the Summerstrand Hotel in the Nelson Mandela Bay Municipality. The theme could not have been more relevant than "Leadership beyond Numerical Equity".

Key resolutions were taken by the Local Government Women Practitioners, noting the progress made to date by South Africa, the Presidency and the Ministry of women and children in issuing a declaration on how women practitioners in local government and the public sector work with IMFO and National Government to ensure that the agenda of women participation across government remains in the center stage. "Malibongwe Igama la Makhosikazi"

To this end the following key interventions are in the pipeline:-

- Focus on interventions regarding the capacitation of IMFO members.
- Lobbying government to reinstitute mandatory registration of practitioners falling within the scope of IMFO's mandate.
- The statutory recognition of IMFO and the registration of professional designations.
- The acceleration of competency training for key personnel working with the relevant Setas, CoGTA, National Treasury and SALGA.
- Facilitation of internship opportunities for aspiring and new entrants within our professions.
- Establishment of the public sector forum to initiate a broader public sector wide professional development agenda within the scope of our professions.
- The introduction of the new international professional public sector auditing internal qualification with our sister body CIPFA UK within the next year.
- The rollout of SCoA training in collaboration with National Treasury.

These are some of the key interventions that will remain under my radar during my tenure as President. The technical research capacity of IMFO is receiving attention to be strengthened to effectively drive the IMFO agenda. The President will be able to deliver the IMFO mandate supported by the Vice Presidents, immediate past president and chairpersons of standing committees. Scorecards have been developed for all standing committees.

The 2016 forthcoming Local Government Elections are bringing new challenges with them which we have to anticipate, based on the re-demarcation of wards, municipal boundaries and the establishment of new metropolitan municipalities.

"Let's all fasten our belts and start walking the talk towards Back to Basics" ☺

JANE MASITE
MADAM PRESIDENT - IMFO

Realizing the Benefits of Innovative Land Governance

The City of Cape Town's approach to improve land governance and management through continuous investments is a success story. During the past decade, under the leadership of Christopher Gavor, Director of Valuations, the City of Cape Town has embraced a new set of valuation statutes, updated its technology and processes, and continued to make improvements on an annual basis. From its general valuations in 2000 to its most recent in 2012, Cape Town has realized quantifiable returns on its investments, added value to improve efficiency, and provided better outcomes for its citizens. The cost of administering a very complex tax has continued to go down while at the same time dramatic improvements have been achieved in overall levels of equity and increased customer satisfaction.

As in many municipalities, Cape Town's property tax is one of the largest revenue sources, accounting for 17% of the R31+ Billion budget in financial year 2013-2014. To ensure the accurate assessment and collection of property tax, the city implemented its first general valuation in 2002. The total cost of the full-market value system, implemented over several years, was in excess of R100M—the process was fraught with challenges and detractors. The City transformed both challenges and criticisms into opportunities to address public concerns. It proactively sought feedback from

"Since the year 2000, the City of Cape Town has added 236,154 properties to its tax roll with an increase in assessment of 330 percent."

ratepayers and engaged an external, professional organization to perform an operational and procedural audit of the valuation practices. Cape Town used the audit results to establish a process of continuous improvement. For the 2009 general valuation, the city expanded its use of spatial data and began to utilize oblique aerial imagery to review data from the office for many functions that were previously handled through



in-field visits. Additional upgrades of its Thomson Reuters valuation system have allowed the city to further utilize technology to drive down costs and significantly increase the quality of results. In 2012, Cape Town received its eighth unqualified audit from the Auditor-General and was the only municipality in the Western Cape to achieve a 'clean' audit. In addition, the global ratings agency Moody's International confirmed Cape Town's top rating of Aa2.za.

Over the past twelve plus years, Cape Town's innovations and investments have delivered improved, interactive, and responsive service delivery to the city's taxpayers. Cape Town's approach and the tools implemented are scalable and applicable to rapidly emerging economies around the world as they seek to establish and administer efficient, equitable property taxation systems that return taxes to communities through public investments like schools, hospitals, roads, and water and electrical utilities.



THOMSON REUTERS™

From the DESK of the CEO



It is amazing how time “flies” these days. We have already passed the first quarter of 2015 but it feels like the year has just begun. This is surely because this year, is challenging for all of us, both in the private and public sectors.

In the local government sector, the year started off badly with challenges relating to Eskom load shedding that continues to affect the delivery of electricity to municipalities. This recurring problem does not only affect the ability of municipalities to provide electricity to their communities but has also reduced the ability of municipalities to generate revenue from the sale of electricity. This has led to budget adjustments that could have otherwise been avoided. Local economic growth is undeniably affected by this challenge as almost all businesses require stable electricity supply to operate.

One may say that all of these are Eskom problems, however there is a valid argument in saying that municipalities have to take their fair share of the blame. When addressing the Parliament last year, Public Enterprise Minister Lynne Brown indicated that Eskom was owed R10.85b by local municipalities. This is not a good picture from any angle. Early in the year, lots of debates took place around the decision to have Eskom interrupting electricity supply to the 20 municipalities identified to have huge Eskom debts.

There are arguments supporting and against the decision. Do all these arguments matter? Maybe they do but the most important thing is to look at the root cause of failure by some municipalities to pay Eskom debts. This is where the problem arose and the solution must come from there. Whatever the reasons may be, those municipalities have to be assisted with capacity to enable them to manage their financial affairs in a sustainable manner as enshrined in the MFMA. Punitive solution will not only cripple badly

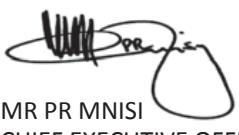
affected municipalities but will also be disastrous to local economies and communities served by these affected municipalities.

As in preceding years, the first three months of 2015 were a very busy quarter for IMFO. There were many capacity building programmes presented by IMFO in different Provinces. Capacity building programmes covered areas of Asset Management, GRAP, and the Preparation of Annual Financial Statements etc. In line with our stakeholders support and collaborative engagement, IMFO participated in three Provincial Budget Weeks of SALGA in Gauteng, the Northwest and Limpopo. IMFO’s contribution covered topics ranging the “*challenges faced by Audit Committees in local government*”, the “*Role of IMFO in transforming local government*”, “*Effective Audit Committee Role in strengthening the oversight role of council*”. The IMFO Women Leadership Seminar took place in Port Elizabeth in March and this event was remarkable in many ways. I would like to thank our partners PWC for their continued support in making the Seminar successful every year. For detailed declarations of the seminar, please see page 18 of the journal.

On 27 February 2015, IMFO Gauteng organized Post Budget Breakfast Seminar hosted by Rand Water. This was the first of its kind to be arranged at a provincial branch level and was well received as it unpacked the Minister’s budget speech reflecting on its impact on municipal budgets. Plans are afoot to host the Seminar on an annual basis. We are engaging with Rand Water to see how best we can continue with this important development.

Going through this journal I realized that its printed with insightful articles that will definitely enhance our members and readers’ knowledge and it may be used as reference material as and when required. There is a comprehensive article on Asset Management (by Krish Kumar) which I found to be very informative and timeous as the dates for preparing AFS draw closer.

As I always say, remember to let us know what you would like us to do to improve our service to you as our member. We have different channels that you can use to be in touch with us. Use our twitter account, Facebook and email. To all IMFO Sponsors, also keep in touch with us on any matter, both negative and positive sides because that helps us to grow. We have a new website which we urge you to visit, critique it and let us know what you think about it. It remains www.imfo.co.za.

Kind Regards 

MR PR MNISI
CHIEF EXECUTIVE OFFICER

Asset Management

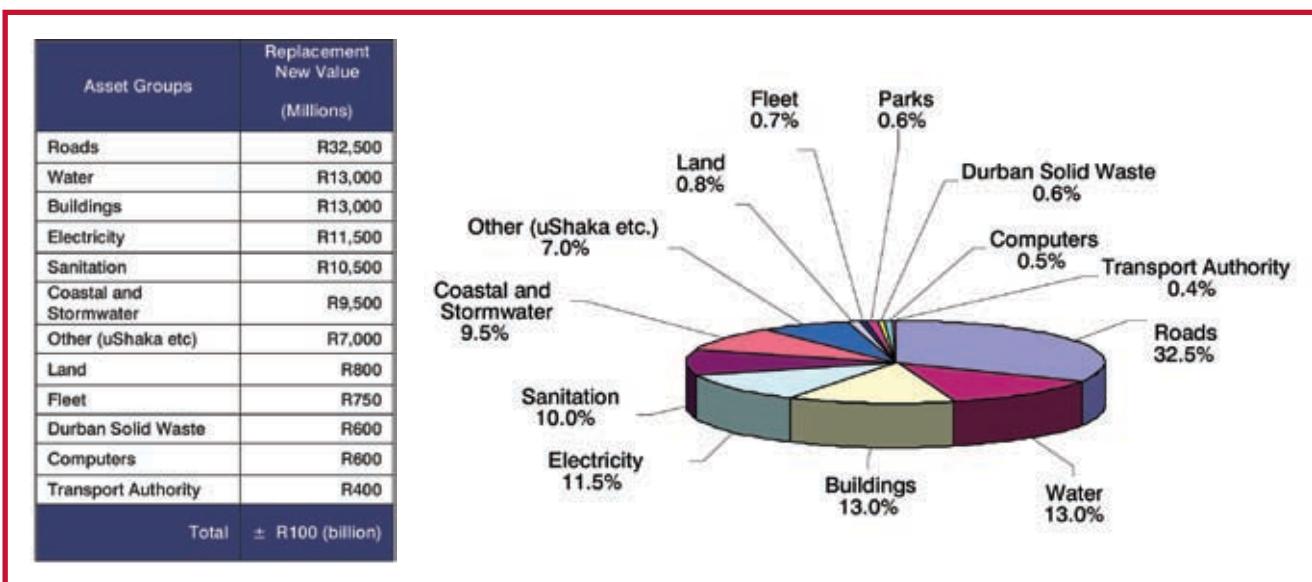
by Krish Kumar, Ethekwini Metropolitan Municipality

INTRODUCTION

Assets in municipalities exist to support service delivery. Accordingly, asset management is seen as central to providing municipal services in a cost effective, efficient and transparent manner. In this regard, Section 152 of the Constitution states that the prime mandate for Local Government is to provide services in a sustainable manner. Furthermore, The Municipal Systems Act in section 4(2)(d) states that a municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner. Hence, good asset management facilitates the provision of services in a financially sustainable manner.

In addition, the effective management of assets, especially infrastructure, is vital to municipalities that seek to provide a quality standard of service to its customers and who want to support economic growth and development through building an environment conducive for business and job creation.

The Ethekwini Municipality has assets valued at over R100 billion which can be broken down as follows:



Due to the provisions of the Municipal Finance Management Act and the new accounting reforms, more specifically GRAP 17 especially GRAP, the Municipality embarked on an asset management project. The first phase of the programme ended in December 2013 with the production of our 2013 asset management plans (AMP's) and a single integrated asset management plan (SIAMP) for the entire Municipality. All Business Units will produce asset management plans showing:

- Asset replacement cost valuations and written down values at good component levels
- Target levels of service parameters
- Future expenditure cash flows for:
 - Renewal of existing assets
 - New & augmented assets
 - Operations
 - Maintenance

- Risk profiles for all assets & key failure modes (Top 50 risks of each business)

GRAP Requirements

There is full compliance with GRAP requirements.

As regards immovable assets, there is full compliance in respect of:

- Re-assessment of useful lives
- Identification of impairment
- Extending the lives of fully depreciated assets
- Componentisation
- Location of assets (on GPS)
- Assets loaded onto the asset management system (V-Smart system) and linked to the asset register – 100% coverage

As regards movables, there is full compliance in respect of the following:

- Physical verification
- Conditional assessment
- Major clean-up of movables
- Fully depreciated assets with economic value and re-assessed useful lives – full inventory

Asset Management Policy & Procedure Manual

An Asset Management Policy and a procedure manual are in place which prescribes all roles and responsibilities and procedures with regard to the acquisition of assets, receipt/delivery of an asset transfer of an asset to another location, disposal and write-off of assets, asset marking, risk assessment, creation of an asset on the system as well the treatment of fixed and movable assets.

Capitalisation of Assets

The capitalization of projects takes place throughout the year as soon as they are completed. The completion certificate issued by the contractor indicates the date of completion. All projects not completed in the financial year are declared as work in progress in that year and are carried forward into the subsequent financial years until they are completed.

Work In Progress

As mentioned above, all projects not capitalized in the current financial year are carried forward into the subsequent financial years and capitalized when they are available for use. In determining the value of work in progress at the financial year end, cut-off procedures play an important role. Payment certificates and invoices indicate the value of work completed as at 30 June. Although payment may only be made subsequent to the financial year end, the value of work done up to 30 June must be assessed and be accrued in the current financial year. In addition, as regards all projects funded from external loans, the portion of the interest on the loan relating to the project needs to be capitalized. This is done until the date of completion of the project.

Depreciation

Depreciation is calculated on the straight line method from the date of acquisition of the asset. The policy of the Municipality is that all assets will normally be utilised until they reach the end of their useful lives. Residual values are therefore not allocated to assets. Surpluses and losses on disposal of assets are also not budgeted for. To calculate the depreciation, each asset is allocated a useful life which is generally its economic useful life.

Componentisation

To allocate the useful lives, each asset is broken down into its various components, especially in respect of infrastructure assets. Each component of an asset may have a different estimated useful life and hence a different rate of depreciation. Depreciation is calculated on individual components of the assets. This is to ensure that the correct depreciation cost and asset values are disclosed in the annual financial statements. The useful life of an asset and its residual value, if any, is reviewed and adjusted during each financial year in accordance with GRAP 17. Any change is accounted for as a change in estimates in terms of GRAP 3.

Review of Useful Lives

The assessment of the remaining useful life of an asset is done through conditional assessments during the physical inspection of the asset. The condition of the asset gives a good indication as to whether the asset will remain active during the course of its economic life. Any indication of deterioration of the asset obtained from the conditional assessment may result in the asset not running its full course. Accordingly, in such an instance, the remaining useful life of the asset is then decreased. A good indicator of a decrease in the remaining useful life is where the actual structural conditional assessment index falls below the expected condition index or rate. The expected condition index is calculated by deducting the expired life from the expected life.

Conditional assessments will assist in planned maintenance as opposed to reactive maintenance. Planned maintenance will assist in extending the economic life of the asset resulting in an increase in service potential.

Impairment of Assets

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. There are several indications that an impairment loss has occurred, such as, decrease in the use of the asset, future legal restrictions regarding its use, physical damage to the asset, cost of maintenance of the asset has increased, the technology has become outdated, etc. Accordingly, the conditional assessment of assets is undertaken on an ongoing basis. Testing for impairment of immovable infrastructure assets is done on the asset management system while asset managers rely on physical inspections of movable assets to determine impairments. Testing for impairments is done annually.

Asset Management

by Krish Kumar, Ethekwini Metropolitan Municipality



Asset Marking

Currently a barcoding system is being used. However, new asset marking systems in terms of the latest technologies are being investigated in terms of their cost-benefit.

Institutional Arrangements

Dedicated asset managers have been employed in all major service delivery units, such as Electricity, Water, Engineering, Traffic & Transportation, Architecture, and Parks, Recreation & Culture. The asset manager reports to the relevant unit. However, they work closely with the Treasury staff concerned in preparing asset management plans and asset registers in terms of the GRAP requirements. In addition, there is a coordinating team that reports to the Head: Engineering ensuring that all technical requirements are managed in terms of the agreed processes. Treasury also has a dedicated team dealing with the asset register requirements and GRAP 17 compliance.

Lessons Learnt from 2013 GFOA Conference

80-90% of USA cities are using the ESRI GIS software. This has proven to be a valuable tool in making both financial and operational asset decisions.

The key issues identified for asset management are:

- Growth and aging infrastructure
- Cost effectiveness/affordability
- Regulatory requirements
- ROI (Return on Investment)
- Justify investment
- Political and economic influence
- Retiring experienced workforce/brain drain
- Doing more with less
- Impact of recession

The key issues are no different from South Africa, the focus being on the ability to maintain assets to ensure that they are able to give us the maximum use. In addition, replacement needs to take place at the appropriate time to ensure that the asset, e.g. roads, can be rehabilitated rather than a total rebuild being undertaken.

Conclusion

Whilst the Ethekwini Municipality has made great strides forward with regard to asset management and has no audit issues relating to assets, there is still room for further improvement. The second phase of the programme has been focusing on the following issues:

- A 'business case' validation / approval approach to all capital works projects using risk and life cycle cost evaluations
- More thorough analysis of the risks to the City
- Sufficient analysis of the areas in which planned maintenance will improve reliability and reduce asset consumption and/or decay
- Address quality issues through, for example, an infrastructure delivery management toolkit (IDMS)

The Ethekwini Municipality is willing to engage with other Metros and high-capacity municipalities regarding shared experiences and learnings, as well as asset management issues of common interest.

The IMFO CFO Forum also shares best practices and experiences around asset management. We look forward to the participation of all interested municipalities. ^①

Municipal Budgeting in uncertain times AND within the confines of rigid legislation!

by Brian Young, IMFO



(Extracts of this article were published in the Government Digest Magazine).

Budgeting is always an uncertain process based on best projections of possible scenarios advised by educated and informed guesses of an uncertain future economy. However when even the potentially certain items like staff increases or fixed tariff goods are undermined during a rigid process stipulated by legislation, budgeting becomes a challenging process. This most certainly is the case for the local government sphere which had to table draft budgets by the end of March 2015. These draft budgets are then published for public comment, where consideration is given to the input by communities, business, the youth and any other interested groups. The final 2015/16 budget is adopted at the end of May 2015 for implementation on 1 July 2015.

We are all aware that fast-changing conditions brought about by technological advances, changes in exchange rates that impact on resource costs, strikes that call for alternative methods of service delivery and the social responsibility of local government to deal with rising unemployment through non-mechanised practices call for agile planning, budgeting and forecasting. In local government the challenge of producing a credible budget is complicated by a slew of legislation that impacts on the budgeting process. In fact, in a recent review of the legislation in operation, it was determined that there are over 144 different pieces of legislation that affect local government operations! Besides this, there are numerous Policies and By-Laws adopted by each municipal Council which also have to be adhered to within that municipal jurisdictional boundary.

There is no doubt that a well-informed and well-drafted budget is a dynamic tool for managing resources in uncertain times so that the overall objectives of local government are achieved. The budget serves as the approved plan and funding process for achieving the goals and objectives or outcomes presented to the communities. It guides the spending process and makes monitoring of progress transparent. Local Government, being the service delivery arm of government and the sphere closest to the community served by government, has a diverse range of services to be provided.

Some of these can be fully funded through the application of cost reflective tariffs; other services have to be funded from general rates income. Without a clear Service Delivery and Budget Implementation Plan, the key performance indicators that are negotiated with the community are unlikely to be achieved. Progress made against the budgeted revenue and expenditure, as well as against financial and non-financial indicators, is monitored on a monthly basis and reported to the Mayor who must table such information at the Council meeting and, on a quarterly basis provide an analysis of the information and make recommendations to address areas of concern. Economic uncertainty makes it difficult to achieve

the set goals and objectives and sustain a financial plan which supports them. Budgeting, planning and forecasting are critical management tasks that not only impact the future success of an organisation, but can threaten its very survival if done badly. Considering that the collective value of adopted budgets for the municipal sphere amounted to R336,8 billion for the 2014/15 financial year, there is a lot of room to go wrong!

For the 2015/16 financial year, National Treasury has once again provided some guidelines for local government to assist with the budgetary process. This guidance, produced in the form of a circular issued in terms of the Municipal Finance Management Act (MFMA), gives some indications of the headline inflation forecasts and sets some parameters for budgetary increases in income and expenditure. But, for local government, 2015/16 is truly an uncertain time!

The first issue of major uncertainty is what to budget for the salary increases. The three year Salary and Wage Collective Agreement which encapsulates the negotiated increase resolution ended with the 2014/15 financial year. Negotiations for the next three years have started. National Treasury advised municipalities to use the South African Local Government Bargaining Council offer that has been tabled, namely:

2015/16 financial year – 4,4 % increase (inflation linked)
2016/17 and 2017/18 – inflation plus 0,25%.

Unions came to the table with a proposal of a 15% increase! Will the 4,4% proposed increase of salaries, wages and allowances in the budget really be realistic and create a credible base document for the determination of cost reflective tariffs? Considering that Employee costs (excluding the costs for elected political office bearers) amounted to an average of 27% of the total budgeted expenditure of R274,74 billion – this is a large area of uncertainty and changes in the final negotiated settlement will have a significant impact on the allocation of revenue raised to resource the operating requirements of standard service delivery.

A second area of major uncertainty is the proposal by Eskom to the National Energy Regulator (NERSA) for the revision of the electricity price increase for the 2015/16 to 2017/18 years. NERSA had already reconsidered the original increase of just over 8% and approved a bulk electricity price increase of 12,69% for 2015/16. Due to the fact that the municipal and national financial years do not coincide, this increase translated into a 14,24% increase in bulk tariffs to local government. The new proposal from Eskom, which is dated 16 March 2015, requests a further increase of 9,58%. Once this further adjustment is conflated to the municipal financial year, and combined with the increase in the environmental levy change announced in the national budget speech (from 3,5c/kWh to 5,5c/kWh), the bulk tariff to local government (if approved by NERSA) increases by approximately 28,64% compared to the 2014/15 financial year!

Municipal Budgeting in uncertain times AND within the confines of rigid legislation!

by Brian Young, IMFO



Municipal Councils have to approve the budget together with the required revenue raising requirements (or tariffs). These tariffs had to be tabled to Council's in March so that the public engagement can take place with an understanding of the tariff increases facing consumers. In the current environment where consumers are already struggling to pay for the services used, and are being seriously affected by the economic impact of load-shedding, significant thought must be put into working procedures in order to minimise the impact of this increase to the community. However, the timing of the increase has not allowed for any significant engagement on the matter before the municipal budgets had to be tabled – budgets that have to be balanced with realistic revenue projections meeting the expected expenditure requirements.

The electricity increase proposals will still have to be officially submitted to NERSA (at this time they have been submitted to National Treasury and the South African Local Government Association (SALGA) for comment. NERSA must allow the public to comment and then, considering all input from National Treasury, SALGA and the community, will make a final determination on the increase allowed to Eskom. Legislation states that the increases have to be tabled in parliament by 15 March if it is to be implemented by local government on 1 July. However, past processes (in 2008) show that the Minister of Finance may grant a postponement of the tabling, and still require municipalities to have to pay the new tariff from 1 July. As the legislation also does not allow municipalities to increase tariffs during a financial year, if the tariffs tabled and approved with the budget do not allow for various different proposed increases, they cannot be adjusted if an alternative increase is finally approved! Municipalities will have to pay the approved bulk rate to Eskom, but the tariffs will no longer be cost reflective to the consumer and, in order to subsidise the variance, some other expected expenditure items will have to be forfeited. As so much of a municipal electricity budget consists of fixed charges, the biggest variable item that can be adjusted to accommodate this additional cost

is repairs and maintenance – an area our country can least afford for cuts to be made!

The impact of these electricity tariffs do not only affect the Electricity Department in a municipality, but have far-reaching consequences across the scope of the municipal functions: the sewer and water pumps all use electricity and so the cost of provision of sanitation and potable water increases – which affects the calculation of the tariffs that need to be cost reflective to comply with legislation. The change in the proposed staffing costs also affect the cost of the service – again affecting the tariffs and impacting on whether these truly are cost reflective tariffs. Once again, other costs will have to be cut to accommodate these kinds of unexpected expenses and, with limited room to muscle out savings, the easy target is limiting repairs and maintenance!

These two points on uncertain salary increases and uncertain electricity tariffs are really just two of the numerous direct financial challenges facing local government and the carefully balancing act that needs to be followed to ensure sufficient resources are available to maintain infrastructure, refurbish ageing networks, extend services and improve service levels. Other factors that also had to be considered when preparing the municipal budget were the potential future impacts of the changes in the Property Rates Act, adjustments in the grant conditions to local government, the cost of providing unfunded or underfunded services that are actually the responsibility of another sphere of government (such as libraries and environmental health services), and new mandates being passed onto local government without any supporting funding sources. These new mandates include the implications of the National Land Transport Act, the Management of Estuaries for coastal towns, the proposed National Waste Pricing Strategy, AARTO, etc.

Local Government is also going through various transitions which include compulsory training for all senior municipal finance staff members. This training is to be commended

in an environment where it is reported that about 42 of the 275 municipal managers and 15 chief financial officers have doctorates and masters degrees, 36 municipal managers and 21 chief financial officers have honours degrees and 70 municipal managers and 86 chief financial officers have bachelor's degrees – but it does mean significant time out of the office!

A further area of transition is the implementation of a new standard chart of accounts for accounting within the local government sphere. As this new standard chart of accounts has to be implemented with effect from 1 July 2017, and the budgets aligned to the new accounting procedures, this implementation should be well underway in all municipalities.

We all know that organizations that are more agile with their planning, budgeting and forecasting capabilities have better success and survival rates during volatile economic times. The business climate is characterized by change and compounded by global influences spawning unforeseen stresses and squeezed margins as circumstances change, competition forces its way in and unstable exchange rates eat into profit margins. Local Government is equally impacted by unforeseen stresses and squeezed margins when the

operational environment is impacted by so many variables. These vary from the global, national and local economic climate, employment rates and possibilities of employment, migration and urbanisation, national government policy changes, legislative changes, community willingness to pay and community affordability levels, while dealing with services that are economically viable and should be self-sustaining while other services have to be fully or partially subsidised (clinics, libraries, municipal courts, safety and security, etc). These stresses are further compounded in local government level by stringent legislation and regulations. Within the national and provincial government spheres of government, these stresses are removed when the revenue is a simple allocation from the nationally collected funds. Only SARS, which is tasked with collection of revenue at a national government level, would truly feel the impact of the global economy and high levels of unemployment or low number of formal employment opportunities.

Is budgeting the equivalent of rocket science? Certainly not: - in normal circumstances. Is budgeting at local government level akin to rocket science – when considering the variety of services, the myriad pieces of legislation and the rigid deadlines and compliance issues? You be the judge! ☺

Why should municipalities use Sebata?

For the past four decades Sebata has been providing end-to-end integrated technology solutions, enterprise management systems and multi-disciplinary professional services across the full spectrum of municipalities and associated institutions. Sebata has developed solutions which primarily seek to help municipalities offer the best possible service delivery to their constituents.

Sebata is completely committed to the SCOA pilot process



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Electronic Document Management System: A holistic, integrated and efficient EDMS for record-keeping, filing, retrieving, routing and tracking documents with the utmost care and security for general administration.



Information Management System: Enables municipalities to improve service delivery, facilitate cross-functional management and the strategic co-ordination of information.



Accounting & Professional Services: Sebata has geared its solution to meet the specific needs of municipalities requiring assistance with governance and compliance, taking into account Operation Clean Audit 2014.



Sebata has established a **Skills Development Academy** enabling municipalities to recover training funds from their respective SETA's. Sebata can also assist municipalities in drafting and submitting workplace skills plans and annual training reports.

How Debt Restructuring can assist Municipalities.

Let's be frank: the core function of municipalities is not the collecting of outstanding money, it is not their speciality - period. Once you accept that as the reality, it opens up what we like to call the Revenue Conundrum, and poses a series of pressing questions. What happens then when a municipality's revenue is crippled by non-payment for services rendered? Does the municipality assume the dual role of being a service provider and debt collector? Will the political DNA of the municipality allow for it? Taking into account our stance on reality, the answer can only be: of course not. And as a result this leaves the municipality with a very big problem: a debt book that is increasing daily and no actionable recourse in stemming the tide.

Sticking with our theme of accepting reality, municipal debt is currently sitting at R94 billion and growing year on year. Despite this fact being an ardent subject of debate, what has been sorely missing is a concrete and viable solution on how municipalities can recoup the revenue owed to them, or at the very least, some of it. The 2014 report by the South African Institute of Race Relations (IRR) – Local Government in 80 Indicators After 20 Years of Democracy – lists that service charges account for 55% of most municipalities' main revenue source. Yet, a majority of municipalities are finding it difficult to achieve optimal collection rates. This is merely joining the chorus in pointing out the problem, but what is the solution for this Revenue Conundrum? The IIR report points out that public/private partnership (PPP) is a possible solution for the generation of income for municipalities. One unexplored and misunderstood solution is Municipal Debt Restructuring. Municipal Debt Restructuring, although not the optimal solution for the majority of municipalities, is an avenue that needs to be aggressively explored to generate quick revenue and curtail the spiralling debt book.

How does it work?

Debt restructuring is a process governed by the Municipal Finance Management Act and strictly follows all stated municipal procurement policies. It allows a municipality to enter into an agreement with a debt collection company, where the company provides the municipality with an upfront cash injection in order to assist with the cash flow and well-being of the municipality. In return, the municipality employs the debt collection company

to collect all outstanding debt on their behalf at an agreed upon commission rate. The transaction should not be confused with the traditional buying and selling of the debt books which is common in the private sector - in this case the right and title to the book remains vested with the municipality.

There have been a number of unsuccessful debt restructuring deals that have occurred over the last few years; mainly due to the actual structure of the deal, third party intervention, revenue models that were not beneficial, and magnitude of the deals involved. However, there seems to be light at the end of the dark tunnel and a case study worth reviewing occurred in December 2014. A restructuring deal was brokered between credit solutions giant MBD and the Emfuleni Local Municipality. This deal was the first of its kind: a successful restructuring agreement that saw the municipality receive a capital injection of over R100 million to assist with cash flow and the effective running of the municipality.

But will it solve the conundrum? MBD says yes, but there is more value added than a mere cash injection. The deal also saw the establishment of an inbound customer care centre and outbound debt collection call centre with resources from the Municipality, ensuring job creation, the transfer of key revenue management skills, query resolution, and the use of local attorney firms. In essence, debt restructuring is not merely money collection and these partnerships can play a significant role in community upliftment.

However, there is one more reality that has to be faced: although credit solutions specialists are often seen as the pariahs of society, there is no other viable solution for creditors like municipalities to get their own back. Before we are faced with the only option of pulling the plug and letting billions in municipal debt go down the drain, it is high time that the concept of public private partnership focusing on revenue management be seriously considered.

Because municipalities are not in the business of collecting debt, bringing in specialists will allow them to focus on what they do best – providing essential services to the people. And the fact that this is not been happening more regularly is the real conundrum. **•**

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SCOA Update

by Danie de Lange, IMFO Technical Vice President

A recent survey undertaken by SALGA to determine the state of readiness of municipalities to implement SCOA by July 2017 has again focused the attention of non-pilot site municipalities on the progress made with their mSCOA implementation plans.

Since the publication of the Regulations on SCOA on 22 April 2014, the momentum has gathered and municipalities are beginning to feel the pressure and pace.

To date four mSCOA Integrated Consultative Forum meetings have been held, the last two day meeting was held in Port Elizabeth on 25 and 26 February 2015. Being one of the IMFO Representatives nominated to serve on the Consultative Forum, I have been privileged to keep abreast of developments.

At National Treasury, Mr Carl Stroud SCOA Project Team Leader and his team have ensured that the various roleplayers are kept informed of the latest versions of SCOA, have monitored progress with the mSCOA implementation plans and are currently engaged with the development of training programmes.

There are new developments regarding NT Training initiatives which municipalities must take note of and make every effort to participate in. The following has been posted on the NT MFMA website.

mSCOA Training

Non-Accredited Training

"The National Treasury is embarking on non-accredited training for pilot municipalities during April and May 2015 as per the dates in the table below. Please note that this training is only for pilot municipalities, applicable vendors and provincial treasuries. The training will be on a nomination and invitational basis.

Province	Dates
KwaZulu-Natal Limpopo Mpumalanga	14-15 April 2015
Free State Northern Cape	
Eastern Cape Western Cape	21-22 April 2015
Gauteng	5 – 6 May 2015
North West	

Non-accredited training will be provided to the metropolitan municipalities in 2 sessions on 05 and 06 May 2015. This training is intended to provide piloting stakeholders with a broader understanding of the mSCOA classification framework, typical transactional environment and linkage to reporting as part of the piloting output.

Accredited Training

The National Treasury is in the process of developing the necessary unit standards for municipal SCOA (mSCOA). These unit standards will be accredited by LGSETA during the 2015 calendar year. National Treasury will develop unit standards aligned training material that will be accredited by LGSETA to be rolled out to all municipalities from the beginning of the 2016 calendar year.

National Treasury will also embark on a process of accreditation of service providers and particularly facilitators and assessors to be able to roll out the unit standard aligned training from the beginning of the 2016 calendar year and guidelines in this regard will be issued towards the end of 2015".

mSCOA Training provided by Service Providers

National Treasury is aware of the need to train all municipalities on mSCOA within a tight timeline to ensure that municipalities are in the position to be mSCOA compliant by 01 July 2017. By the same token National Treasury is aware of service providers engaging with municipalities that are offering mSCOA training. **Municipalities need to take note that currently there is no formal unit standard and no service provider can offer accredited training as it relates to the mSCOA. Consequently, municipalities are advised to refrain from entering into agreements with training service providers as it would constitute fruitless and wasteful expenditure.**

It is however acknowledged that there exists a need for broader mSCOA awareness and municipalities are advised to directly contact the National Treasury and respective Provincial Treasury to facilitate and consider these requests. Service providers that are approached to facilitate such awareness sessions should also directly liaise with the National Treasury. Municipalities are reminded to adhere to the supply chain management requirements at all times. In this regard municipalities are informed that there are limited specialists in this field at this point in time.

Please also note that the current material available on the National Treasury's website (One day training – Demystify mSCOA) is available for use by all parties and no service provider is allowed to charge any fee for this material.

It has been highlighted that the implementation of mSCOA is not the responsibility of the System Vendor but the responsibility of the Accounting Officer and Senior Management. The importance of drafting accurate, credible and detailed mSCOA implementation plans in consultation with the system vendors cannot be overemphasized. Hopefully by now all municipalities have presented their implementation plans to Council.

Actual progress and performance should be measured against



the mSCOA plan, bearing in mind the implementation date of July 2017 for mSCOA.

Appropriate strategies should be developed to address problems where certain tasks and programmes are lagging.

It does seem that those municipalities who have appointed dedicated mSCOA Implementation Task Teams who meet on a regular basis are ahead of the pack.

The progress made by system vendors is also monitored at the mSCOA Consultative Forum meetings where System Vendors have provided feedback on progress made to date. It is only through the piloting process that the respective system vendors will be in a position to provide empirical proof of compliance to the SCOA regulations. One can imagine the pressure on the system vendors mSCOA teams to find the best solution which will be marketable in the municipal IT environment.

It also clear that System Vendors are playing their cards close to their chest and understandably so as the goal of these companies is to develop a product which complies to the mSCOA regulations which will take the largest market share thereby boosting profits. It is a race against time and NT has warned System Vendors against:

- “Pronouncing SCOA compliance prior to the formal evaluation of the outcome of the piloting process;
- Engaging with municipalities with the intention of sourcing new business and clients prior to demonstrating full compliance to the Municipal Regulations on Standard Chart of Accounts (this process will only be concluded with the outcome of the formal piloting process);

- Misrepresenting and quoting the National Treasury out of context as it relates to various forums and engagements currently underway with the system vendors; and
- Pronouncing that the SCOA reform is limited to a classification framework”.

NT has gone to great lengths to determine the rules of the game. It is the intention to pilot across all nine system vendors currently operational in municipalities with a focus of ensuring SCOA compliance across all financial applications prior to the broader rollout to other municipalities.

The aim is to ensure that the system functionally supports a multi-dimensional chart, including a multi-dimensional reporting framework.

Municipalities are therefore strongly advised by NT to refrain from replacing their current financial application (financial system). Should there be an urgent need to replace the financial system, municipalities are advised to adhere to processes and procedures as detailed in MFMA Circular 57 and consult with their respective Provincial Treasury and National Treasury.

Municipalities are encouraged to visit the MFMA website, where all the information and mSCOA Consultative Forum presentations can be found. [①](#)

References

- *National Treasury Website:- MFMA*
- *National Treasury: Circular Letters*

IMFO Women Leadership Seminar 2015

Amplifying the Voice of Leadership Beyond Equity

We, the delegates of the IMFO Women in Leadership Seminar for 2015, noting that South Africa is a signatory to the 1995 Beijing Declaration and Platform for Action, approved in September 1995 at the Fourth World Conference on Women, and noting the progress made by the South African government acknowledge that:

- women in local government can play a role in the improvement of the community experience of local government;
- local government, being the service delivery sphere of government, can most significantly affect the lives of marginalised sectors of the community and women and children in particular;
- charters and regulations regarding gender equity that are already in place;
- there are numerous role-players with their own mandates and areas of focus in the local government sphere, one of which is IMFO;
- IMFO is uniquely positioned to facilitate the empowerment of women in local government, with particular focus on excellence in financial management, internal audit, risk management, performance management and financial oversight activities.

We believe that improving gender equity across the local government sphere in particular and in the public sector in general, in both elected and appointed roles, will both provide positive role models and bring additional perspectives and approaches to leadership as well as improvements in service delivery initiatives.

We are therefore concerned about the low representation of women:

- in Parliament and Provincial Cabinets in South Africa;
- in Municipal and District Councils, MPACs, ARC's and other significant oversight committees within the local government sphere;
- in senior administrative positions in local government;
- on the Boards of the Municipal Entities and other SOC's;
- in senior administrative positions in municipal entities and other SOC's.

In honour of International Women's Day and the related theme "**Equality for Women is Progress for All**", the delegates of the IMFO Women Leadership Seminar for 2015 therefore address this declaration to government, statutory bodies within the local government sphere and organisations and individuals



who are responsible for ensuring equity within the public sector.

In specific we call on:

- **IMFO**

- to heed the call for empowerment from delegates, who are eager to provide service excellence, with specific emphasis on:
 - the correct treatment of VAT and VAT apportionments and related VAT administration taking into consideration the changes in GRAP and the impact of the Tax Administration Act;
 - all aspects of Supply Chain Management Process within the local government sphere to enhance economic development and facilitate the empowerment of SMMEs, with particular emphasis on Women and Youth;
 - the Training and counseling – of both women and men – to create awareness of gender equity; and
 - Leadership mentoring, and coaching
- to commit to create community awareness of the difference in irregular, unauthorised and fruitless and wasteful expenditure as contained in local government legislation;

- **COGTA** to promote the concept of equity targets within the political and administrative sectors of the public sector and to monitor progress towards gender equity in the public sector;

- **SALGA**

- to promote the importance of equity at senior leadership levels within both the political and administrative spheres of local government and to monitor progress towards gender equity in the local government sphere as a whole;
- to revise Councillor training initiatives to ensure the incorporation of gender mainstreaming within the development of the IDP to ensure gender based budgeting will follow; and
- to commit to support all efforts to create community awareness of the difference in irregular, unauthorised and fruitless and wasteful expenditure as contained in local government legislation.
- We commit to work and collaborate with the all spheres of government in this regard, in particular the Ministry of women in the presidency, Ministry of Social Development and the Gender Commission.
- We declare that through these initiatives, the voice of women leadership will be amplified beyond equity. ①

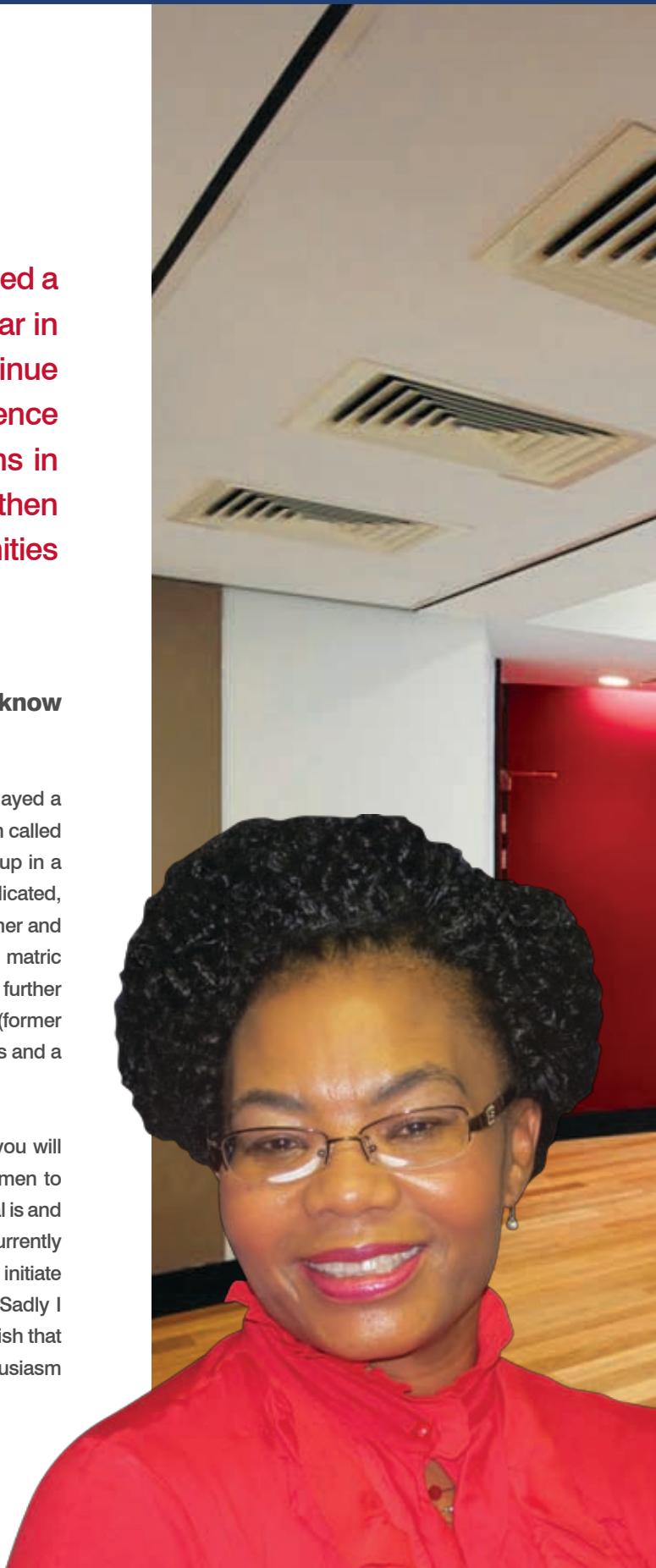
Jane Masite Madam President, IMFO

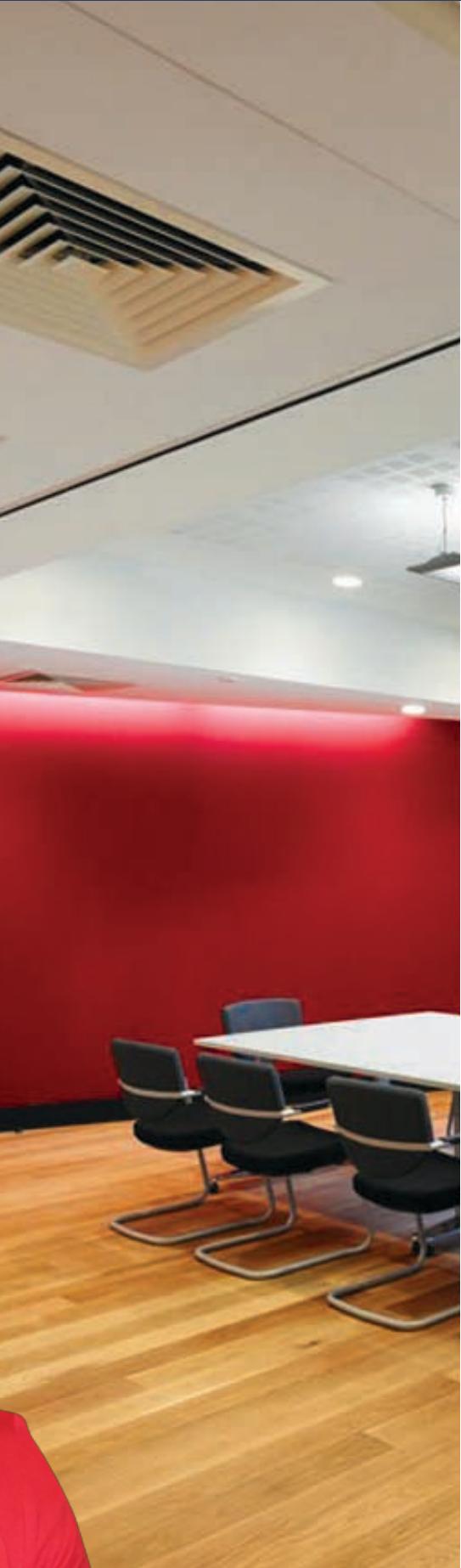
IMFO in partnership with PWC recently hosted a Women Leadership in Public Sector Seminar in Port Elizabeth. We honour women who continue to make us proud and who lead with diligence and vigour. We hope that their contributions in their respective work areas will further strengthen the systems in place to serving our communities better.

Editor: What is the one thing that people do not know about you?

O my goodness ... let me see. My strong rural background has played a major role in molding the woman I am today. I am from a small town called Vrede Farms near Lichtenburg, in the Northwest Province. I grew up in a humble poverty stricken community but I was fortunate to have dedicated, hardworking, supportive parents. I started work as a part time teacher and a later worked as a registry clerk while still studying for my post matric qualification. My ambition to succeed in life pushed me to study further so I enrolled to study part time with the University of North West (former UNIBO). It was a real challenge because I still had attend to my kids and a husband to take care of whilst studying and working.

I am persuaded that it's important to believe in oneself because you will strive and succeed against all odds. I always motivate young women to refrain from living mediocre way. One must know what ones potential is and understand that God's purpose for you is higher than where we currently are. I love working with self-driven and motivated individuals who initiate and have courage to push boundaries in order to achieve more. Sadly I must admit that I have low tolerance for lazy people at all. It is my wish that this world can be filled with young people who are filled with enthusiasm and vigor to take our country to the next level.





Editor: Madam President it's not long since you have taken the baton to lead IMFO, How has your journey been?

(With a radiant smile she responds) The Journey has been exciting and at the same time challenging because IMFO has built an amazing profile over the past 85 years. You would think that after 85 years the road would be smooth but I tell you, this organisation has raised the bar and well I believe that we must and should live up to the expectations set. IMFO members expect to see this professional body providing more support and reviewing the practice norms. There is a need to influence new norms and standards in finance, auditing and risk management that are more public sector oriented. In the midst of all the excitement as IMFO President, I have to also find a balance between my job as deputy Municipal Manager of Emfuleni Municipality and IMFO Presidency work. As a leader you learn that fostering collective leadership together with creating mechanisms of organisational governance soon lightens the weight and has potential to move the company to the next level. I thus have to acknowledge that I am fortunate to have two very capable and experienced vice Presidents, who amongst them have a collective experience of more than 50years in Local government and Finance and related professions. I also have committed Secretariat led by the Chief Executive Officer and IMFO board members who have created an amazing environment where leaders are able to build on each other's strengths.

Editor: What makes IMFO so special that you decided to find a home in the leadership of the institute?

It is at this institute where I found members who shared a passion for excellence in local government. You can only find a home in a place where you understand the environment and I understand the sector within which IMFO resides in and not only that, I have a yearning to see more being achieved in this local and public sector.

Lastly my Motto in life is that: “One who gains strength by overcoming obstacles possesses the only strength which can overcome adversity.” Albert Schweitzer

Editor: Thank you Madam President for your time and efforts in sharing your life experience and expertise with our readers. We wish you all the best in your future endeavors.

It's in our hands to take IMFO to the desirable level. ☺



JANE MASITE
IMFO PRESIDENT

Councillor Kekana Executive Mayor of the Sarah Baartman District Municipality

IMFO in partnership with PWC recently hosted a Women Leadership in Public Sector Seminar in Port Elizabeth. We honour women who continue to make us proud and who lead with diligence and vigour. We hope that their contributions in their respective work areas will further strengthen the systems in place to serving our communities better.

Editor: Cllr Kekana tell us more about your journey as Executive Mayor of the District municipality?

My political career started when I served as a Councilor for the Camdeboo Local Municipality, after which, in 2006, I was appointed as Councilor and member of the Mayoral Committee of the then Cacadu District Municipality. In 2011, I was elected as the Executive Mayor.

It was challenging for me to go from being a Councilor to Executive Mayor, while maintaining positive working relations with fellow Councilors and officials. Change does not always come easily to everyone and I found that the change in my leadership role wasn't readily accepted in some instances. One needs to remain unbiased and neutral at all times and deal effectively with the different attitudes one encounters. It is also time-consuming and challenging to keep abreast of all the legislative requirements, while always striving to improve the status quo of the institution and effectively providing oversight over administrative matters. Other challenges for me include the sacrifices I make in my personal life, as a mother, daughter, grandmother and sister to my siblings. It is necessary to maintain a good balance between the various roles I need to play in my life.

Over the course of my political career, I have learnt the importance of building trust, being assertive, diligent and humble. On a daily basis I read up on any legislative news and developments and I try to always be well prepared for any meeting or event that I attend. I do my utmost to stick to set timeframes and deadlines and I am not afraid to ask a question when I don't understand something. It is also important for me to maintain good relationships with the management team and other external stakeholders.





Editor: Let's talk about your glorious moments as Executive Mayor? For two consecutive years, you received awards for the financial year of 2011/12 and 2012/13, you walked away from the annual VUNA awards with the title of "Mayor of the Year" in the Eastern Cape. Can you still remember that moment?

I remember those moments very clearly. It came as a huge surprise to me and although I had mixed feelings about being the recipient of such a coveted award, I felt so honored to be recognized as the best amongst 45 other candidates from all the other municipalities in the Province. In addition, as you know, the field I am in is dominated by males and there I was competing with the best of them. We are expecting another award soon for achieving a clean audit, with no matters of emphasis, for the 2013/14 financial year. This achievement gives me great pleasure and proves that I am a woman of my word as I assured the Auditor General in 2012 that we will achieve the set target of a clean audit by 2014. We are the first District Municipality in Eastern Cape to achieve a clean audit, after having received 7 consecutive unqualified audit opinions. It wasn't only a career high for me, but on a personal level it makes all the sacrifices I make on a daily basis worth it.

Editor: In your journey from being a teacher to being selected to participate in the Swedish International Centre of Local Democracy, how has this journey moulded your career path?

Being chosen to participate in this programme gave me an opportunity to network and learn from other women in senior positions. I was inspired to lead by example and I realized from that programme that anything is possible through dedication and hard work. The opportunity opened my eyes to many different challenges encountered by women across the world and how these are overcome.

Editor: I see you are a firm advocate for gaining Power through Knowledge?

As Executive Mayor, I am flanked by two men, namely the Speaker of Council and the organizational Chief Whip, from whom I have learnt so much. They support me in all my endeavors, while the Municipal Manager and Directors of the institution are always guiding me on administrative matters. With adequate support, I have gained courage in what I have been tasked to do. I am also studying part-time towards a certificate in Management Development for Municipal Finance. My studies, plenty of reading and keeping abreast with any developments in the local government arena helps me to function effectively.

Editor: What keeps you going in this tough environment of the Public Sector?

My motto in life is to accept things as they are and always work towards the most favorable outcome for all stakeholders involved. Basically, strive to be the best at what you do at all times.

Editor: Thank you Cllr Kekana for your time and efforts in sharing your life experience and expertise with our readers. We wish you all the best in your future endeavours. 

Thando Mazibuko Student Representative Council (SRC)

Editor: Ms Mazibuko, kindly tell us more about your current title in the SRC?

I am the Student Affairs and Residence Operations Officer (SARO-O) within the Central Students Representative Council (CSRC) of the Tshwane University of Technology (TUT). I was elected as the Secretary of the Council for the year 2012-2013. Whilst being the Secretary of the Student Faculty Council. During the 2014 SRC elections SASCO then deployed me for second term into the CSRC as the SARO-O for the year 2014-2015.

My portfolio encompasses five portfolio's in one. Which is Security, Transport, Health & Wellness, Sports & Recreation and Residences. All six campuses of TUT report to my office. The Local SRC in each campus has SRC members which are in charge of the above mentioned portfolios and they report to my office as A CSRC member who is responsible for the above mentioned portfolios.

Editor: What is it about TUT that made you find a home in the Institute?

My leadership experience in interacting with other universities, has taught me how to be in governance. It is a privilege to be part of the SRC because I've grown as an individual and I also got the opportunity to address all issues faced by students of different races in the South Africa. Furthermore I have attained conceptual skills because now I am a creative thinker, I am able analyze and understand situations of individuals. I feel that when I leave TUT I will be a well-rounded student. The culture, diversity and student life of the students of TUT has made me to feel at home within the Institute.

Editor: You sound very busy and looks like your leadership role is demanding, how do you maintain your studies and fulfil your duties on campus?

I firstly need to understand the primary purpose of being at TUT, and I have found a perfect formulae that balances my academics with the extracurricular





activities. I keep a traditional exercise which I call “my 70:30 rule”, which reminds me that 70% of my time should be spent on my academics, and the remaining 30% of my time is diverted to extracurricular activities. My faith in God keeps me going because in my inconsistencies, He remains unvarying.

I grab all opportunities with both hands because time wasted will never be reimbursed to me, hence I value every tick of a second. My duties as a member of the SRC mean a lot to me because they afford me numerous opportunities to work with both internal and external stakeholders. I take my duties with high regard because they assist me to contribute immensely in building the University, and they also further seek to create a conducive learning environment both in the lecturer’s room and in all the residences of TUT.

Editor: As a young woman of South Africa in a leadership role, what hopes do you have for the younger generation especially girls?

Young women must make use of all the opportunities which are presented to them, and they should value the importance of education. I quote, our former state president (Nelson Rolihlahla Mandela) : “Education is the most powerful weapon which you can use to change the world”. My further admonition to women is that they should learn to be independent, because those times to rely (or depend) on men are long-way behind us.

Editor: Who can you name as an inspirational woman in South Africa and why?

My mother Yvonne Nomvula Mazibuko (Professional Nurse at Tembisa hospital), is my role model. She has sacrificed a lot for me and my younger brother to be where we are today. She has shown me the importance of valuing a family, and continues to stand on a pedestal for me to be able to look up to her at all times. She has taught me to put God and education above everything else, so that when she is no longer around to hold my hand, I will always have God and my profession.

Assistant Editor: Thank you Ms Mazibuko for your time and efforts in sharing your life experience and expertise with our readers. We wish you all the best in your future endeavours. ☺



Gallery - IMFO Gauteng Breakfast Seminar



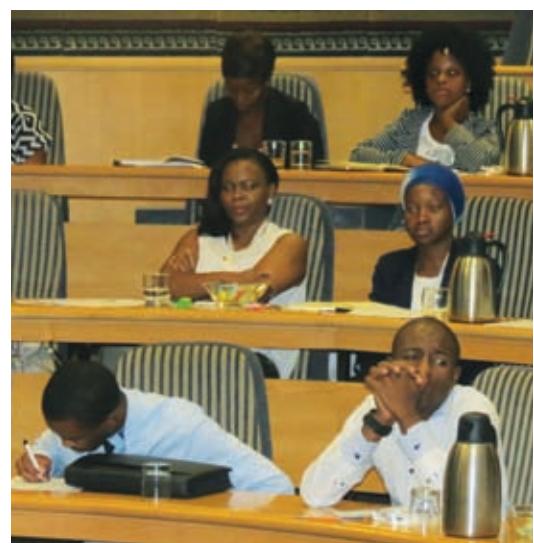
SALGA Gauteng Provincial Executive Officer: Lucky Leseane, Gauteng Branch Chairperson: David Garegae, IMFO Board Member: Nelisiwe Ntlholo



Delegate during Discussions



CEO ARMS Audit: Nkuli Swana , Rand Water Financial Planner: Tawanda Nyandoro, Director National Treasury: Steven Kenyon



Delegates ready for Discussion



Delegate at breakfast



Delegate during the discussions



Delegates during breakfast



Delegates in Plenary



Gallery - SALGA Gauteng Budget Week

"PROMOTING SOUND MUNICIPAL FINANCES FOR SUSTAINABLE GOVERNANCE"

The South African Local Government Associations' (SALGA) -Gauteng Finance Week Conference was a resounding success hosted in partnership with City of Johannesburg and Institute of Municipal Finance Officers (IMFO) over two days from the 5th to the 6th of February 2015. The conference was honoured by the attendance of Members of Mayoral Committees (MMCs) for finance, Members of Public Account Committees (MPACs), Councillors, Municipal Officials, Office of the COGTA MEC, Council for Debt Collectors, Auditor General, Accounting Standard Board, University of South Africa (UNISA), ABSA and respective sponsors. A platform was provided for municipalities to raise issues, exchange views, share experiences and best practices through the hosting of the Finance Week Conference.

The MEC of Cooperative Governance and Traditional Affairs (COGTA) Mr Jacob Mamabolo gave the key note address under the theme of "**Promoting Sound Municipal Finances for Sustainable Governance**". The MEC highlighted amongst others, the need to align support interventions to municipalities to the Socio-economic Radical Transformation, Modernisation and Reindustrialisation strategy and the Vision 2030 as espoused by the Premier of Gauteng towards the Gauteng City Region.

The content of the deliberations that ensued at the conference centred around the impact of financial reforms on municipalities such as the GRAP Standards and the recently promulgated

municipal Standard Chart of Accounts (SCOA) regulations. The Auditor-General SA cited lack of leadership as one of the root causes of poor audit outcomes thus one of the sessions discussed strengthening the role of oversight structures in municipalities such as Municipal Public Accounts Committee, Audit Committee and the Internal Audit units.

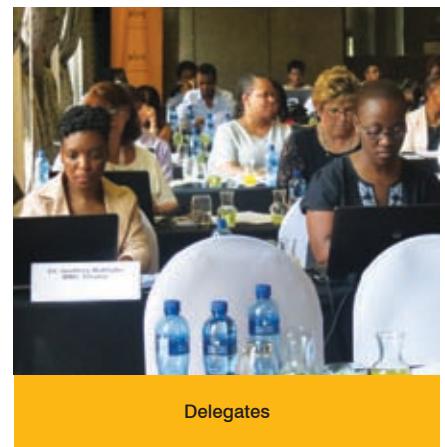
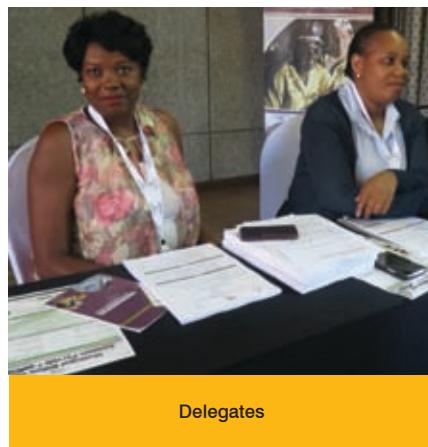
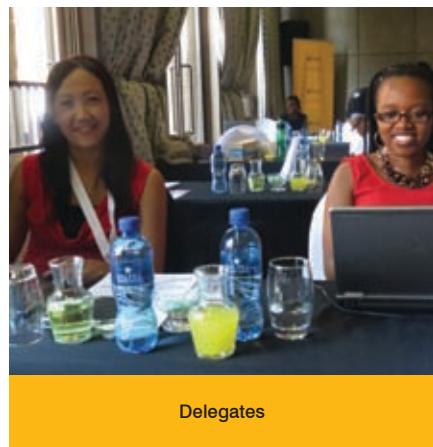
The ever increasing levels of debt owing to Councils by households, businesses and even impacts negatively on the cash flow of municipalities and ultimately on service delivery. Municipalities were encouraged to take cognisance of the Debt Collectors Act, Regulations and Code of Conduct as regulated by the Council for Debt Collectors when outsourcing their revenue collection function. Day one was culminated by the awarding of Clean Audit Achievement certificates and trophies to commend member municipalities that performed extremely well in 2013/14 financial year and managed to achieve the clean audit target of 2014 as launched by Government in 2009. The four municipalities that achieved clean audits are, **Ekurhuleni Metropolitan Municipality, Sedibeng District Municipality, Mogale City Local Municipality and Midvaal Local Municipality** and ten municipal entities in the province. Sedibeng District Municipality is commended for managing to sustain their clean audit outcome from the previous financial year.

SALGA in striving towards supporting municipalities to improve audit outcomes developed the Municipal Audit Support Programme that focusses on financial management, governance, municipal institutional development and leadership. A research in partnership with the Public Affairs Research Institute (PARI) will be conducted to inform the support programme for municipalities in the red zone that obtained poor audit outcomes.

SALGA is striving to embed the ideas of improving finances in municipalities by providing an opportunity for member municipalities to learn and exchange information through platforms such as the Finance Week Conference. The following were considered as a tool to be pocketed by local government sphere:

- There is a need for SALGA to continue to lobby and participate in the review and development of Accounting Standards i.e. Generally Recognised Accounting Principles (GRAP);
- SALGA to continue supporting municipalities to ensure functional oversight structures (**i.e internal audit units, Audit Committees and MPACs**)
- SALGA should explore other alternative infrastructure funding such as **pooled finances mechanisms** for municipal urban infrastructure development..

SALGA will remain committed to leading responsive, effective and competent local government by promoting ethics of good governance, municipal capacity and financial management.





Gallery - SALGA Limpopo Budget Week



Ms. Makoma Makhurupetje
COGTA MEC Limpopo Provincial Government



Thabo Mogano
Senior Manager: Auditor General Limpopo



Patrick Roy Mnisi
IMFO CEO



Ms Jane Thupane:
Chairperson of Demarcation Board receiving gift from SALGA



Delegates in Plenary



Awards Ceremony for Unqualified Audit Opinions



Roundtable discussion on Leadership issues
by Municipal Managers



Executive Mayor Capricorn District Municipality: Cllr Gilbert Kganyago & Deputy Chairperson SALGA Limpopo: Cllr Lawrence Mapoulo



Gallery - SALGA North West Budget Week



Cllr Seabelo, MMC Finance Ngaka Modiri Molema



Collen Maine, MEC for Local Government and Human Settlement



Cllr NK Mojanaga, MMC Finance DR RS Mompati District Municipality



Clement Mabe, IMFO



Cashmore Muchaonyerwa, Director Grant Thornton Johannesburg



Nancy Rampedi, CFO Moretele Local Municipality



Mr Ben Bole, Head Communications, Local Government and Human Settlement, MEC Collen Maine, MEC for Local Government and Human Settlement, Cllr NK Mojanaga, MMC Finance DR RS Mompati District Municipality



Registration



IMFO Winner of Local Municipality Library Set



Gallery - IMFO Women Seminar

Proudly sponsored by PWC



Cllr Kekana:SBDM, Jane Masite: IMFO President, Nana Madikane: PWC



Louise Muller, Chairperson SCE



Sidwell Mofokeng,
IMFO Vice President



Shanaaz Majiet,
COGTA



Kim Swift



Nana Madikane,
Motivational speaker



CS Holdings: Exhibitor



Paledi Marota delegate asking a question



Delegates enjoying boat cruise



Ndimphe Mantyontya: NMM, Danie de Lange: SBDM, Cllr Sindiswa Gomba: SALGA



IMFO Training

Credit Control and Revenue Management								
Targeted at:								
WORKSHOP	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
	12-13 March	Kempton Park	08:30 – 16:00	2	R 1 950.00	R 2 250.00	R 2 750.00	unlimited
	13-14 April	George	08:30 – 16:00	2	R 1 950.00	R 2 250.00	R 2 750.00	unlimited
	07-08 May	Durban	08:30 – 16:00	2	R 1 950.00	R 2 250.00	R 2 750.00	unlimited
	21-22 May	East London	08:30 – 16:00	2	R 1 950.00	R 2 250.00	R 2 750.00	unlimited

GRAP Annual Financial Statements								
Targeted at:								
TRAINING	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
	04-05 May	Kimberley	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	07-08 May	Bloemfontein	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	11-12 May	Polokwane	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	14-15 May	East London	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	18-19 May	Durban	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	21-22 May	Polokwane	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	25-26 May	Kempton Park	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	28-29 May	George	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats
	01-02 June	Mpumalanga	08:30 – 16:00	2	R 4 600.00	R 4 900.00	R 5 400.00	25 seats

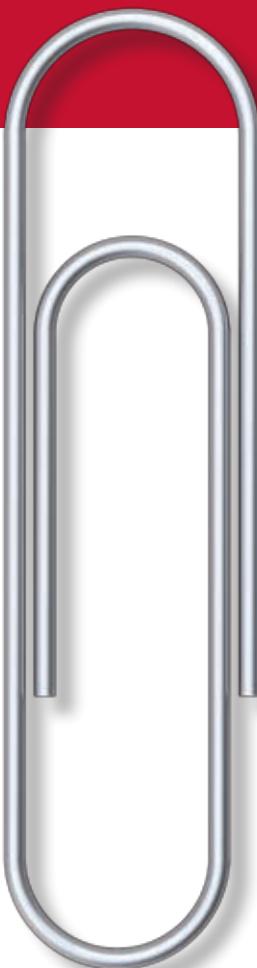
SDBIP and Performance Management								
Targeted at:								
TRAINING	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
	01-June	East London	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	08-June	Bloemfontein	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	18-June	George	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	22-June	Durban	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	29-June	Mpumalanga	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	30-June	Kempton Park	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats
	03-July	Polokwane	08:30 – 16:00	1	R 2 650.00	R 2 950.00	R 3 450.00	25 seats

Supply Chain Management								
Targeted at:								
TRAINING	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
	01-02 June	Durban	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	04-05 June	Kempton Park	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	08-09 June	Polokwane	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	11-12 June	Kimberley	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	18-19 June	East London	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	22-23 June	Mpumalanga	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	25-26 June	Bloemfontein	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats
	29-30 June	George	08:30 – 16:00	2	R 4 400.00	R 4 700.00	R 5 200.00	25 seats

For more information please visit: www.imfo.co.za OR contact Ms Getrude Tsoetsi: getrude@imfo.co.za 011-394-0879



Newsclips



Eight municipalities failing dismally on 2014/15 budget spending

RDM News Wire | 23 April, 2015 07:45

Source: <http://www.timeslive.co.za/politics/2015/04/23/eight-municipalities-failing-dismally-on-201415-budget-spending>

Eight of the 21 municipalities in Mpumalanga are failing to spend their 2015 capital budgets, compromising service delivery in the process. Some are failing to spend any capital budget at all.

The most shocking revelation is that the Pixley Ka Seme municipality, which had a capital budget of over R28million, has spent R0.00 to date.

This is according to the 2014/2015 2nd Quarter Financial Report for Municipalities tabled by the Mpumalanga Department of Finance.

The DA will submit questions in the legislature to determine how capital projects are being so neglected in these municipalities.

Capital projects amount to deliverable services, and without them Mpumalanga will remain underdeveloped and unable to deliver services. The MEC for finance is mandated by section 71(7) of the Municipal Finance Management Act to submit a consolidated report on the state of municipal budgets across the province.

The report provides the status of in-year financial performance for municipalities against their budgets for the quarter ending 31 December 2014.

At the end of the second quarter municipalities are expected to have spent 50% of their capital budgets. However these eight municipalities failed to do so. This is the current status quo on municipalities across the province. The eight municipalities are Enhlazeni; Umjindi; Gert Sibande; Lekwa; Msukaligwa; Pixley ka Seme; Thembisile Hani; and Victor Khanye.

Municipal debt across the province is at a staggering R3.4billion. Capital spending for all the municipalities is at 33%, which means that basic service delivery is at its worst in many municipalities.

Municipalities owe their creditors a total of R1.6billion, with water and Eskom at the top of the list. It is clear that the department of Cooperative Governance and Traditional Affairs needs to put in place mechanisms to accelerate capital spending to improve service delivery in these municipalities. It is inexcusable that funds are being sent back to treasury while people are left without basic services. ^①

- *The Times*

Public sector e-tender portal and central supplier database set to go live

By Editor on April 8, 2015 7:00 AM

Source: http://www.smartprocurement.co.za/archives/public_sector_e-tender_portal_and_central_supplier_database_set_to_go_live.php#sthash.TiSOywxFldpbs

Government is introducing an electronic tender portal for public sector contracts to improve the supply chain.

President Jacob Zuma said the portal system would be phased in from April, however, it this has been pushed to May.

Government is taking action to improve the performance of its supply chain management system to “prevent fruitless and futile expenditure as well as corruption”.

A centralised supplier database would also be introduced this month. It is a central list of approved suppliers that have been vetted for cost and quality, managed by the chief procurement officer, said Treasury. Once it is fully functional, it will replace around 600 supplier databases that currently exist.

The list is made up of 37 contracts covering more than 8000 line items with an estimated annual value of more than R16-billion. The Treasury said the list of nationally negotiated contracts would be expanded over the next three years.

In February the government highlighted shortcomings in its procurement and supply chain processes, saying they needed to be made more efficient.

Annual losses to corruption in all spheres of government are estimated at R30-billion, emphasising the need for a tightening of systems.

The public sector spent R500-billion on goods and services and construction work in the 2013-14 fiscal year, a supply chain management (SCM) review released by the Treasury showed. For 2015, public sector analysts have pegged government's third-party spend as high as R540-billion.

The Treasury review, by the Office of the Chief Procurement Officer (OCPO), focused on all aspects of the process of acquiring goods and services - hence the use of the term supply chain management.

The review admitted that there were numerous SCM inadequacies, including staff who did not understand the importance of what they did; inadequate skills; high staff turnover; no separation of responsibilities between technocrats and political office-bearers; no consequences for those who failed to perform appropriately; cumbersome regulations and policies; and the difficulty of balancing transformation with getting work of the right quality at the best prices, on time.

“Often, we pay the highest prices and one part of government does not know how much the other part of government pays for goods and services,” said Zuma. “The bulk of negative audit opinions arise from potentially avoidable procurement violations. This is also an area where corruption or allegations of corruption, occur.”

The Treasury review proposed a number of reforms to help the public sector get value for money and ensure good-quality service delivery.

They included consolidating legal instruments applicable to supply chain management under one piece of legislation, similar to the Public Finance Management Act or the Municipal Finance Management Act.

The government is also reviewing existing contracts in various sectors including banking, information and communication technology, professional services, security services, school textbooks and stationery.

On banking, the review said a feasibility study was being conducted to assess the cost and benefits of negotiating banking services centrally. SA's four major banks provide banking services to more than 660 government entities. This system was fragmented, with high transaction costs, the review said.

The government is also procuring audit and financial management consulting services centrally to reduce spending on consultants, which amounts to R12-billion a year.

In future everyone in the procurement process will be required to do more.

Cabinet has approved that all accounting officers and authorities be required to include supply chain metrics in their performance scorecards and must engage with the supply chain function at a strategic level.

Accounting officers will have to report on procurement plans, tenders to be advertised, tenders awarded, supplier company information, the value of each award and progress in implementing tenders. [①](#)

Adapted from information originally published in Business Day

- See more at: http://www.smartprocurement.co.za/archives/public_sector_e-tender_portal_and_central_supplier_database_set_to_go_live.php#sthash.TiSOywxFldpuf



Legal Corner

DIRECTIVE ISSUED IN TERMS OF THE PUBLIC AUDIT ACT, 2004

(Notice 125, Government Gazette 38464 of 11 February 2015)

Notice has been issued by the Auditor-General of the Republic of South Africa (AGSA), of the focus areas for the 2014/15 audit. The notice covers, amongst others:

- Audit of financial and performance management
- Auditing standards
- Auditing of reported information on performance against predetermined objectives
- Auditing of compliance with applicable legislation relating to financial matters, financial management and other related matters,
- Internal control, as indicated by the reference to financial management, as well as
- Criteria Used To Evaluate Internal Control (Addendum A—repeated below for ease of reference).

Some relevant extracts are as follows:

"Audit of financial and performance management

Financial and performance management is audited as part of the annual audit process. Accordingly, the auditor's report reflects an opinion or material findings on the following:

- Financial information, through the auditor's opinion on the financial statements or similar reporting
- Reported information on performance against predetermined objectives
- Compliance with applicable legislation relating to financial matters, financial management and other related matters
- Internal control deficiencies that resulted in:
 - qualifications of the opinion on the financial statements
 - findings on the reported information on performance against predetermined objectives;
 - findings on compliance with legislation.

The auditor's report must reflect an opinion or conclusion on the auditee's reported information on performance against predetermined objectives. Until such time as the environment shows a state of readiness to provide reasonable assurance in the form of an audit conclusion in the auditor's report, the conclusion on the usefulness and reliability of the reported information on performance against predetermined objectives is included in the report to management, with material findings being reported in the auditor's report.

The audit of the reported information on performance against predetermined objectives is performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance engagements other than audits or reviews of historical financial information for adherence to the

Performance management and reporting framework consisting of the following:

- Applicable legislation
- The Framework for the managing of programme performance information, issued by the National Treasury
- The Framework for strategic plans and annual performance plans, issued by the National Treasury. This framework is applicable to all national and provincial departments, constitutional institutions and those public entities listed in parts A and C of schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (hereafter referred to as the PFMA).
- Circulars and guidance issued by the National Treasury and Department of Planning Monitoring & Evaluation regarding the planning, management, monitoring and reporting of performance against predetermined objectives

The auditor's report reflects material findings on non-compliance with relevant legislation in respect of the following subject matters, as applicable:

- Strategic planning and performance management
- Budgets
- Financial statements, performance and annual reports
- Audit committees
- Internal audit
- Procurement and contract management
- Human resource management and compensation
- Expenditure management
- Transfer of funds
- Conditional grants received
- Revenue management
- Asset and liability management
- Consequence management
- Service delivery - Education, Health, Public Works, Human Settlements and Social Development
- Monitoring and oversight
- Other matters which, in the auditor's professional judgement, are of sufficient importance to merit inclusion in the auditor's report for communication to those charged with governance.

The criteria used to evaluate the above subject matters are derived from the applicable legislation, with specific focus on the following:

- PFMA and regulations and instructions issued in terms of the act
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter referred to as the MFMA) and regulations issued in terms of the act
- Division of Revenue Act
- Appropriation Act
- Municipal Structures Act, 1998 (Act No. 117 of 1998) and

- regulations and instructions issued in terms of the act
- Municipal Systems Act, 2000 (Act No. 32 of 2000) and regulations and instructions issued in terms of the act
 - Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and regulations and instructions issued in terms of the act
 - Companies Act, 2008 (Act No. 71 of 2008) and regulations and instructions issued in terms of the act
 - Public Service Act, 1994 (Act No. 103 of 1994) and regulations issued in terms of the act
 - Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations and instructions issued in terms of the act
 - Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) and regulations issued in terms of the act
 - State Information Technology Agency Act, 1998 (Act No. 88 of 1998) and regulations issued in terms of the act
 - Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

ADDENDUM A: CRITERIA USED TO EVALUATE INTERNAL CONTROL

Leadership

- Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the auditee.
- Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
- Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
- Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.
- Develop and monitor the implementation of action plans to address internal control deficiencies.
- Establish an IT governance framework that supports and enables the business, delivers value and improves performance.

Financial And Performance Management

- Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
- Implement controls over daily and monthly processing and reconciling of transactions.
- Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

- Review and monitor compliance with applicable legislation.
- Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

Governance

- Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.
- Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively.
- Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

MUNICIPAL PROPERTY RATES AMENDMENT ACT, 2004 (ACT 29 OF 2014)

These MPRA amendments will become effective on 1 July 2015.

Life Cycle Of Valuation Rolls

- A metro municipality's general valuation roll is valid for a maximum period of four years, unless the MEC for local government gives the municipality a one year extension.
- A local municipality's general valuation roll will remain valid for five years. The MEC for local government may extend this by a further two years.

Composition Of The Valuation Appeal Board

- A professional associate valuer without restrictions and with at least ten years' experience may serve on the appeal board.
- In addition a quorum has to have the valuer member present at all hearings and/or meetings of the board.

Supplementary Valuations and Effective Dates

- Clerical errors can now be corrected by way of a supplementary valuation.
- The posting of a notice and not the publication of a supplementary valuation roll will in future determine certain effective dates.
- Section 78 has been amended with regards to the various effective dates applicable to supplementary valuations.

The following cannot be backdated:

- Omissions
- Revaluations
- Incorrectly (undervalued) property
- Typing errors



Legal Corner

The following can be backdated:

- Incorrectly valued where value was above market value
- Typing error where the value was understated.
- Subdivisions and consolidations

ACCOUNTING STANDARDS BOARD (ASB)

(BN 51 in Government Gazette 38520 of 6 March 2015)

The Accounting Standards Board has given notice that the Exposure Draft of The Selection of an Appropriate Reporting Framework by Public Entities, (ED 130, has been published for comment.

GRAP 103: Impact of 3 Year Transitional Period ending

The Standard of GRAP on Heritage Assets, GRAP 103, became effective as of 1 July 2012 for municipalities and municipal entities in terms of the MFMA).

The Accounting Standards Board (ASB) issued Directives 2, 3, 4, 8, 9 and 10, which contain transitional provisions on the adoption of the various Standards of GRAP, which includes a measurement “exemption” pertaining to certain classes of assets, and in specific for heritage assets. These ASB Directives state that entities are not required to measure heritage assets for reporting periods beginning on or after a date within 3 years following the date of the initial adoption of the Standard of GRAP on Heritage Assets subject to certain other provisions.

Many entities that opted for the 3 year exemption of the heritage asset measurement are nearing the end of this exemption period for their 2014/15 Annual Financial Statements. In order to adhere to the measurement requirements of GRAP 103, entities have to ensure that its heritage asset registers are fully GRAP compliant and that the register contains the following information:

- Historical cost or fair value of individual items of heritage assets or the fair value of heritage assets received as donations.
- Impairment losses attributable to heritage assets.
- Information on any subsequent revaluations of heritage assets.
- Carrying value of individual heritage assets (taking accumulated impairment into consideration).

SARS BINDING GENERAL RULING (VAT) ON APPORTIONMENT METHODOLOGY TO BE APPLIED BY A MUNICIPALITY

(Binding General Ruling (VAT) No. 4, Issue 3, dated 27 March 2015)

This Binding General Ruling (BGR) –

- prescribes the apportionment method, as contemplated in section 17(1), that a municipality must use to determine the amount of VAT which may be deducted as input tax on any goods or services acquired for a mixed purpose; and
- replaces and withdraws BGR 4 (Issue 2) dated 25 March 2013 “Apportionment Methodology to be Applied by Category A and B Municipalities”.

VAT must be imposed at the standard rate under section 7(1) (a) on supplies made in the course or furtherance of carrying on an enterprise. However, the levying of VAT is subject to certain exemptions and exceptions. Some supplies made by a municipality are subject to VAT at 0% under section 11 (for example, grants, municipal property rates etc), or exempt from VAT under section 12 (for example, the transportation of passengers in a bus, the rental of dwellings etc).

In addition, there are some supplies and some forms of income that fall outside the scope of VAT. This include, for example –

- certain supplies that are not made in the course or furtherance of the municipality’s enterprise such as the sale of assets on which input tax was denied under section 17(2) or that were used to conduct exempt supplies ; and
- certain income streams such as dividends, statutory fines and penalties that do not constitute consideration for any supply of goods or services made by the municipality .

In this regard the VAT 419 – Guide for Municipalities sets out the application of the VAT Act to, amongst others, supplies made by and to municipalities.

This ruling states that a municipality must use the turnover-based method of apportionment to determine the amount of VAT to be deducted as input tax on the acquisition of goods or services for a mixed purpose. The notes in the BGR then give far more information on the apportionment formula and what should and should not be included. These include such useful notes such as:

- the term “value” excludes any VAT component;
- “c” in the formula will typically include, but is not limited to, items such as statutory fines, penalties, dividends, etc. However, traffic fines are only included to the extent that payment has actually been received by the municipality; and
- The VAT incurred and paid for directly on the supply of goods or services associated with provincial government mandates, referred to as “unfunded mandates”, is regarded as being incurred in the course of furtherance of the municipality’s enterprise, provided that provincial government mandated activity is not exempt under section 12. .

¹ For purposes of the BGR the acquisition of goods or services partly for the purpose of consumption, use of supply in the course of making taxable supplies and partly for another intended use will be referred to as a “mixed purpose”.

INCOME TAX ACT 58 OF 1962

(GN 98, Government Gazette 38476 of 25 February 2015)

The determination of the daily amount in respect of meals and incidental costs for travel within South Africa and outside of South Africa has been published.

The following amounts will be deemed to have been actually expended by a recipient to whom an allowance or advance has been granted or paid where the accommodation, to which that allowance or advance relates, is in the Republic and that allowance or advance is paid or granted to defray-

- incidental costs only, an amount equal to R109.00 per day; or
- the cost of meals and incidental costs, an amount equal to R353.00 per day.

Tables of the daily allowances are also published where the accommodation, to which that allowance or advance relates, is outside the Republic and that allowance or advance is paid or granted to defray the cost of meals and incidental costs, for the country in which that accommodation is located.

Other publications in terms of the Income Tax Act include:

- Regulations in terms of section 12L of the Income Tax Act, 1962, on the allowance for energy efficiency savings amended with effect from 1 April 2015 (GN R186 in Government Gazette 38541 of 6 March 2015)
- Determination of the rate per kilometre in respect of motor vehicles for the purposes of s. 8 (1) (b) (ii) and (iii) published in respect of years of assessment commencing on or after 1 March 2015 (GN 175 in Government Gazette 38516 of 27 February 2015)
- A uniform Supply Chain Management system for government is essential to optimise the efficiency of service delivery. But currently, there is no single consolidated comprehensive supplier database and consequently, information related to the compliance requirements is duplicated during procurement processes, the processing of payments and audit procedures to name but a few.
- The CSD will therefore, reduce duplication of effort and cost for both business and government while enabling electronic procurement processes.
- The CSD will have interfaces to South African Revenue Service (SARS) to enable tax clearance status verification of suppliers throughout the Procure-to-Pay process and the Companies and Intellectual Property Commission (CIPC) for vetting of business registration and business ownership.
- Suppliers who are currently registered on a supplier database of any organ of state will be automatically

transferred to the supplier database by 31 March 2016.

New suppliers will have the option to make use of the self-registration portal of the CSD from 1 September 2015.

NATIONAL CREDIT ACT 34 OF 2005 - AMENDMENTS TO THE NATIONAL CREDIT REGULATIONS (INCLUDING AFFORDABILITY ASSESSMENT REGULATIONS)

(GN R202 in Government Gazette 38557 of 13 March 2015)

The National Credit Amendment Act has been gazetted. The amendments include, amongst others, affordability guidelines and new retention periods as well as amendments to the Regulations for matters relating to the functions of the Tribunal and Rules for the conduct of matters before the National Consumer Tribunal.

The Act stipulates that a debt is prescribed if it has not been acknowledged in three consecutive years, either in writing or verbally. There should also not have been any payment towards this outstanding amount, nor should there have been a promise to pay. The creditor should also then not have summoned the debtor for this debt within three consecutive years. With the draft amendments released in 2014, it was noted that a debt collections spike had been observed as debt collectors became aware that selling and collecting prescribed debts would soon be prohibited.

LABOUR RELATIONS AMENDMENT ACT NO. 6 OF 2014

(GN R1016 in Government Gazette 38317 of 19 December 2014)

The Labour Relations Amendment Act No.6 of 2014 (the Amendment Act) was signed into law by the President on 15 August 2014 and published in Government Gazette No. 37921 on 18 August 2014. The President gazetted 1 January 2015 as the date on which the Amendment Act will come into operation. Other matters related to the Labour Relations Act, Act 66 of 1995:

- Regulations published in GN R938 in Government Gazette 23611 of 25 July 2002 withdrawn with effect from 31 December 2014 (GN R1015 in Government Gazette 38317 of 19 December 2014)
- Essential Service Committee Regulations published (GN R1016 in Government Gazette 38317 of 19 December 2014)
- Notice in terms of s. 198A seeking representations from the public on which categories of work should be deemed to be temporary service published for comment (GN R1017 in Government Gazette 38317 of 19 December 2014)
- List of bargaining councils accredited by the CCMA for the period 1 December 2014 to 31 December 2018 published (Genn 1146 in Government Gazette 38337 of 15 December 2014)

² These are supplies which are neither taxable nor exempt. They are generally referred to as "out-of-scope supplies".

³ These income streams are generally referred to as "income from non-supplies".



Legal Corner

EXPROPRIATION BILL, 2015

(Government Gazette 38418 of 26 January 2015, Notice 63)

The Minister for Public Works intends introducing the Expropriation Bill, 2015 in Parliament during the fourth quarter of 2014/15. A summary of the Bill is hereby published in accordance with Rule 241(1) of the Rules of the National Assembly and Rule 186(1) of the Rules of the National Council of Provinces.

The Expropriation Bill seeks to align the Expropriation Act, 1975 with the Constitution, 1996 and to provide a common framework to guide the procedures for expropriation of property by organs of state. The Bill does not seek to interfere with existing powers of expropriation conferred by specific legislation. The Bill, rather, seeks to provide certainty for all affected parties, by prescribing uniform procedures to be followed by all expropriating authorities when exercising their powers.

The Bill introduces measures that differ significantly from the Expropriation Act, 1975.

Noteworthy is the recognition and compensation of unregistered rights in property in all expropriations and the embodiment of the constitutional principle of just administrative action by, amongst other measures

1. providing for the publication of an intended or actual expropriation, incorporating the rationale for such expropriation;
2. providing for notices of an intended or actual expropriation, incorporating the rationale for such expropriation, to be served on or delivered to all known affected persons; and
3. affording interested parties an opportunity to raise objections and make representations to an expropriating authority, and requiring that authority to consider such submissions before taking a decision whether or not to proceed with an expropriation.

The Bill provides for the determination of just and equitable compensation for expropriation in accordance with the principles contained in section 25(3) of the Constitution, 1996.

The Bill also confirms the power of the Minister of Public Works to expropriate property for purposes connected with the execution of his/her mandate. The Bill does not grant expropriating powers to any other functionary.

The Bill will be available on the website of the Department of Public Works - www.publicworks.gov.za - once it has been certified by the Chief State Law Advisor and introduced in Parliament,

PUBLICATION OF EXPLANATORY SUMMARY OF DIVISION OF REVENUE BILL FOR 2015/16 FINANCIAL YEAR

(No 90, Government Gazette 38458 of 13 February 2015)

The Bill proposes to provide for:

- the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2015/16 financial year;
- the determination of each province's equitable share of the provincial share of that revenue;
- any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and conditions on which those allocations may be made; and
- matters connected therewith.

A copy of the Bill is available on the National Treasury website at <http://www.treasury.gov.za>.

The Division of Revenue Bill (B5-2015) and Appropriation Bill (B6-2015) have also been published and are available on the website above.

BASE DATA SET CUSTODIANSHIP POLICY

[In terms of the Spatial Data Infrastructure Act, 2003 (Act No. 54 of 2003)]

(Government Gazette 38474 of 16 February 2015)

The Base Data Set Custodianship Policy and the Policy on Pricing of Spatial Information Products and Services were made available by the Committee for Spatial Information under the section 6 of the Spatial Data Infrastructure Act, 2003 (Act No. 54 of 2003). The policies will come into operation from 16 March 2015.

Policy statement

Sections 11 to 18 of the Spatial Data Infrastructure Act, 2003 (Act No. 54 of 2003), ("the SDI Act"), requires base data set custodians to provide accurate, relevant and up-to-date spatial information products and services to the State for improved planning and informed decision making. This Policy will guide base data set custodians in meeting the requirements of the provisions of the SDI Act.

The purpose of this Policy is to:

- Outline the criteria for the identification and appointment of base data set custodians to promote data sharing.
- Promote cooperative relationships among base data set custodians and other entities/organisations to ensure access to, and availability of relevant base data sets.
- Specify the right(s) of a base data set custodian, in terms of the SDI Act and other legislations and policies.
- Specify the responsibilities of a data user in relation to a base data set custodian.

This Policy is applicable to organs of state and service providers providing services to the State. It applies to the base data sets as identified by the Committee for Spatial Information (CSI) from time to time.

The objectives of the Policy are to:

- Improve access to, and availability of relevant base data sets/information;
- Eliminate duplication in the collection of base data sets;
- Protect the privacy of individuals and avoid legal liabilities among all parties;
- Improve the quality and integrity of base data sets;
- Foster cooperation between the different spheres of government and other organizations;
- Ensure base data sets integration.

DISASTER MANAGEMENT ACT

Essentially, the focus of the principal Act is four-fold:

- it establishes an elaborate institutional framework for disaster management;
- it entrenches a detailed policy development and strategic planning framework for disaster management;
- it provides for the classification and declaration of disasters; and
- it deals provisionally with the funding of post-disaster recovery and rehabilitation.

The main object of the amendment Bill is to address the problems that have been experienced in the implementation of the principal Act since its promulgation in 2003 and to promote the effective and efficient implementation of the principal Act.

The main reason to amend the Disaster Management Act, 2002, are as follows:

- to clarify policy focus on rehabilitation and functioning of disaster management centres;
- to align the functions of the National Disaster Management Advisory Forum to accommodate the South African National Platform for Disaster Risk Reduction;
- to provide for the South African National Defence Force, South African Police Service and any other organ of state to assist the disaster management structures;
- to provide for an extended reporting system by organs of state on information regarding occurrences leading to the declarations of disasters, expenditure on response and recovery, actions pertaining to risk reduction and particular problems experienced in dealing with disasters; to strengthen reporting on implementation of policy and legislation relating to disaster risk reduction and management of allocated funding to municipal and provincial intergovernmental forums established in terms of the Intergovernmental Relations Framework Act, 2005;
- to strengthen the representation of traditional leaders in national, provincial and municipal disaster management advisory forums;
- to expand the contents of disaster management plans to include the conducting of disaster risk assessments for functional areas and the mapping of risks, areas and communities that are vulnerable to disasters and to provide measures to reduce the risk of disaster through adaptation to climate change and developing of early warning mechanisms; and
- to provide for regulations on disaster management education, training and research matters and declaration and classification of disasters.

NATIONAL TREASURY CIRCULARS BUDGET CIRCULAR, CIRCULAR NUMBER 75

MFMA Circular No. 75, i.e. Municipal Budget Circular for the 2015/16 MTREF dated 9 March 2015 must be read together with all previous MFMA Budget Circulars, and specifically MFMA Circular No. 74.

The following documents also relate to Circular 75 and are available on the NT MFMA website:

1. Responsive Local Government Service Improvement (44 pages)
2. Responsive Local Government Facilitation Workbook (72 pages)
3. Responsive Local Government Participant Workbook (32 pages)
4. Service standards included in the Budget Circular 2015 (Excel) [①](#)



Legal Corner



NATIONAL ENERGY REGULATOR In the matter regarding DETERMINATION OF THE MUNICIPAL TARIFF GUIDELINE FOR THE FINANCIAL YEAR 2015/16 AND THE REVISION OF MUNICIPAL TARIFF BENCHMARKS

On 27 January 2015 the National Energy Regulator (NERSA) decided that a guideline increase of over 12% will be approved for the 2015/16 tariff review process. The guideline increase is based on the following assumptions:

- bulk purchases have been increased by 14.24% in line with Eskom's tariff increase to municipalities;
- a consumer price index (CPI) of 6.3%;
- salary and wage increases of CPI plus 1%; and
- repairs and maintenance, capital charges and other costs have been increased by the CPI.

The benchmarked tariffs approved for implementation are then outlined per category of user. The Decision and Reasons for Decision (RfD) documents have been published on the NERSA website at www.nersa.org.za.

Eskom has applied for a further price increase, also applicable from 1 July 2015. At time of drafting this document, the submission (MYPD3 Selective Re-Opener (2015/16 – 2017/18) – COGTs, STPPP and impact of environmental levy charges) was with SALGA for comment.

It is recorded that Eskom will compute the incremental price impact of the selective re-opener and the increase in environmental levy **after** the 12,69% decision already made by NERSA. The progressive change in the average bulk price, c/kWh, is as follows:

Average Tariff c/kWh – 2014/15	70,75c
After 8% increase originally approved for 205/16	76,41c ⁴
Being an average increase of 5,66c/kWh	
Price c/kWh after MYPD2 RCA [12,69% on 2014/15]	79,73c
Effectively an average increase of 8,98c/kWh	
New proposed c/kWh based on re-opener submission	
An increase of 16,62c/kWh on 2014/15 average tariff	
Effectively a 23,49% increase –	87,37c
<i>Document states an absolute increase of 22,27% excluding the environmental levy. It is not clear how this 22,27% is calculated.</i>	
Add the 2c change in environmental levy – new proposed tariff (before clawback)	
Increase of 18,62c/kWh on 2014/15 average tariff, with	
16,62c/kWh attributable to the Eskom re-opener	89,37c
Effectively a 26,32% increase	
New increase is BEFORE the annual municipal “claw-back” by Eskom	

NERSA has yet to publish the submission for comment. If an aggressive timeline is followed, together with the necessary exemption provided by the Minister of Finance, a new bulk tariff may be announced by NERSA at the end of June 2015. [A similar process was followed in 2008.] ^①

⁴All tariffs as per the Table 1 – Re-opener for OCGTs and STPPP, as found on page 8 of the MYPD3 Selective Re-Opener (2015/16 – 2017/18) – COGTs, STPPP and impact of environmental levy charges

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SOLAR

New Members

JUNIOR MEMBERS

PROVINCE	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
GP	Mr	MF	Mokalapa	Intern - Finance	City of Tshwane Metro
WC	Mr	B	Mfundisi	Assistant Prof Officer	City of Cape Town Municipality
WC	Mr	SA	Sisusa	Assistant Prof Officer	City of Cape Town Municipality
NW	Mr	KBM	Motsugi	Finance Intern	Rustenburg Local Municipality
MP	Ms	DM	Phiri	Finance Intern	Dept. of Public Works, Roads & Trans

LICENTIATE MEMBERS

PROVINCE	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
KZN	Mr	IT	Khumalo	Expenditure Officer	Ingwe Municipality
NC	Mrs	NA	Cofa	Accountant : Finanace & Payroll System	Pixley Ka Seme District Municipality

ASSOCIATE MEMBERS

PROVINCE	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
KZN	Mr	Z	Gqola	Accountant	uMhlathuze Municipality
EC	Mr	SF	Jordaan	Senior Accountant	Engcobo Local Municipality
EC	Mr	M	Matomane	Chief Financial Officer	Engcobo Local Municipality
WC	Mrs	SAC	Heyns	Manager : Expenditure & Assets	Overstrand Municipality
KZN	Ms	NN	Mngomezulu	Deputy CFO	Alfred Nzo District Municipality
KZN	Mr	OP	Langa	Manager : Creditors	Msunduzi Municipality
GP	Mr	MJ	Matolong	Manager : Finance & Admin	SALGA
KZN	Mr	SK	Khoza	Process Manager : Budget & Finance	Msunduzi Municipality
KZN	Mr	SSZ	Sangweni	Accountant	Ethewini Municipality

SENIOR ASSOCIATE MEMBERS

PROVINCE	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
EC	Mr	DJ	De Lange	Director - Finance	Sarah Baartman District Municipality
WC	Mr	KT	Jacoby	CFO	City of Cape Town Municipality

Membership Details Update



INFORMATION

INITIALS:	
SURNAME:	
EMPLOYER:	
DESIGNATION:	
PHYSICAL ADDRESS:	
CODE:	
CITY/ TOWN:	
POSTAL ADDRESS:	
POSTAL CODE:	
PROVINCE:	
TEL (W):	
EXT:	
FAX:	
MOBILE NUMBER:	
EMAIL ADDRESS:	



POSTAL ADDRESS:

PO Box 4003, Kempton Park, 1620

PHYSICAL ADDRESS:

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<http://www.imfo.co.za>

MFMA Reporting Requirements



Reporting Requirements

Reporting Requirements (Local Government Finance)

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
MAY	1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
	2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
	3	Banking details of all mun bank accounts	MFMA 9(b)	Annually, May/June	Accounting Officer	Prov Treas, AG
	4	Exceedance of the Capital Budget	MFMA 31	Promptly	Mun Manager	Prov Treas, AG
	5	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
	6	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
	7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
	8	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
	9	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
	10	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
	11	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
	12	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
	13	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
	14	Entity - details of all bank accounts	MFMA 86(1)(b)	Annually, May/June	Entity Acc Officer	Acc Officer of parent Mun
	15	Submit info re entity banking details	MFMA 86(2)	Upon Receipt	Accounting Officer	Nat Treas, Prov Treas, AG
	16	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	17	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
	18	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	19	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	20	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	21	Entity - Improper interference by Clrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	22	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	23	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	24	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
	25	Non-Financial Census of Municipalities	Stats Act (1999/16)	End May	Acc Officer etc	Statistics SA

JUNE (4th quarter of financial year)

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
	1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
	2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
	3	Banking details of all mun bank accounts	MFMA 9(b)	Annually, May/June	Accounting Officer	Prov Treas, AG
	4	Exceedance of the Capital Budget	MFMA 31	Promptly	Mun Manager	Prov Treas, AG
	5	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
	6	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
	7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
	8	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
	9	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
	10	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
	11	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
	12	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
	13	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
	14	Entity - details of a all bank accounts	MFMA 86(1)(b)	Annually, May/June	Entity Acc Officer	Acc Officer of parent Mun
	15	Submit info re entity banking details	MFMA 86(2)	Upon Receipt	Accounting Officer	Nat Treas, Prov Treas, AG
	16	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	17	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
	18	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	19	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	20	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	21	Entity - Improper interference by Clrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	22	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	23	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	24	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

MFMA Reporting Requirements

JULY

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
JULY	1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
	2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
	3	Cons report - all withdrawals each quarter	MFMA 11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
	4	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
	5	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
	6	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
	7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
	8	Annual Budget not approved yet	MFMA 55	Promptly	Mayor	MEC (Loc Govt)
	9	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
	10	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
	11	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
	12	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
	13	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
	14	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
	15	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	16	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
	17	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	18	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	19	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	20	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	21	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	22	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	23	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
	24	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
	25	Prep & submit Consolidated Fin Stmtnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
	26	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
	27	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
	28	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
	29	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
	30	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
	31	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
	32	All annual returns		Middle July	Acc Officer etc	Nat Treas
	33	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
	34	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtr	Acc Officer etc	Nat Treas
	35	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qtr end	Acc Officer etc	Statistics SA
	36	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qtr end	Acc Officer etc	Statistics SA



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