

IMFO



OFFICIAL JOURNAL OF THE INSTITUTE OF MUNICIPAL FINANCE OFFICERS

The implications of Public Administration Act 11, of 2014 for Municipalities

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IMFO Vice President

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Message from

As we welcome Spring and prepare for our Annual Conference, The Institute of Municipal Finance Officers (IMFO) is celebrating its 86th year in promoting Municipal Finance, Audit, Risk and Performance Management in the Public Sector. We are proud to say we are growing stronger each year as our membership numbers continue to grow significantly.

Our Office is full of excitement as we near our biggest event of the year, with overwhelming registration forms and calls coming in for much needed assistance regarding the conference, it's no doubt that another successful event awaits us.

With the conference coming up, one can not mention the conference without mentioning the "Clean Audit Awards". This prestigious ceremony honours all hard working municipalities in ensuring clean Governance as well as municipal entities receiving awards that are well deserved. The awards are IMFO's pride by encouraging all municipalities to work towards and obtain such achievements. To remind our readers, this year's conference theme 'Walking the talk through Effective Governance' is aligned to the journey IMFO has travelled for 86 years.

On behalf of the IMFO staff and Board members we hope you are ready for this year's conference. Appropriate topics and an interesting programme have been tailor-made to suit all your expectations. We have included some of our previous speakers from our past events who have received the most likes from the audience to share ideas in the sphere of their expertise.

Until then, I look forward to seeing you at the conference, Emperors Palace 05-07 October 2015. IMFO is ready to welcome you. Thank you for your continued support throughout the years. 📌

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*Ciao for now! Esther,
Assistant Editor*



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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.



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Foreword from the IMFO President



The journey ahead for IMFO remains daunting yet exciting. IMFO still remains the single most represented professional body of finance and related practitioners with the public sector albeit, its focus has primarily been municipal. The institute's relevance and growth is guided by its ability to provide both technical input and guidance to its members, stakeholders and legislators.

In the last two quarters the institute has experienced significant growth in its membership. This is a clear indication that members appreciate the support provided and that the need to respond to challenges of all our members in the terms of the hand-on support which the institute must offer, to finance practitioners, auditors, risk and performance specialist is crucial. The role of those charged with oversight i.e. council and its committee's cannot be over emphasised, accordingly IMFO and Salga have agreed to work more closely in strengthening such a role.

The recent activities that IMFO hosted or played a role in have provided us with important feedback based on the appetite of our members to provide more hands-on support. The women's conference in Port Elizabeth, the Audit and Risk Indabas, and the Public Sector Finance Seminar all of which were a huge success are examples of this. The invitation by the United Nations Women Chapter to attend their conference in Ethiopia recently which was attended by me and past president Louise Muller bears testimony to the role which must continually be played

in also mainstreaming gender equality within the public sector.

In increasing our technical capacity we will be looking at leveraging on the technical repository of research undertaken by our international partners. In this regard IMFO will be launching its support training for internal auditors in the public sector jointly with CIPFA UK.

The launch of the program is envisaged to be announced, at the forthcoming IMFO National conference. Other collaboration with international partners will be announced in due course. The recent international visits to the USA GFOA conference and in the UK at the CIPFA Conference by the President and the Vice Presidents is indeed bearing fruit and strategically in positioning the institute to continue playing a constructive role.

In the last two quarters the IMFO CFO forum has been working extensively to look at the implementation challenges of the Property Rates Act, representation to Nersa on the Eskom tariff increase and various Supply Chain Regulations proposed amendments.

Furthermore, the confirmation of IMFO's role by National Treasury in addressing the mSCOA problem is attestation of who the State must continue to support in this sector over the next 86 years. Accordingly the institute has accepted the critical role it has to play in this regard.

A new organogram to beef-up capacity has been approved and the erection of the new IMFO building has commenced which is a huge milestone of the institute, scheduled for completion in May/June 2016.

It's with this in mind that one can safely say that IMFO is Breaking New Frontiers in governance in the public sector.

In conclusion *"The secret of getting ahead is getting started"* Mark Twain 📌

JANE MASITE
MADAM PRESIDENT - IMFO

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*International Data Corp (IDC), 2013

From the DESK of the CEO



It's a pleasure to once again have an opportunity to be in contact with our members and readers through this platform. We are in the sector that never "sleeps" and this quarter has been equally busy and hectic. As this is the first quarter of 2015/16 financial year, a lot of our members were very busy closing year end and starting processes of preparing annual financial statements. We wish all our members all of the best and believe that we are going to see some increase in the number of municipalities and municipal entities getting clean audit outcomes for 2014/15 financial year.

In this journal I am not going to say a lot about IMFO but will take the work of our editor and introduce you to exciting articles from our experts who continuously share best practices, new ideas and cost effective ways of managing our finances and improve service delivery to our communities. I value all contributions made but would like to refer to the few that I think would be of more interest to our Chief Finance Officers (CFO).

Like in any other business, big or small, money is always the lifeblood, if not the nucleus required for a business's continued existence. It therefore becomes necessary to manage the business's finances in a frugal and sustainable manner. An important aspect of that process is the ability to collect debts owing to a business. It is however difficult for many municipalities to implement their credit control by-laws and debt collection policies because they do not know why debtors are not paying. Some think they do, but such knowledge may not be based on a scientific study or reliable research work good enough to be of any assistance.

The article by Yusuf Aboojee from MBD credit solutions (*The Ever Increasing Debt Book-Why Debtors aren't Paying?*) gives summarized yet useful information why municipal debt

books are going up year after year. The knowledge of why debtors are not paying is one step to achieving increased revenue collections as plans and controls to be put in place will address the real causes of non-payment.

As I wrote this during the month that is dedicated to the women in South Africa, I could not help but be moved by the interview with the Deputy Auditor-General Mrs Tsakani Ratsela. The interview is interesting not only because it captured the humble beginning of Mrs Ratsela's career but also has some uplifting and motivating aspects which will be useful to all our readers irrespective of gender, age and position at work and in society.

Some practitioners call it the "UIF & WE"... what a simple way to remember the Unauthorized, Irregular, Fruitless and Wasteful Expenditure. Remembering the description of these terms will not be very helpful unless accompanied by better understanding of how to deal with them. Mrs Annette Van Schalkwyk in her article "*Unauthorized, Irregular, Fruitless and Wasteful Expenditure- What is it?*" helps our readers not only understand these terms but how to act when faced with them. I believe it will make an interesting read.

There is one thing that I find difficult not to write about and vowed not to write about, is the 2015 IMFO Annual Conference. Many of you may have already registered and know where it is going to take place. That's fair taking into account that the Conference is well-known, necessary and adds value to our members. What you do not know is that this year's Conference is planned to be the biggest ever. That saw some rearranging and bringing more breakaway sessions mainly covering the MSCOA. As the MSCOA will not be applicable to finance practitioners only but to a wide range of professional disciplines in a municipality, we hope to see many officials taking part in this Conference. I would like to thank in advance our host sponsor Ekurhuleni Metropolitan Municipality, our Premium sponsors Barclays Group Africa (formerly ABSA Bank) and all other businesses supporting the IMFO Conference.

As I always say, do not hesitate to let us know what you think about our offerings to you and the sector. Let us know where we need to improve so that we can add value to all our stakeholders. It has been a great pleasure for me to say a word or two in this journal.

Hasta la vista 📌

MR PR MNISI
CHIEF EXECUTIVE OFFICER

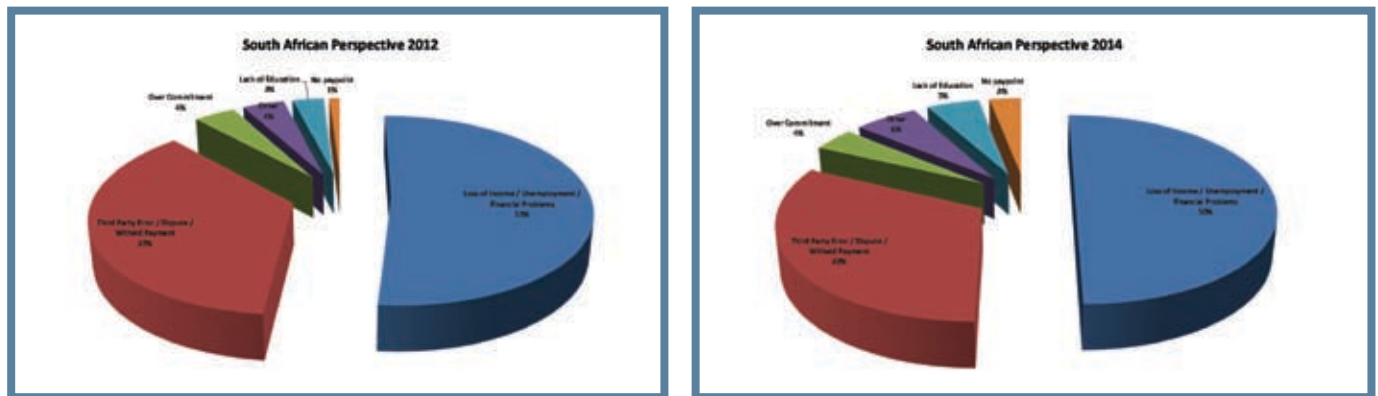
The Ever Increasing Debt Book - Why Debtors aren't Paying

by Yusuf Aboojee, MBD

According to the latest Momentum Household Wealth Index, South Africa's household liabilities are currently sitting at R1 603 billion. At the same time, debt servicing costs have increased to 17.9% from 12.6%, meaning that South Africans are largely in debt and spending more of their income to service debt than build wealth. Currently there are approximately 23 million credit-active consumers in South Africa, of which 45% have impaired records. For many credit providers, this 45% of consumers presents a challenge, especially when it comes to collecting outstanding debt.

This article looks at the results of MBD's study to understand the typical reasons behind debtors' non-payment of debt, and explores how this compares to other industry sectors in South Africa.

MBD's first study conducted in 2012 showed that overall, unemployment and a loss of income were the primary reasons used for non-payment of debt across all sectors. MBD again undertook the study two years later (late 2014) to ascertain if anything has changed. The general results are as follows:



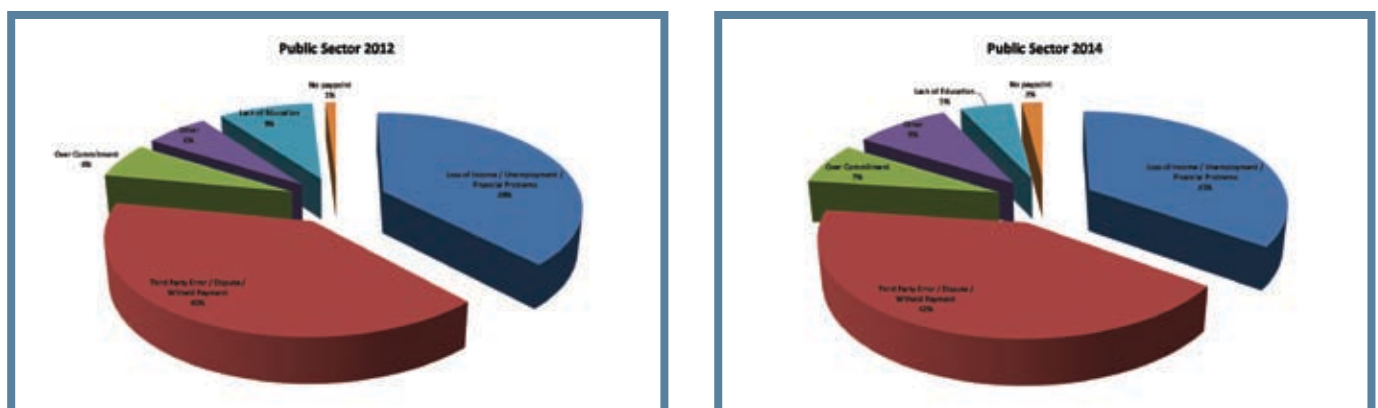
From an overall perspective, the following are shown:

- A marginal drop in those quoting loss of income and unemployment as a reason for non-payment
- A 5% drop in those quoting disputes and third party errors as reasons for non-payment
- The comparison did show that there was a marginal increase in those who did not understand the repercussions of not paying their debt

Public Sector

According to the National Treasury's Local Government revenue and expenditure report for the 12 months to June 2015, the latest figures show that the total debt owed to South African municipalities is sitting at approximately R100 billion, with households accounting for the bulk of the aggregate municipal consumer debts.

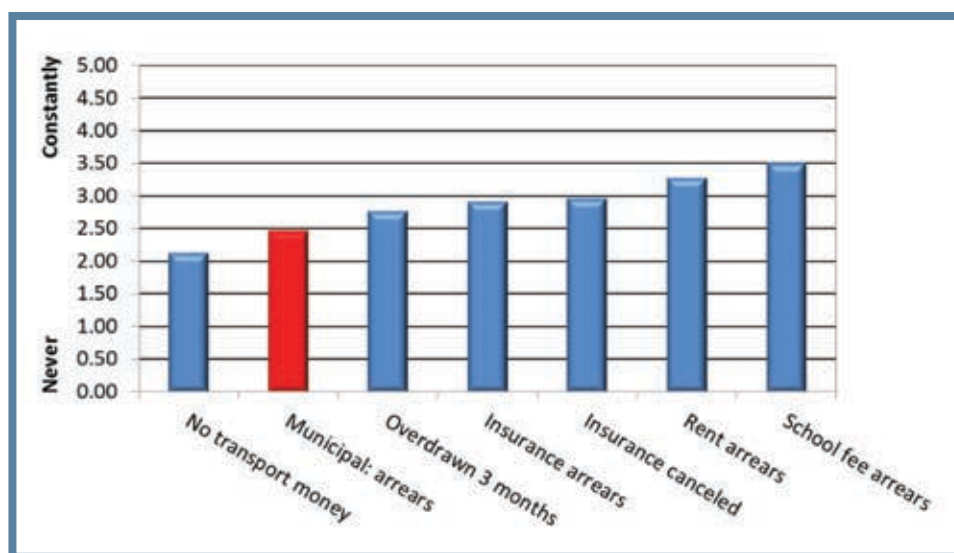
According to the MBD study, in the public sector, the primary reasons with individuals withholding payment were largely due to disputes and errors with billing.



From a public sector perspective, the following was noticed:

- An increase in the number of disputes and third party errors as the primary reason for non-payment
- A decrease in the number of those citing unemployment
- An increase in the number of those that were not aware of the repercussions of not paying their debt
- This shows that for public sector services, individuals are willing to pay, but are hampered due to incorrect billing or disputes that remain in query status
- The study also revealed that approximately 80% of those were willing to pay the debt, while the balance had no interest in paying.

In another study from MBD (the Consumer Financial Vulnerability Index (CFVI), conducted by UNISA), it revealed that consumers faced significant challenges in servicing their debt during each quarter of 2014. The study also revealed that the level of defaults on municipal accounts may increase as volatility in consumer finances continue.




Considering the average consumer's paying habits, consumers are inclined to first default on school fees, but municipal services are not far behind (as shown on the graph above). From this it is easy to deduce that the level of defaults on municipal accounts may increase as volatility in consumer finances continue, and that municipalities will increasingly be faced by vast income inequalities.

MBD also researched the Retail, Financial Services and Telecommunications sector to check the reasons used for non-payment in these sectors. The primary reasons used in these sectors were unemployment and loss of income, as compared to the disputes and errors with billing quoted in the public sector. Telecommunications saw a change, as in the previous study many quoted contract disputes as primary reasons, but this has changed in the latest study to unemployment and loss of income as the primary reason which is reflective of the tough economic environment as well as the increase in telecommunications costs. It also shows that that this sector has made significant changes in terms of billing and resolving queries.

Conclusions

MBD will conduct this study every two years in order to ascertain if there are any major changes in the reasons quoted. South Africa has experienced a difficult two years since 2012 with low economic growth, rising interest rates and rising inflation along with rising unemployment. The first two studies have shown that unemployment and loss of income remain the primary reasons for non-payment of debt overall and in the financial services, retail, and telecommunications sector.

In the public sector however, the results show that payments are withheld due to incorrect billing and disputes with accounts. The public sector should take notice of what has occurred in the telecommunications sector; reasons quoted for non-payment have changed due to an improvement in billing, query resolution and a decrease in third party disputes. This could inadvertently have a positive effect in payment behaviour and could assist in improved payment behaviour. 

News from the International Accounting Public Sector Board (IPSASB)

by Brian Young, A.I.M.F.O.

The publication of a Conceptual Framework from the International Public Sector Accounting Standards Board marks the start of 2015. The main intention of the new Conceptual Framework is all about self-improvement.

At the beginning of a New Year many of us make New Year resolutions (some even keep them). For IPSASB the publication of the new Conceptual Framework is like issuing in a new era. The three most important New Year's resolutions they took reflect parallels between three of their most common goals and the impact of the framework.

Resolution Taken: HELP OTHERS

The focus of the framework is to guide IPSASB in developing new standards. The benefit of this will be seen in the ensuing years, as the Board uses the framework to develop new standards consistently. Some of the immediate impacts may be felt by others.

In 2012, Eurostat undertook a study on the suitability of the International Public Sector Accounting Standards (IPSAS's for EU member states). This determined that IPSAS's were a vital reference guideline for aligning Public Sector Accounting in Europe. Unfortunately IPSAS's could not be implemented in Europe in their current form. The European Commission was advised to develop European Public Sector Accounting Standards -EPSAS's if approved. EPSAS's will be the basis of Public Sector Accounting for European countries, many of whom have well established practices already, including some that apply IPSAS's (e.g. Switzerland and Austria). The UK actually applies IFRS in most instances in the government sector at the moment, with IPSAS's only filling any "gaps"

A reason given that IPSAS's could not be utilised in Europe was that they lacked a conceptual basis. The publication of the IPSASB's conceptual framework deals with this concern.

For supporters of international standards – including the majority of UK stakeholders including CIPFA- The help given by the publication of the frame work is very welcome.

Resolution Taken: LOSE WEIGHT

The Accounting Standards Board's initiative on Discussion Paper 9 on Materiality Reducing Complexity and Improving Reporting is based on the same "thinking" i.e. of Losing Weight

Abroad the publication of the Conceptual Framework and six new standards IPSASB's handbook certainly isn't slimming down. It may however assist preparers to slim down their annual financial statements.

There has been much said about disclosure overload in the preceding financial years. Disclosure overload and cutting clutter and the need to simplify the accounts was pleaded for by users and preparers of accounts. In 2014, both CIPFA and the UK Treasury launched consultations on 'simplifying and streamlining the accounts'.

How can the framework help with all of this? There is no miracle solution or quick fix. However the framework can assist preparers. It may not have all of the answers - does anyone? - but it does set out important principles that will guide the IPSASB when it looks at disclosure requirements. The framework describes to the users of public sector financial statements. It describes their reporting needs. It describes how decisions about presentation should be.

All of this provides a solid conceptual basis, centred on users reporting needs, for determining disclosure requirements. As the IPSASB follows the Framework, the end result is likely to be standards that promote transparency and clarity.

Resolution Taken: KEEP IN TOUCH

For the framework to help Public Sector accounting in the UK and elsewhere, it is important to keep in touch with developments in IFRS's. Currently, both the Treasury (UK) (FreM and CIPFA, LASAAC's Code of Practice for Local Authority Accounting are based on IFRS. Despite this, IPSAS's are still influential, and may be drawn on to fill gaps where no IFRS addresses a specific topic. This process is obviously easier where both suites of standards have a similar conceptual basis.


Work on the IFRS conceptual framework is ongoing, but at this stage it seems likely that key differences as the frameworks reflect different user needs. But the similarities

will allow the Treasury (UK) and CIPFA/LASAAC to continue to use IPSAS's to supplement IFRS's.

Closing Comment

Our ASB uses the IPSAS's to develop its standards-to ensure a credible internationally recognised framework is applied that enables access to funding and to ensure that our government is competitive in arenas such as BRIC's etc.

2015 is going to be a challenging year for those in public finance and accounting in all countries that use the above mentioned standards and clones of these standards. Many people complain that accounting standards are not cast in stone as was the case in many years gone by. In the dynamic environment of international public finance, the ideal is to have uniform financial reporting standards internationally. These uniform reporting standards will enable countries to compare their results with comparative countries in order to establish the level at which they are performing, from the results that they have obtained during the financial year. It should also give donor funding agencies insight into the state of their economies in order to determine if donor funding will be utilised or be dumped into a bottomless pit.

We as South Africans can safely rest assured that our Accounting Standards Board is keeping abreast with the latest standards and developments and we are on par with all role players in this field. Congratulations to the Accounting Standards Board, Chief Executive Officer and Experts on these excellent achievements. Please keep up the good work. 

Acknowledgements: Thanks to Ms. J Poggiolini for her inputs and constructive comments.



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The implications of Public Administration Act 11, of 2014 for Municipalities
by Sidwell Mofokeng - IMFO Vice President



SIDWELL MOFOKENG
IMFO Vice President

The noble intentions of the Constitution of the Republic of South Africa provides that South Africa is one, sovereign, democratic state and that government constitutes national, provincial and local spheres of government that are distinctive, yet interdependent and integrated.

The Constitution also determines the basic values and principles governing public administration. It requires that all spheres of government provide effective, efficient, transparent, accountable and coherent government to secure the well being of their people and the progressive realisation of their constitutional rights. Linking up with the above, the objectives of a Single Public Service (SPS) programme would be to:

- foster strategic alignment and harmonization of institutions within the three spheres of government and create seamless and integrated service delivery through a single-window approach;
- create a shared vision and common culture of service delivery across all three spheres of government and, therefore, targets stability and improved intergovernmental relations;
- create government institutions that are accessible, efficient, representative, accountable, sustainable and responsive to service delivery needs; and
- create a framework to facilitate staff mobility within the three spheres of government.

In 2008/9 Single Public Service programme, proposed, that the SPS will be implemented through five work focus areas and these were included in the bill for public consultation. The bill itself went through an extensive public participation however when the act was promulgated there still remains a number of challenges for municipalities regarding implementation of PAMA as explained herein.

At the heart of this noble intention is the ability of the three spheres of the government to work harmoniously in achieving the objects of the constitution towards an umbilical cord system of government.

The objective of PAMA in tandem with constitution seeks to give effect to the following section of the constitution:

- 195(5) and (6) of the Constitution permits legislation regulating Public Administration to differentiate between different sectors, administrations and institutions by taking into account their nature and functions;
- 197(1) and (2) of the Constitution provides for a public service within the public administration, which must function and be structured, in terms of national legislation, and the terms and conditions of employment of which must be regulated by national legislation;
- 151(3) and 153 of the Constitution provide that a

municipality has the right to govern, on its own initiative, the local government affairs of its community and to structure and manage its administration, subject to national and provincial legislation, as provided for in the Constitution;

- 154 (1) of the Constitution stipulates that the national government and provincial governments must, by legislative and other measures, support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions;
- 164 of the Constitution provides that any matter concerning local government not dealt with in the Constitution may be prescribed by national legislation or by provincial legislation within the framework of national legislation; as required by section 163 of the Constitution, the Organized Local Government Act, 1997 (Act No. 52 of 1997), provides for the recognition of national and provincial organizations representing municipalities,

Without discounting the good intentions of combating corruption and the setting of norms and standards within the public sector it is prudent to note act has omitted to recognise the difference between public service and municipal service with the context of a broader public sector. The implications for municipal entities have not been dealt with as required by the municipal systems act. The mechanics of transfer of staff between spheres of government requires strict observation of the current collective bargaining arrangements between spheres of government. The role of organized labour is barely cited and how consultation will pen out with it.

The wide ranging powers of the minister of administration albeit that it subject to consultation with other relevant ministers may be subject to abuse as the role of MEC in provinces or the Local Government Min MEC is not clearly articulated.

The overall observation is that the role of local government in administering its own affairs is subtly undermined more so that role of organized local albeit mention in the act is clearly not amplified to avoid the notion of tutelage, as though local government always needs a big brother upon its shoulder to be monitored to perform its functions judiciously.

These concern matters must be given attention before full implementation of the act. **❶**

Sidwell Mofokeng is Vice President General IMFO.
The full presentation is available on IMFO website

Unauthorised, Irregular, Fruitless and Wasteful Expenditure – WHAT IS IT? *by Annette van Schalkwyk, Midvaal Local Municipality and IMFO Chairperson: Standing Committee on Professional Practices*



Most municipal officials fear the dreaded term: **unauthorised, irregular, fruitless and wasteful expenditure** – but does everyone have a same understanding of what it is?

The MFMA defines unauthorised, irregular, fruitless and wasteful expenditure as follows:

“irregular expenditure”, in relation to a Municipality or municipal entity, means-

- (a) expenditure incurred by a Municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a Municipality or municipal entity or in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

- (d) expenditure incurred by a Municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”;

“unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with the Act;

“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

MFMA Circular 68, issued on the 10th May 2013 provides full details on the process to be followed in the reporting and recovery (where applicable) of unauthorised, irregular, fruitless and wasteful expenditure.

The following examples are only guides and are not exhaustive. Also, the circumstances around these examples must be taken into consideration – what is fruitless in one

instance may not be fruitless in another and the merits of each case must be investigated.

Fruitless and wasteful expenditure

- Procuring of goods and services that are not beneficial to the municipality (no proper planning done and incorrect specifications used);
- Costs of goods and services are in excess of what would have been the case have proper procedures been followed (i.e. a lower quote could have been obtained);
- Renting of property when sufficient and appropriate unoccupied property is owned by the municipality or entity;

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Cloudware: Sebata is able to deliver any application to any device using our cloud technology.



Meter Reading: Guaranteeing accurate readings, enhancing customer relations and significantly reducing account queries. Sebata offers a variety of meter reading solutions from cellphone readings through to smart and prepaid water meters.



Enterprise Management System: A fully integrated municipal financial management system providing comprehensive and holistic municipal financial management functionality. System workflow that guides complex user profiles from the planning phase (IDP, SDBIP, Budget & Projects) to the operational transacting environment (SCM, HR, Payroll, GL, Cashbook, SCOA segmental database) that results in comprehensive compliant reporting (AFS).



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.

Unauthorised, Irregular, Fruitless and Wasteful Expenditure – WHAT IS IT? *by Annette van Schalkwyk, Midvaal Local Municipality and IMFO Chairperson: Standing Committee on Professional Practices*

- Exuberant costs on parties, entertainment etc;
- Incurring penalty and interest costs on late payment of accounts where due care was not taken (such as vouchers lying on someone's desk without being dealt with);
- Mismanagement of funds (reckless spending of council funds);
- Also think about conferences booked but not attended (the reason for not attending would be important such as death in the family vs. no longer wanting to attend not able to cancel or not attending the conference sessions and rather going to tourist attractions during conference time).

Irregular expenditure

- Irregular expenditure incurred as a result of institutions procuring goods or services by means other than through competitive bids and where reasons for deviating from inviting competitive bids have not been recorded and approved by the accounting officer (think about whether the “emergency” is a real emergency or a self-created emergency due to poor planning);
- A legitimate deviation from the SCM regulations as provided for in section 36 of the MFMA are NOT irregular expenditure.
- Irregular expenditure incurred as a result of non-compliance with a requirement of the municipality's delegations of authority;

- Irregular expenditure incurred due to it being in contravention of the municipality's supply chain management policy;
- Expenditure paid out to service providers who are in the service of state (does your municipality regularly check business interests of staff members, complete annual declaration forms, etc?);
- Irregular expenditure incurred as a result of non-compliance with a provision contained in any applicable legislation.

Unauthorised expenditure

- Procuring of goods and services that are not budgeted for (or incorrect use of budgets – think about financial year end where people are tempted to charge against incorrect vote numbers simply because their votes have been exhausted);
- Expenditure not in terms of the conditions of an allocation (grant etc) received from another sphere of government, entity or organ of state;
- Expenditure in the form of a grant that is not permitted in terms of the MFMA;

Think of various other examples of funds not used as wisely as it could have been and test it against the requirements of the MFMA and Circular 68. If you think that it may be unauthorised, irregular, fruitless and wasteful, report it to your supervisor, CFO or fraud hotline so that the appropriate actions can be taken. [i](#)



A NEW PERSPECTIVE FOR MUNICIPAL REAL ESTATE FINANCIAL MANAGEMENT

The amendments to the Municipal Property Rates Act are effective from 1st July 2015. Municipalities must react by altering their processes for updating valuation rolls. Speak to MetGovis about how to manage your change processes and to maximise your municipal revenue potential. Our team of committed and experienced professionals have been working with municipalities, valuers and property professionals since 1994. We develop and implement comprehensive and integrated property solutions.



AMENDMENTS TO THE MUNICIPAL PROPERTY RATES ACT: UPDATING VALUATION ROLLS FOR MORE EFFICIENT REVENUE FOR MUNICIPALITIES.

By Janet Channing, Managing Director, MetGovis and Finalist, 2015 Regional Business Achiever Awards, Business Womens Association, BWA

The long awaited amendments to the Local Government: Municipal Property Rates Act, 2005, (MPRA) were gazetted last year and the President issued a Proclamation stipulating that 1 July 2015 will be the date of commencement of the Amendment Act. There are far reaching changes to the MPRA. Some of the highlights are listed below:

1. Prescribed categories of properties including the Public Service Purpose category for properties owned by the State and used for public service purposes (hospitals, prisons, schools, libraries, archives etc). Municipalities should note that the date for compliance with the implementation of these prescribed categories is 1st July 2022.
2. Certain sectors of Public Service Infrastructure (PSI) will now become non-rateable. These include the following: Road, water and rail infrastructure, airports, and harbours. There is a phasing out period for these categories of PSI starting from 1st July 2015 on the basis of a 20% reduction in rates over 5 successive financial years. The rest of PSI will be subject to the impermissible provision, which is the first 30% of the market value of the property is not rateable. These categories of PSI are: Electrical infrastructure, communications, gas and fuel plants, pipelines and refineries.
3. Roll validity has been extended for both local and metro municipalities. Local municipalities now have a 5 year validity cycle with a possible extension of an additional 2 years through condonation from the MEC for local government. Metros have a 4 year roll cycle with recourse to an additional one year extension.
4. Section 78 updating of valuation rolls has changed dramatically. The intention of the Legislator is to provide a mechanism for almost 'real-time' updating of valuation rolls. Municipalities will now be able to bill from the first day of the month following the posting of the review notice.



THE TRIGGERS & EFFECTIVE DATES FOR UPDATING OF VALUATION ROLLS

Section 78.1 Supplementary Type		Section 78.4 Rates effective date from -	
a	Incorrectly omitted from the valuation roll	a - aA	First day of the month following the posting of the notices in terms of section 5
b	Included after the last General Valuation Roll	b	Date on which the property was included in the valuation roll of the municipality
c	Subdivision/Consolidation	c	Date on which the sub-division or consolidation is registered
d	Market value increase or decrease	d	Date of the event
e	Incorrectly valued	aA	(i) First day of the month following the posting of the notices in terms of section 5 - for value increase; iii) Date incorrectly valued - for value decreases
f	Re-valuation for any other exceptional reasons	a - aA	First day of the month following the posting of the notice in terms of section 5
g	Category change	e	Date on which the category changed
h	Incorrectly captured in the roll - clerical error for value only	a - aA	First day of the month following the posting of the notice in terms of section 5, unless the value decreases in which event it will be with effect from the date of the incorrect valuation or the clerical error

Readers familiar with the MPRA will note that there is an additional category for Section 78 which allows for the correction of clerical errors within the valuation roll which relate to value only. The other twists in the tail are the differentiation between where a property was substantially incorrectly valued in the previous general valuation roll: where a value is increased the effective date is the first day of the month following the posting of the review notice. Where the value of the property was decreased this will be rectified to the date on which the ratepayer was prejudiced. Once again we anticipate further clarification on this within the Regulations.

STEP BY STEP PROCESSES FOR UPDATING VALUATION ROLLS

Step	Description of the required Section 78 process
1	The municipality must identify the necessary trigger from the Section 78 (a-h) schedule and request the Municipal Valuer to re-value these properties.
2	The Municipal Valuer must prepare the supplementary valuations and post the review notices to registered owners
3	The registered owner may address a request for a review of the supplementary valuation in writing to the Municipal Manager within 30 days of posting date.
4	The Municipal Valuer may consider and adjust the supplementary valuation. There is no time frame for this response.
5	The Municipal Valuer must send a final review decision to the registered owner.
6	The Municipal Valuer must submit the final supplementary valuations for this period (also known as the review roll) to the Municipal Manager to upload to billing.
7	The Municipal Manager must adjust the property rates in billing based on the Municipal Valuer's final decision notices in terms of section 78.4.
8	Section 78(4) provides for the annual publication of a consolidated Supplementary Roll which includes the entire interim supplementary or review decisions. The municipality must comply with the Section 49 requirements in terms of advertising the roll for public inspection in the media, sending notices to the registered owners, entering a notice on the Provincial Gazette and making the annual Supplementary Valuation Roll available on the municipal website.
9	Registered owners and other interested parties have the opportunity to inspect and object to information included in or omitted from the roll. The Municipal Valuer will review the objections and after consideration return an objection decision, in terms of Section 53. Should the objector still be dissatisfied with the outcome he/she may approach the Municipal Manager to lodge an application to appeal against the objection review decision.

Registered owners have two opportunities, the first when they may request a review of the re-valuation and a further opportunity when the annual supplementary valuation roll is published. The new processes attached to updating valuation rolls must be thoroughly understood if municipalities are to realise the intention of the Legislator: which is real time updating and improved cash flow from property rates. New forms are required to communicate these changes to the ratepayers. A valuation management system must be in place to track the processes and ensure that the legislative provisions are being complied with. Skills transfer is critical to enable municipal officials and municipal valuers to master the changes and ensure excellent service to their ratepayers and communities. Please contact MetGovis for comprehensive hands on training on the MPRA Amendments.

Our ability to deal effectively with all the different situations we face in life depends on the degree to which we are able to appreciate and comprehend the full picture. But there is more to it ... Not only does it help us to find the best possible or most effective response, but even more importantly, we experience life more fully, in a richer and more fulfilling way, if we can broaden our insight with a sincere mind and heart. As much as it makes sense, it is very rare to see people willing and committed to grow a fuller and richer appreciation and understanding of the problems or challenges they encounter – particularly where people are involved. Not only do we have to open our mind, but also our heart, and most difficult of all, our will.

Looking outside in and bottom up

As Richard Rohr says, we are much more likely to find the truth at the bottom and the edges of things (i.e., of the social/political/ economic structure) than at the top or the center. If we think of the state, then government would certainly be at the top and the elite or upper class in the centre. Don't expect them to give you the ugly truth. Xenophobia, a worldwide phenomena, can be defined as 'the unreasoned fear of that which is perceived to be foreign or strange ... it can involve the relations and perceptions of an ingroup towards an outgroup'. The poor, the foreigner, the outgroup, the dropout, the homosexual and the disabled, looking from the outside in, will have a much more accurate view of the degree to which the country's constitution is practiced as it is preached, than would the rest of us. Wise leaders would therefore do their utmost and the counterintuitive to stay in touch with the marginalised – including saying 'no' to the many temptations of self-enrichment and abuse of power.

Similarly, wise organisational leaders would deliberately acquaint themselves with the experiences of employees from the bottom up, and the experiences of customers from the outside in. Notwithstanding their busy schedules, having to travel from meeting to meeting and having to absorb the latest market indicators, they will steer their thinking to include the frustrations, disillusionment and sometimes anger of employees and customers as they complain about the lack of freedom and self-expression, or poor service from poorly trained and disempowered frontline people. Instead of lying awake trying to think of their next strategic business move, they would lie awake thinking how to lead more inclusively, empowering more and more people throughout the organisation.

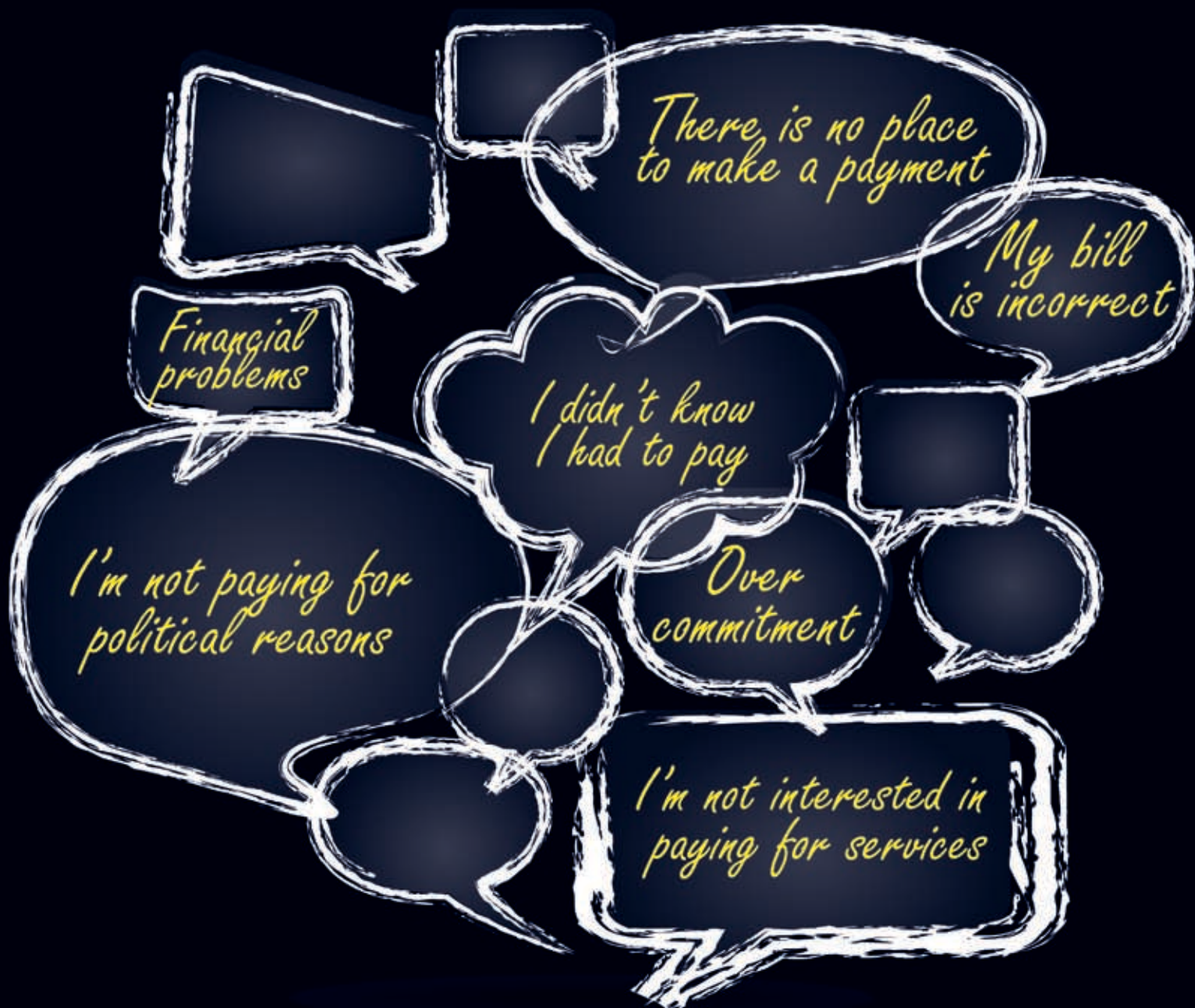
Our fears

Inclusive thinking, of course, works both ways. As much as we may want to side with one group of people and feel solidarity with them, the challenge of inclusive thinking is to sincerely want to grow nurture a better understanding of those we find most difficult to associate with. The responsibility rests on each of us to make the effort of bridging the divide that exists – whether we are in the middle or on the edges, inside or outside.

When we look deeper, and with brutal honesty, into the reason for our 'natural' preference to attack or ignore the 'other', we will discover and have to admit that the negative feelings we have about 'them' are not in the least independent of our own fears and self-doubt. In fact, we are projecting our fears and doubts on them. We fear interacting with poor people because we are afraid of not being successful or achieving. We are frightened by the homeless because we fear the idea of being homeless ourselves. And so, we create a distance between ourselves and those who, by their mere existence, evoke the fears we have within but try to suppress or deny as a potential weakness or imperfection. It is hard to face the truth that all suppressed parts of ourselves will revolt and weaken us at some point, as individuals as well as societies.

We are all, some way or another, prisoners of our own fears. Our challenge is not only to overcome our own, but to recognise them in the other. Mandela was such a great leader exactly because he was able to recognise the fears in his enemy, their dominating position of power notwithstanding. If we can make peace with our own imperfections and shadows and accept the offer of Forgiveness and Grace for all of our lives, our thinking and acting will naturally become more inclusive and our lives richer and more fulfilling. ①

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Financial Reporting in Government - Epitaph for a Career?

by Mike Richardson, City of Cape Town



Introspection usually arises at times of change in the mundane routine of life or when a crisis occurs that jolts our complacency. It is a good opportunity to reconsider options and make new plans and no greater occasion presents itself of this than when we undertake that rite of passage to retirement. Such is my position as I contemplate this contribution to the IMFO journal, counting down the days until I formally ride off into the sunset. A career that commenced in November 1967 when I arrived at the Council offices on my Vespa scooter, aged 16 years and a couple of months. I will now ride off on my BMW motor bike, confirming that everything changes, but in many ways stays the same.

I was advised that I am free to restrict my content to my personal views. I state that up front so that it is understood that this article does not reflect the opinions of the publishers of this journal.

I am trusting that my audience is pragmatic accountants and not overly sensitive lawyers and I will not be sued for infringing reputational rights. I digress.

My career with the City of Cape Town commenced in 1982 when I was recruited in the UK on a three year contract

to bridge the succession gap that had arisen within the City Treasurer's department. Moreover, the Mitchells Plain housing project was in full swing with bulldozers running rampant through the Cape Flats dunes, but nobody was too sure if they were on the correct dune and digging where a hole was required. Some 45 000 houses were growing out of the sand like the Phoenix rising from the ashes, but the financial costs of the project were just as much a figment of the imagination as the mythical creature. So accountants with government housing experience were recruited to fully cost the project and set up debtor accounts. Well, nearly thirty years later and having served as the City of Cape Town metro's Chief Finance Officer for five years, I moved on from local government and accepted a contract with the Western Cape Provincial Government. Having completed a number of specialised projects in the Department of the Premier, I now am about to enter that twilight phase of life known as retirement.

Now that we have the context for my article, I need to consider what aspects of financial reporting I should focus on, given that there is scope for interpretation. I think that it takes two basic forms; in- year reporting as a monitoring and control mechanism and post-event reporting for compliance and stewardship. Both forms of reporting



Not a new concept and sometimes attributed to (Sir) Michael Barber who was delegated by Tony Blair when he commenced his second term of government to devise a process by which objectives would be achieved, but also could be proven to have been achieved.

This initiative was later described in his book *"Instruction to Deliver"* which set out the way in which the levers of change were devised, implemented and monitored.

exist in local and provincial/national governments. In-year reporting essentially follows the same formats for both as they contribute to National Treasury's statistical database, but there are of course fundamental differences in content, largely due to the nature of services rendered within the spheres and the form of funding. I should at this point make the observation that this article is written based upon my personal experiences so the informative base is the City of Cape Town and the Western Cape Provincial Government.

So how do the two spheres of government compare when it comes to financial reporting?

Local government is largely regulated by the MFMA, supported by other key legislation such as the Systems Act and Property Rates Act. This legislation was partly founded on the Public Finance Management Act (PFMA) but as it is more recent it includes updates and local specific provisions. Over and above this, municipalities are expected to comply with GRAP which incorporates internationally accepted principles of accounting such as accrual and depreciation of assets. Municipalities also have the burden of being largely self-funding with extensive debtors' books, billing systems and loan financing requirements. Provincial governments have limited revenue collection requirements,

largely confined to Health (patient fees), Transport (vehicle licensing) and other sundry income. Further, government accounting systems are uniform but archaic compared to most municipalities and not conducive to accrual accounting so an "adjusted cash basis" is the norm. Provincial governments are not permitted to borrow for capital financing so this accounting function is avoided. So there is a distinct difference in the complexity of financial reporting between the two spheres, but robust standards are required from both. Uniformity exists with in-year reporting to permit aggregation at a national level, but annual financial statements reflect the differences in legal frameworks and the nature of services provided under the Constitution. It also needs to be borne in mind that each department of a provincial government is autonomous, producing its own financial statements and annual reports that are subsequently aggregated by its treasury department. But do these robust standards provide assurance of correctness and proprietary behaviour? Provincial and national government unfortunately carry the stigma that corruption is rife, a perception created by the media to some extent and some high profile cases that have contributed to the belief. It is unfortunately the reality that "clean audit reports" are not necessarily an indication of clean administration.

Financial Reporting in Government - Epitaph for a Career?

by Mike Richardson, City of Cape Town



In 2002 the collapse of Enron focussed attention on the role of the external auditor as Arthur Anderson perished with its client. Apart from paper shredders forming part of the auditor's essential toolkit, it changed the approach to auditing and the extent to which assurance is given as to the correctness of financial reporting. The Auditor-General therefore gives a qualified assurance as to the compliance of financial statements and their accuracy. This is indeed only an opinion, not an assurance, that in all material aspects the statements reflect a true accounting position. Therein provides the uncertainty which mitigates acceptance of the statements as a "true reflection" of the state of financial affairs.

At this point I would have to posture the dilemma facing the Auditor-General in assessing the financial statements for Public Works: will fire pools become a new category within the national statistics database? Municipalities should consider then the collective response to the Auditor-General when he is compelled to require pools to be categorised under public safety and not public amenities.

I am reminded of a challenge faced some twenty years ago when working for one of the "interim municipalities" which included a nature reserve consisting of a natural vlei. Resident in this large body of water was a hippopotamus with a penchant for going walkabout. Harry was looking for a mate and nobody was really in a position to stop him! We

had contemplated how he should be recorded in the books; was he a fixed asset, moveable asset (very, it seemed) and would a bar code stay attached under water? I must say the thought of the auditors rowing out onto the vlei to verify the existence of Harry appealed to me, but in the end we treated him as stock -, just not readily available on demand. But I have digressed again, back to the financial reporting of government.

It remains a dilemma of all spheres of government to ensure the achievement of service objectives and moreover to be able to verify that delivery has taken place. In recent years "pre-determined objectives" have become the point of focus in evaluating annual reports. Financial statements have taken a back seat as clearly spending of money is not confirmation that change for the better has followed. As I have already observed, unqualified (clean) audit reports are not in any way a guarantee of clean administration or efficient management. I have no doubt that FIFA has enjoyed twenty years of its board adopting its annual statements as assured by the external auditors, although I suspect the shredders are working overtime somewhere at this moment. But if financial reporting cannot give this assurance, where can it come from?

Within the Western Cape Provincial Government a different approach is being tried. It is not entirely a new concept but nonetheless fairly ground-breaking in South Africa. Instead



of focussing on a wide range of outcomes brought about by changes in strategy and policy, change is focussed on specific outcomes that are required in a defined service area. These are termed the “levers of change” as they will have the greatest overall impact on achieving the desired improvements in living conditions, essentially for the poor. Not a new concept and sometimes attributed to (Sir) Michael Barber who was delegated by Tony Blair when he commenced his second term of government to devise a process by which objectives would be achieved, but also could be proven to have been achieved. This initiative was later described in his book “Instruction to Deliver” which set out the way in which the levers of change were devised, implemented and monitored.

Whilst not delving into the structures and processes used, a key component of the basis of implementing this approach was monitoring progress using performance management techniques. Not financial reports, but indicators based upon measurable targets derived from proven data.

Informed decision making becomes dependent upon the quality of facts about the community being served (census information). Trending data based on actual outcomes becomes the basis for reporting, not just how much of the appropriated budget has been disbursed. Focussed “dashboard reports” provide meaningful monitoring

tools for management and those charged with executive oversight.

Does this then sound the death knoll for accountants and financial reports? Clearly not, but it perhaps changes the role that accountants need to play in the management of all government structures. Stewardship and accounting for public funds remains important but the emphasis has been on rigid compliance to legislation, which, whilst well-meaning in intent, has obscured the achievement of service objectives. Instead, it focussed systems and processes on financial reporting rather than on the collection and aggregation of available data into repositories that provide meaningful information to support decision making and thereafter verification of goal achievement. There has in the past been a reluctance to share information between different government spheres, none more so than at national level with other spheres. The widespread roll-out of broadband is an opportunity to redress this and the Western Cape Provincial Government has this as one of its key levers of change for the future.

Perhaps then this is the right time for someone who was born BC (before computers) when a broadband was a female rock group to retire to my stoep and leave the implementation of these enlightened techniques to the new generation of financial managers. Hopefully this journal’s readers are those levers of change! ①



Gallery - IMFO Audit & Risk Indaba



Sidwell Mofokeng, Paleti Marota, Clr Fawzia Peer, Danie de Lange, Jane Masite, Krish Kumar



Xolile Martin, Uyaaku Holdings



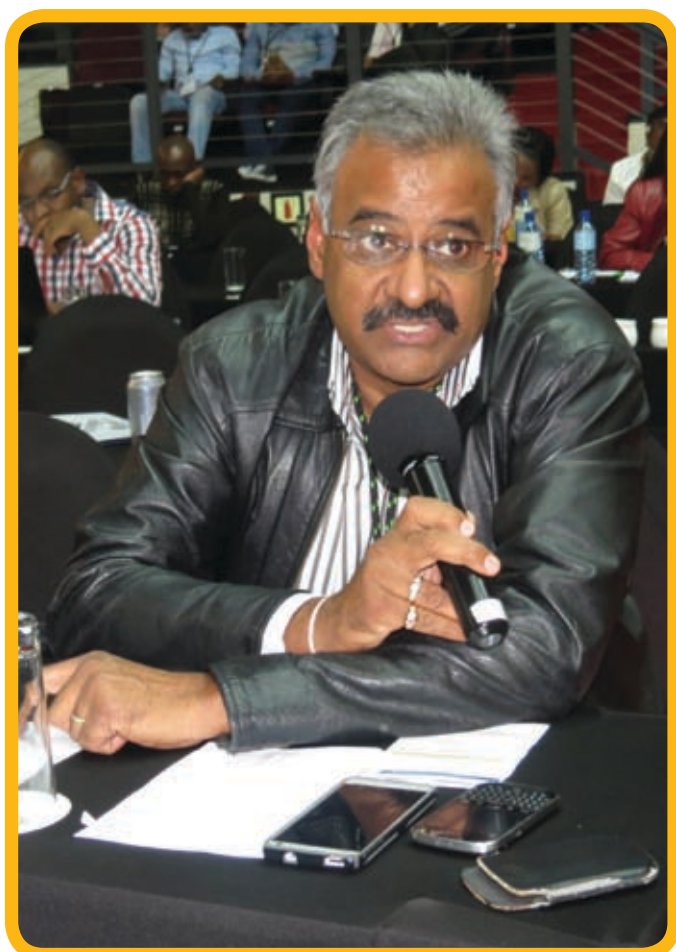
Roy Patrick Mnisi, IMFO CEO



Kimi Makwetu, Auditor General



Adrian Pulham, CIPFA



Delegate posing a question



Delegates dressed to the theme



Delegates at the Cocktail Evening

Gallery - IMFO Public Sector Finance Seminar

IN & AROUND
IMFO



JANE MASITE
IMFO President



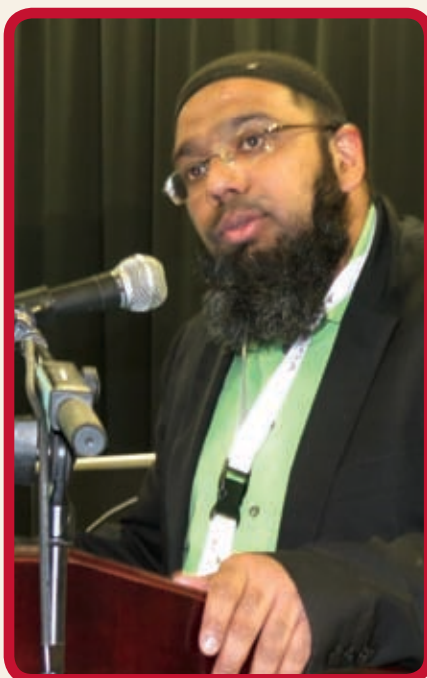
CIR PATRICK MAISHA
City of Joburg



TSAKANI RATSELA
Deputy Auditor General



JEANINE POGGIOLINI
ASB



MOHAMMED LORGAT
SALGA



ANNETTE VAN SCHALKWYK
IMFO Board Member



MICHAEL SASS
Accountant General



MARRIET MULLER
Altimax



CHERYL REDDY
uThungulu District Municipality



SIMILO MBONGWE
eThekweni Metropolitan Municipality



AJAY DAYA
Invictus



IMRAN VANKER
IRBA

Gallery - *IMFO Public Sector Finance Seminar*

IN & AROUND
IMFO



DELEGATES IN HALL



DELEGATES IN HALL



Panel Members:
BRENDON HUNT (COJ)
LUCKY LESEANE (SALGA GP PEO)



Panel Member:
UMAR BANDA (CITY OF TSWANE)
SETHABI LESO (CITY OF JOBURG)

Gallery - IMFO Western Cape Seminar

IN & AROUND
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IMFO Team



MBULELO MEMANI
WC Branch Chairperson



Delegates



Delegates



Goudini Bad Primary School Choir

Gallery - IMFO Western Cape Seminar

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MEC Anton Bredell, Minister of Local Government, Environmental Affairs and Development



Carl Volkwyn, ABSA Fleet Management



George van Schalkwyk, IMFO Western Cape Branch Member



Lucky Draw Winner



Lucky Draw Winner



Aziz Hardien, WC Provincial Treasury



Mr Basil Vink, WC Provincial Treasury



Helge Switala, INCA

IMFO Training

IN & AROUND IMFO

Budgeting

Targeted at: Middle to Senior Managers involved in Budget preparation; Employees directly involved in the Budget-ing process; Council Members who evaluate and ap-prove budget and budget related policies

	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
TRAINING	26-27 October	George	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	29-30 October	Bloemfontein	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	02-03 November	Polokwane	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	05-06 November	Rustenburg	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	09-10 November	Durban	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	12-13 November	East London	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	16-17 November	Kempton Park	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats
	18-19 November	Mpumalanga	08:30 – 16:00	2	R 4 300.00	R 4 600.00	R 5 100.00	25 seats

Value Added Tax

Targeted at: Any person involved in the VAT function of organisation; Essential for employees involved in the sales cycle

	DATE	PLACE	TIME	DAYS	IMFO Member	Non Member	3 days before training	SEATS
TRAINING	26-October	East London	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	30-October	Kempton Park	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	02-November	Middleburg	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	06-November	Bloemfontein	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	09-November	George	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	13-November	Durban	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats
	17-November	Polokwane	08:30 – 16:00	1	R 2 760.00	R 2 960.00	R 3 460.00	25 seats

Value Added Tax

IN - HOUSE TRAINING	Basic GRAP Accounting; Revenue Management; Oversight Role of Councillors; GRAP for Non Finance Officers; GRAP AFS
	Preparation of Audit Files; Management Accounting; Financial Accounting; Supply Chain Management; Debt Collection etc
	ANY OTHER courses

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



KZN councils among best run.

The majority of the best-run municipalities are in the Western Cape, KwaZulu-Natal and Gauteng, according to the latest local government audit. They were the best performers “to the extent their municipalities have improved in their clean audits,” Auditor-General Kimi Makwetu said on Wednesday at the release of the 2013/14 audits. In the Western Cape, 17 of its 30 local and district councils received clean audits as did 13 of the 61 KZN councils and four of the 12 in Gauteng. However, among the country’s eight metros, only Ekurhuleni and Cape Town received clean, or unqualified audits with no findings. eThekweni, Johannesburg, Tshwane and Mangaung (Bloemfontein) received unqualified audits with findings on no-material areas for improvement.

Nelson Mandela Bay (Port Elizabeth) and Buffalo City (East London) received qualified audits with findings, which reflect material misstatements or lack documentary evidence to show otherwise. Makwetu was upbeat – the overall audit outcomes were improving. He said the crucial factors behind this improvement were adherence to basic accounting and daily controls, enforced compliance with all legislation, the employment and retention of suitably qualified financial staff and the necessary political and administrative leadership. When there were systemic internal control weaknesses, “they can be fixed if all the levels of leadership bring about the necessary consequences (for wrongdoing),” added Makwetu. In the 2012/13 financial year, 53 percent, or 148 of the 268 audited councils, achieved either clean audits (40) or unqualified audits with findings on some non-material areas for improvement (108).

This was up from 120 councils, or 43 percent in the previous 2012/13 financial year – and effectively meant 76% of the R315billion total local government expenditure was spent by well-run councils. Overall 90 municipalities improved their audit performance in the 2013/14 financial year, while 158 remained unchanged and 24 regressed. However, 10 of South Africa’s 278 councils failed to submit their statements on time. However, conflicts of interest were a worry: the value of 304 contracts awarded by councils to councillors

stood at R60 million, while contracts valued at R3.73bn were awarded by municipalities to officials working at other state institutions. Regulations ban councillors, council employees and officials working elsewhere in the state, doing business with municipalities. Awards of over R2 000 to relatives of state employees must be declared. Yet 189 council employees, 21 councillors and 198 suppliers benefited at 69 councils.

“We found non-compliance with legislation that resulted from uncompetitive or unfair procurement processes at 69 percent of the auditees (councils and municipal entities), with one of the most common findings being that suppliers submitted false declarations of interest or did not declare such interests at all,” the consolidated audit report said. Concerns over contraventions of supply chain management, or procurement, also remained a worry although irregular expenditure has dropped to R11.4 billion from R12.6bn in 2012/13. Even in the provinces with the best-run councils, the levels of irregular expenditure were problematic. Of the R3.64bn irregular expenditure incurred in Gauteng, KZN and the Western Cape, KZN councils account for R2.3bn, Gauteng councils for R1.1bn and the Western Cape R162 million.

In the Eastern Cape, Nelson Mandela Bay accounts for R1.9bn of the total municipal irregular expenditure of R3.36bn across the province. The Municipal Finance Management Act stipulates investigations of possible fraud and corruption when irregular expenditure, as well as fruitless and wasteful expenditure, are unearthed. However, in most instances there was a lack of consequences for wrongdoing, according to the audit report. Makwetu identified Limpopo, the Free State and North West as having the most troubled local government. Somewhere in between fall Mpumalanga, Northern Cape and the Eastern Cape, where the 2013/14 audit noted improvements and a determination to deal with financial management and control deficiencies. Makwetu said when a council had the correct systems in place, it could deal with challenges.

Source: www.iol.co.za

Gauteng, KZN and the Western Cape are tops

Clean audits evidence municipalities are improving

THE MAJORITY of the best-run municipalities are in Gauteng, KwaZulu-Natal and the Western Cape, according to the local government audit outcomes for the 2013/14 financial year released yesterday.

“Their municipalities have improved in their clean audits,” said Auditor-General Kimi Makwetu.

In Gauteng, four of its 12 local and district councils received clean audits, as did 13 of the 61 KwaZulu-Natal councils and 17 of the 30 in the Western Cape.

However, among the country’s eight metros, only Ekurhuleni and Cape Town received clean or unqualified audits with no findings. eThekweni (Durban), Joburg, Tshwane and Mangaung (Bloemfontein) received unqualified audits. Nelson Mandela Bay (Port Elizabeth) and Buffalo City (East London) received qualified audits with findings that reflect material misstatements or lack documentary evidence to show otherwise.

Makwetu was upbeat that the overall audit outcomes were improving. He said the crucial factors were adherence to basic accounting and daily controls, enforced compliance with legislation, the employment and retention of suitably qualified financial staff and the necessary political and administrative leadership.

When there were systemic internal control weaknesses, “they can be fixed if all the levels of leadership bring about the necessary consequences for wrongdoing”, added Makwetu.

In the 2012/13 financial year, 53 percent or 148 of the 268 audited councils achieved either clean (40) or unqualified audits with findings on some non-material areas for improvement (108). This was up from 120 councils or 43 percent in the 2012/13 financial year and effectively meant 76 percent of the R315 billion total local government expenditure was spent by well-run councils.

Overall 90 municipalities improved their audit performance in the 2013/14 financial year, while 158 remained unchanged and 24 regressed. However, 10 of South Africa’s 278 councils failed to submit their statements on time.

However, conflicts of interest were a worry: the value of 304 contracts awarded by councils to councillors stood at R60 million, while contracts valued at R3.73bn were awarded to officials working at other state institutions.

Regulations ban councillors, council staff and officials working elsewhere in the state to do business with municipalities. Awards of over R2 000 to relatives of state employees must be declared. Yet, 189 council employees, 21 councillors and 198 suppliers benefited at 69 councils.

“We found non-compliance with legislation that resulted from uncompetitive or unfair procurement processes at 69 percent of the auditees, with one of the most common findings being that suppliers submitted false declarations of interest or did not declare such interests at all,” the consolidated audit report said.

Concerns also remained about contraventions of supply-chain management or procurement, including the lack of competition, although irregular expenditure has dropped to R11.4bn from R12.6bn in the 2012/13 financial year.

Even in the provinces with the best-run councils, levels of irregular expenditure were problematic. Of the R3.64bn irregular expenditure in Gauteng, KZN and the Western Cape, KZN councils account for R2.3bn, Gauteng councils for R1.1bn and the Western Cape for R162m.

In the Eastern Cape, Nelson Mandela Bay accounts for R1.9bn of the total municipal irregular expenditure of R3.36bn across the province.

The Municipal Finance Management Act stipulates investigations of possible fraud and corruption when irregular expenditure, as well as fruitless and wasteful expenditure, are unearthed. However, in most instances, there was a lack of consequences for wrongdoing, according to the audit report.

Makwetu identified Limpopo, the Free State and North West as having the most troubled local government, with no councils in these three provinces receiving a clean audit.

Somewhere in between fall Mpumalanga, Northern Cape and the Eastern Cape, where the 2013/14 financial year audit noted improvements and a determination to deal with financial management and control deficiencies.

By Marianne Merten
The Star 04/06/15 Early Edition



DIVISION OF REVENUE ACT 1 OF 2015

(Government Gazette 38850 of 1 June 2015 & GN 485 in Government Gazette 38869 of 12 June 2015)

The Division of Revenue Act of 2015, (Act 1 of 2015), repeals the Division of Revenue Act 10 of 2014, except ss. 16 and 26, and the Division of Revenue Amendment Act 38 of 2014 with effect from 1 June 2015 and ss. 16 and 26 of the Division of Revenue Act 10 of 2014 with effect from 1 July 2015.

The Act contains the Local government conditional grant allocations per province and the frameworks for conditional grants to provinces and municipalities.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT AMENDMENT ACT 46 OF 2013

(GenN 444 in Government Gazette 38799 of 15 May 2015)

Revised notice of clarification regarding commencement of Amended Codes of Good Practice with effect from 1 May 2015, B-BBEE verifications, further extension of transitional period for the alignment of Sector Codes to the end of October 2015 and commencement of aligned Sector Codes with effect from 1 November 2015 and determination regarding validity of B-BBEE certificates issued under the old Codes of Good Practice as well as the relevant Sector Codes published and GenN 396 of GG 38764 of 5 May 2015 withdrawn.

Codes of good practice amended (code series 400, statement 400 - add a fifth criterion for the empowering supplier) (GenN 407 in GG 38765 of 6 May 2015)

Codes of good practice (statement 003: amended guidelines for developing and gazetting of sector codes) published with effect from 1 May 2015 (GenN 408 in GG 38766 of 6 May 2015)

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003

(GN 541 in Government Gazette 38906 of 23 June 2015)

Exemption of Ekurhuleni Metropolitan Municipality from Regulation 45 (2) (a) (x) of the Asset Transfer Regulations, 2008 until 30 April 2016 has been published.

EMPLOYMENT EQUITY ACT 55 OF 1998

(GN 448 in Government Gazette 38837 of 1 June 2015)

Code of Good Practice on Equal Pay/Remuneration for Work of Equal Value published.

FUEL LEVY ALLOCATIONS - TAXATION LAWS AMENDMENT ACT 17 OF 2009

(GN 546 in Government Gazette 38916 of 26 June 2015)

The allocations to metropolitan municipalities of General Fuel Levy Revenue in terms of item 3 (2) (a) of Schedule 1 of the Taxation Laws Amendment Act were published.

AMENDMENTS TO THE STANDARD FOR UNIFORMITY IN CONSTRUCTION PROCUREMENT

(Board Notice 136 of 2015, Government Gazette 38960 of 10 July 2015)

These amendments:

- a) Require that the JBCC Series 2000 Principal Building Agreement 1 Edition 6.1: June 2015) and JBCC Series 2000 Minor Works Agreement (Edition 5.1: June 2015) Standard Form of Contract be used in place of the previous editions of this form of contract;
- b) Require that the General Conditions of Contract for Construction Works (Third Edition 2015) GCC Standard Form of Contract be used in place of the previous editions of this form of contract;
- c) Provide consistency and clarity on definitions used;
- d) Align the procurement evaluation methods with the process prescribed by National Treasury;
- e) Introduce transparency requirements in the procurement process; and
- f) Competence standard framework for construction procurement.

The amended Standard for Uniformity in Construction Procurement is available on the cidb website.

FINANCIAL AND FISCAL COMMISSION AMENDMENT ACT, 2015

(Government Gazette No. 38976 of 7 July 2015)

The long title of the amendment act is, inter alia, to strengthen the requirements for organs of state concerning the Commission's recommendations on the assignment of a power or function by an organ of state in one sphere of government to an organ of state in another sphere of government.

Part of this Act now states the following:

- (2A) (a) An organ of state in one sphere of government which seeks to assign a power or function to an organ of state in another sphere of government in terms of law must first, before assigning the power or function-
- (i) notify the Commission of the fiscal and financial implications of such assignment on-
 - (aa) *the future division of revenue raised nationally between the spheres of government as required by section 214 of the Constitution;*
 - (bb) *in the case of an assignment to a provincial or local organ of state, the fiscal power, fiscal capacity and efficiency of the relevant province or municipality; and*
 - (cc) *any transfer of employees, assets and liabilities, if any; and*
 - (ii) request the recommendation or advice of the Commission regarding such assignment.
- (b) The Commission must, not later than 180 days from the date of its receipt of the notification and request contemplated in paragraph (a) or such other period agreed with the relevant organ of state, make such recommendation or give such advice on the intended assignment as may be appropriate.
- (c) An assignment contemplated in paragraph (a) has no legal force unless the organ of state making such assignment has given consideration to the Commission's recommendation or advice contemplated in paragraph (b).
- (d) The organ of state assigning any power or function to another organ of state must indicate to the Commission, the organ of state to which a power or function is being assigned, the National Treasury and

any other functionary responsible for authorising such assignment, the extent to which it has considered the Commission's recommendation or advice.

- (e) Despite paragraph (c), if the Commission does not make a recommendation or give advice within the period contemplated in paragraph (b), the relevant organ of state may, after consultation with the National Treasury, proceed to assign a power or function to another organ of state if such assignment takes into account the measures referred to in subsection (2A) (a) (i).

LOCAL GOVERNMENT: TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

(Notice 578 published in Government Gazette No. 38946 of 1 July 2015)

Under the powers vested to the Minister for Cooperative Governance and Traditional Affairs by section 72(2A) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the total remuneration packages payable to municipal managers and managers directly accountable to municipal managers with effect from 1 July 2015 were published. Note that this Notice does not affect the validity of an existing employment contract of a senior manager appointed before 1 July 2014.

The preamble states that "the intent of the first Notice is further enhanced in this Notice and complements initiatives to establish resilient administrative institutions staffed by suitably qualified, competent and appropriately remunerated senior managers. Future Notices will also include factors taking into consideration service delivery elements.

The remuneration philosophy strives to position local government as an employer that attracts, retains and motivates a high performing and skilled workforce by offering a remuneration package that satisfies the following key criteria: fairness, equity, consistency, transparency, reasonableness, affordability and practicality, including service delivery imperatives.

The Notice improves the categorisation of municipalities so that municipalities can be compared to each other based on their respective duties, powers, functions and responsibilities. This categorisation is based on sound and

verifiable data on total municipal income, salary and wage bill and local government equitable share.

The Notice is further designed in accordance with acceptable international remuneration principles. The pay scales are based on a comparable and validated market survey and also take into account the inflation trends.

The elements considered in determining the pay scales are experience, qualifications, skills and competencies. Performance does not form part of this Notice as it is regulated in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers issued in terms of Government Notice No. 805 as published under Government Gazette No.29089 of 1 August 2006.

AUDITING PROFESSION ACT 26 OF 2005

(BN 119 in Government Gazette 38863 of 12 June 2015)

The Independent Regulatory Board for Auditors (IRBA) published the inspection fees payable from 1 April 2015 to 31 March 2016.

AUDITING PROFESSION AMENDMENT ACT, 2015

(Government Gazette No. 38889 of 17 June 2015)

The Auditing Profession Amendment Act, 2015, being Act No. 2 of 2015, was published. This Act amends the Auditing Profession Act, 2005, so as to provide for the regulation of candidate auditors and to update references to the Companies Act, 2008; and to provide for matters connected therewith.

SCHOOL TERMS AND PUBLIC HOLIDAYS FOR 2017

(Notice No. 472 published in Government Gazette 38868 of 8 June 2015)

Government School terms 2017:

TERM	2016 DATES	2017 DATES
Term 1	13 January - 18 March	18 January - 31 March
Term 2	5 April - 24 June	10 April - 23 June
Term 3	18 July - 30 September	17 July - 29 September
Term 4	10 October - 7 December	9 October - 6 December

PUBLIC HOLIDAYS	2016	2017
New Year's Day Public Holiday	Friday 1 st January	Sunday 1 st January Monday 2 nd January
School Holiday only Human Rights Day	Monday 21 st March	Monday 20 th March Tuesday 21 st March
Easter Weekend: Good Friday Easter Monday / Family Day	Friday 25 th March Monday 28 th March	Friday 14 th April Monday 17 th April
Freedom Day School Holiday only	Wednesday 27 th April	Thursday 27 th April Friday 28 th April
Workers Day Public Holiday	Sunday 1 st May	Monday 1 st May Monday 2 nd May
Youth Day School Holiday only	Thursday 16 th June Friday 17 th June	Friday 16 th June
School Holiday only National Women's Day	Monday 8 th August Tuesday 9 th August	Wednesday 9 th August
Heritage Day Public Holiday	Saturday 24 th September	Sunday 24 th September Monday 25 th September
Day of Reconciliation	Friday 16 th December	Saturday 16 th December
Christmas Day Day of Goodwill	Sunday 25 th December Monday 26 th December	Monday 25 th December Tuesday 26 th December

MEMBERSHIP NOTICE - CHANGES TO NQF LEVELS

Kindly take note of the changes in NQF level when applying for IMFO membership. The Institute's Standing Committee on Education and Training in its recent meeting held on 18 June 2015 resolved that membership requirements should be aligned to SAQA's National Qualifications Framework Level Descriptors.

Membership application forms received before 18 June 2015 will be processed on the previous NQF level descriptors. Applications received after 18 June will be processed on the current SAQA NQF level descriptors.

SENIOR ASSOCIATE MEMBER (SAIMFO)

	FINANCE	AUDIT	RISK MANAGEMENT
Higher Education Qualification	At least NQF level 8 (Hon Degree) Qualification in fields of Accounting, Finance or Economics AND must have passed Accounting III OR Chartered Accountant (SA)	At least NQF level 8 (Hon Degree) Qualification in fields of Auditing, Risk, and Compliance AND must have passed Auditing III OR Certified Internal Auditor Certified Fraud Examiner or Related	At least NQF level 8 (Hon Degree) Qualification in fields Risk, and Compliance AND must have passed Risk Management III OR Certified Risk Practitioner (National Treasury) or Equivalent

ASSOCIATE MEMBER (AIMFO)

	FINANCE	AUDIT	RISK MANAGEMENT
Higher Education Qualification	At least NQF level 7 (Bachelor's Degree) qualification in fields of Accounting, Finance or Economics AND must have passed Accounting III OR Certificate in Municipal Financial Management (SAQA Qualification ID No. 48965) AND must have passed Accounting III	At least NQF level 7 (Bachelor's Degree) Qualification in fields of Auditing, AND must have passed Financial Accounting III/Internal Auditing III OR Certificate in Municipal Financial Management (SAQA Qualification ID No. 48965) AND must have passed Financial Accounting III /Internal Auditing III	At least NQF level 7 (Bachelor's Degree) Qualification in fields of Risk, AND must have passed Risk Management OR Compliance management and must have been Accredited as Compliance Practitioner

LICENTIATE MEMBERSHIP (LIMFO)

	FINANCE	AUDIT	RISK MANAGEMENT
Higher Education Qualification	At least NQF level 6 Qualification in fields of Accounting, Finance or Economics AND must have passed Accounting II	At least NQF level 6 Qualification in fields of Auditing/Internal Auditing II, Compliance AND must have passed Auditing II/Internal Auditing II	At least NQF level 6 Qualification in fields of Risk and Performance Management AND must have passed level II Risk and performance management

New Members

STUDENT MEMBERS					
PROV	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
WC	Ms	Z	Ngcapu	Student	Cape Peninsula University of Tech
EC	Ms	L	Senti	Student	Nelson Mandela Metro University
EC	Ms	BV	Qwele	Student	Nelson Mandela Metro University
GP	Mr	AP	Molope	Student	Tshwane University of Technology
GP	Ms	AC	Grah	Student	Tshwane University of Technology
GP	Ms	MF	Nsegu Mba	Student	Tshwane University of Technology
GP	Ms	E	Ntantiso	Student	Tshwane University of Technology
GP	Ms	LJ	Ramphekwa	Student	Tshwane University of Technology
GP	Ms	ND	Mahlangu	Student	Tshwane University of Technology
GP	Ms	N	Khanyile	Student	Tshwane University of Technology
GP	Ms	SM	Sefoka	Student	Tshwane University of Technology
GP	Mr	MS	Ramoba	Student	Tshwane University of Technology
GP	Ms	BL	Kgatla	Student	Tshwane University of Technology
GP	Ms	RR	Leso	Student	Tshwane University of Technology
GP	Ms	CK	Mathebula	Student	Tshwane University of Technology
GP	Ms	MT	Pelo	Student	Tshwane University of Technology
GP	Ms	NS	Mabena	Student	Tshwane University of Technology
GP	Ms	T	Mzimba	Student	Tshwane University of Technology
GP	Ms	AMP	Kunene	Student	Tshwane University of Technology
GP	Ms	NL	Masina	Student	Tshwane University of Technology
GP	Mr	RJ	Mafunisa	Student	Tshwane University of Technology
GP	Mr	PT	Moropane	Student	Tshwane University of Technology
GP	Ms	P	Mahlangu	Student	Tshwane University of Technology
GP	Ms	LM	Mhalile	Student	Tshwane University of Technology
GP	Ms	KO	Monoko	Student	Tshwane University of Technology
GP	Ms	L	Mayone	Student	Tshwane University of Technology
GP	Ms	FN	Molapisi	Student	Tshwane University of Technology
GP	Ms	LL	Mokoni	Student	Tshwane University of Technology
GP	Mr	TO	Matsebula	Student	Tshwane University of Technology
GP	Ms	V	Hlongwe	Student	Tshwane University of Technology
GP	Ms	TQ	Dikotla	Student	Tshwane University of Technology
GP	Ms	C	Bandze	Student	Tshwane University of Technology
GP	Ms	NR	Phakula	Student	Tshwane University of Technology
GP	Ms	LE	Maile	Student	Tshwane University of Technology
GP	Mr	J	Chapole	Student	Tshwane University of Technology
GP	Mr	LL	Leotlela	Student	Tshwane University of Technology

GP	Ms	L	Mmatloa	Student	Tshwane University of Technology
GP	Ms	MSI	Moknyane	Student	Tshwane University of Technology
GP	Ms	MP	Nikele	Student	Tshwane University of Technology
GP	Ms	JTM	Mhlari	Student	Tshwane University of Technology
GP	Mr	B	Mosetekoa	Student	Tshwane University of Technology
GP	Ms	NT	Zungu	Student	Tshwane University of Technology
GP	Mr	PK	Mutlane	Student	Tshwane University of Technology
GP	Ms	N	Mahlalela	Student	Tshwane University of Technology
GP	Mr	M	Pheema	Student	Tshwane University of Technology
GP	Ms	SM	Sikhosana	Student	Tshwane University of Technology
GP	Ms	RS	Chabalala	Student	Tshwane University of Technology
GP	Mr	OI	Nthite	Student	Tshwane University of Technology
GP	Ms	T	Makgoka	Student	Tshwane University of Technology
GP	Ms	LI	Phosa	Student	Tshwane University of Technology
GP	Ms	MF	Masipa	Student	Tshwane University of Technology
GP	Ms	BT	Lamola	Student	Tshwane University of Technology
GP	Ms	RL	Mpai	Student	Tshwane University of Technology
GP	Ms	PP	Dlamini	Student	Tshwane University of Technology
GP	Ms	M	Mokoana	Student	Tshwane University of Technology
GP	Ms	ST	Mojela	Student	Tshwane University of Technology
GP	Ms	BN	Mathebula	Student	Tshwane University of Technology
GP	Ms	E	Thubane	Student	Tshwane University of Technology
GP	Ms	NS	Radebe	Student	Tshwane University of Technology
GP	Ms	J	Mashaya	Student	Tshwane University of Technology
GP	Ms	N	Vilakazi	Student	Tshwane University of Technology
GP	Mr	E	Mogale	Student	Tshwane University of Technology
GP	Mr	TMP	Rammutla	Student	Tshwane University of Technology
GP	Ms	L	Lekgau	Student	Tshwane University of Technology
GP	Ms	T	Letswene	Student	Tshwane University of Technology
GP	Mr	TD	Mavalela	Student	Tshwane University of Technology
GP	Mr	KG	Maboe	Student	Tshwane University of Technology
GP	Ms	F	Nkhwashu	Student	Tshwane University of Technology
GP	Ms	N	Nkhwashu	Student	Tshwane University of Technology
GP	Ms	AP	Mkhatshwa	Student	Tshwane University of Technology
GP	Ms	LL	Fayilane	Student	Tshwane University of Technology
GP	Ms	NP	Zondi	Student	Tshwane University of Technology
GP	Ms	KE	Nkadimeng	Student	Tshwane University of Technology
GP	Ms	MK	Khoza	Student	Tshwane University of Technology

New Members

GP	Mr	GV	Mashele	Student	Tshwane University of Technology
GP	Ms	VL	Muluvhu	Student	Tshwane University of Technology
GP	Ms	N	Masangu	Student	Tshwane University of Technology
GP	Ms	C	Nqina	Student	Tshwane University of Technology
GP	Mr	MJ	Mathebula	Student	Tshwane University of Technology
GP	Ms	BH	Molofe	Student	Tshwane University of Technology
GP	Ms	BB	Rammutla	Student	Tshwane University of Technology
GP	Ms	BP	Mkwanazi	Student	Tshwane University of Technology
GP	Mr	D	Relela	Student	Tshwane University of Technology
GP	Ms	MM	Monageng	Student	Tshwane University of Technology
GP	Mr	AM	Marola	Student	Tshwane University of Technology
GP	Ms	V	Might	Student	Tshwane University of Technology
GP	Ms	MV	Maphae	Student	Tshwane University of Technology
GP	Ms	LM	Bokaba	Student	Tshwane University of Technology
GP	Ms	DS	Silikane	Student	Tshwane University of Technology
GP	Mr	PM	Siavhe	Student	Tshwane University of Technology
GP	Ms	QM	Zulu	Student	Tshwane University of Technology
GP	Mr	JK	Seloi	Student	Tshwane University of Technology
GP	Ms	NP	Mogaswa	Student	Tshwane University of Technology
GP	Ms	K	Mashigo	Student	Tshwane University of Technology
GP	Ms	RH	Maiwashe	Student	Tshwane University of Technology
GP	Ms	KM	Maimane	Student	Tshwane University of Technology
GP	Ms	KF	Mmakola	Student	Tshwane University of Technology
GP	Ms	C	Silinda	Student	Tshwane University of Technology
GP	Ms	P	Mashiane	Student	Tshwane University of Technology
GP	Ms	OL	Thakudu	Student	Tshwane University of Technology
GP	Ms	RC	Sema	Student	Tshwane University of Technology
GP	Ms	MK	Motlowane	Student	Tshwane University of Technology
GP	Ms	NA	Vilakazi	Student	Tshwane University of Technology
GP	Ms	TT	Malaza	Student	Tshwane University of Technology
GP	Mr	L	Mfenyana	Student	Tshwane University of Technology
GP	Mr	T	Moya	Student	Tshwane University of Technology
GP	Ms	KLL	Aphane	Student	Tshwane University of Technology
GP	Mr	L	Mashaba	Student	Tshwane University of Technology
GP	Ms	DE	Ndlovu	Student	Tshwane University of Technology
GP	Mr	A	Moshuhla	Student	Tshwane University of Technology
GP	Ms	N	Nkomo	Student	Tshwane University of Technology
GP	Ms	KP	Mahlabegoane	Student	Tshwane University of Technology

GP	Mr	ND	Dibakoang	Student	Tshwane University of Technology
GP	Ms	NM	Mhlanga	Student	Tshwane University of Technology
GP	Mr	TC	Mochoeneng	Student	Tshwane University of Technology
GP	Mr	KT	Tshabedi	Student	Tshwane University of Technology
GP	Mr	PT	Malatji	Student	Tshwane University of Technology
GP	Ms	MM	Aphane	Student	Tshwane University of Technology
GP	Ms	MM	Makhura	Student	Tshwane University of Technology
GP	Ms	B	Vurheni	Student	Tshwane University of Technology
GP	Ms	M	Simelane	Student	Tshwane University of Technology
GP	Mr	MI	Mnyakeni	Student	Tshwane University of Technology
GP	Ms	MR	Mphahlele	Student	Tshwane University of Technology
GP	Mr	G	Mokone	Student	Tshwane University of Technology
GP	Ms	TJ	Mtshali	Student	Tshwane University of Technology
GP	Ms	DA	Mashiane	Student	Tshwane University of Technology
GP	Mr	TM	Tau	Student	Tshwane University of Technology
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GP	Ms	Y	Khoza	Student	Tshwane University of Technology
GP	Ms	NF	Tshitimbi	Student	Tshwane University of Technology
GP	Ms	BB	Xaba	Student	Tshwane University of Technology
GP	Ms	NF	Maphumulo	Student	Tshwane University of Technology
GP	Ms	NN	Sikhosana	Student	Tshwane University of Technology
GP	Ms	EM	Magoro	Student	Tshwane University of Technology
GP	Ms	ML	Lesoalo	Student	Tshwane University of Technology
GP	Ms	J	Lebese	Student	Tshwane University of Technology
GP	Mr	TS	Selowa	Student	Tshwane University of Technology
GP	Ms	LD	Mathebe	Student	Tshwane University of Technology
GP	Mr	LL	Sepataka	Student	Tshwane University of Technology
GP	Ms	K	Mnguni	Student	Tshwane University of Technology
GP	Ms	T	Molotshi	Student	Tshwane University of Technology
GP	Mr	TL	Mohlala	Student	Tshwane University of Technology
GP	Mr	E	Ngobeni	Student	Tshwane University of Technology
GP	Mr	T	Mogale	Student	Tshwane University of Technology
GP	Mr	N	Setlago	Student	Tshwane University of Technology
GP	Mr	TP	Matseke	Student	Tshwane University of Technology
GP	Ms	T	Dondolo	Student	Tshwane University of Technology
GP	Mr	T	Morabane	Student	Tshwane University of Technology
GP	Mr	I	Baloyi	Student	UNISA

Future CONFERENCE DATES



2015 | Emperors Palace | 5-7 October



2015

2016 | Durban Convention Centre | 3-5 October



2016

2017 | Cape Town Convention Centre | 9-11 October



2017

Visit www.imfo.co.za for more information.

New Members

GP	Mr	S	Ngumla	Student	Vaal University of Technology
MP	Ms	GN	Masuku	Student	Vaal University of Technology
MP	Ms	NL	Skosana	Student	Vaal University of Technology
GP	Ms	LT	Matsheke	Student	Vaal University of Technology
GP	Mr	B	Mabasa	Student	Vaal University of Technology
GP	Mr	ES	Chavalala	Student	Vaal University of Technology

GENERAL MEMBERS

PROV	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
GP	Mrs	M	Short	Chief Executive Officer	Consumer Profile Bureau (CPB)

JUNIOR MEMBERS

PROV	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
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
WC	Ms	JL	Adriaanse	Professional Officer	City of Cape Town Municipality
KZN	Mr	SD	Msimanga	Principal Clerk	Ethekwini Municipality
NW	Mr	OD	Batsietseng	Risk Management Intern	Dr Ruth S.Mompoti Municipality
NW	Mr	MA	Chaka	Risk Management Intern	Dr Ruth S.Mompoti Municipality
WC	Mr	S	De Jager	Finance Intern	Overberg Municipality
KZN	Mr	HL	Dubazana	Consultant	Bonakude Consulting
FS	Mr	SV	Lejaha	Expenditure clerk	Setsoto Municipality
EC	Mr	GG	Lottering	Admin Officer	Amathole Municipality
KZN	Mr	ZS	Ndlovu	Senior Budget Clerk	Ubuhlebezwe Municipality
KZN	Mr	CB	Myeni	Assets Management Off	Umzinyathi Municipality
GP	Ms	Z	Yousuf	Lecturer	UNISA

LICENTIATE MEMBER

PROV	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
KZN	Mr	IS	Xulu	Manager Financial Report	Jozini Municipality
GP	Mr	ZL	Dlamini	Relationship Executive	ABSA

New Members

BZIM	Ms	T	Mapanga	Accountant	City of Harare
KZN	Mr	V	Naidoo	Principal Project Officer	Ethekwini Municipality
KZN	Ms	E	Mutize	Financial Manager	Durban Marine Theme Park
ASSOCIATE MEMBERS					
PROV	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	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	Msunduzi Municipality
KZN	Mr	SSZ	Sangweni	Accountant	Ethekwini Municipality
EC	Mrs	P	Gwana	Director Municipal Finance	Eastern Cape Treasury
GP	Ms	MS	Van Niekerk	Manager: Expenditure	Mogale City Municipality
LP	Ms	RJ	Setati	Chie Audit Executive	Lepelle-Nkumpi Municipality
MP	Ms	VB	Bila	Deputy Chief Finance Officer	Dr JS Moroka Municipality
GP	Mr	ZG	Magubane	Accountant	Johannesburg Road Urgency
LP	Ms	MM	Mpyana	Risk Manager	Greater Tzaneen Municipality
GP	Mr	S	Mhlanga	Director: Financial Risk Man	City of Tshwane
KZN	Ms	NR	Shabalala	CFO: Assistant	Ubuhlebezwe Municipality
NC	Mrs	A	Marais	Manager Finance	Solplaatje Municipality
KZN	Ms	LI	Nzuza	Manager: Revenue	Imbabazane Municipality
SENIOR ASSOCIATE MEMBERS					
PROV	TITLE	INITIALS	SURNAME	DESIGNATION	EMPLOYER
GP	Mr	U	Banda	Executive Director	City of Tshwane
KZN	Mr	GS	Majola	Deputy Chief Finance Officer	Maphumulo Municipality
LP	Mr	U	Shumba	Associate Director	Sizwentsaluba Gobodo Inc
WC	Mr	F	Sabbat	Chief Finance Officer	Beaufort West Municipality
GP	Mr	U	Banda	Executive Director	City of Tshwane
KZN	Mr	GS	Majola	Deputy Chief Finance Officer	Maphumulo Municipality
LP	Mr	U	Shumba	Associate Director	Sizwentsaluba Gobodo Inc
WC	Mr	F	Sabbat	Chief Finance Officer	Beaufort West 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:
22 Thistle Road, Kempton Park,
Johannesburg, 1620
Tel: +27-11-394-0879
Fax: +27-11-394-0886/+27-11-975-8487
<http://www.imfo.co.za>

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- Step 3:** Articulating controls and setting key risk indicators
- Step 4:** Effective monitoring of risk dashboards
- Step 5:** Escalation and reporting of risks

To start your risk management framework implementation, contact Shivani Padayachy at Padayachys@aforbes.co.za or Dumisani Gama at Gamad@aforbes.co.za.

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MFMA Reporting Requirements

Reporting Requirements

Reporting Requirements (Local Government Finance)

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
AUGUST	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	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
	4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
	5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Council, MEC (Loc Govt)
	6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
	7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
	8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
	9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
	10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
	11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
	12	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
	14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	20	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
	21	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
	22	Prep & submit Consolidated Fin Stmtns	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
	23	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
	24	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
	25	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
	26	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
	27	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
	28	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
	29	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
SEPTEMBER	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	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
	4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
	5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Council, MEC (Loc Govt)
	6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
	7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
	8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
	9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
	10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
	11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
	12	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
	14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	20	Prep & submit Consolidated Fin Stmtns	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
	21	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
	22	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
	23	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
	24	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
	25	Non-compliance & reasons of non-compliance	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
	26	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
	27	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

MFMA Reporting Requirements

MONTH	NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
OCTOBER	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 Council, 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 - Stmtnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
	15	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
	16	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
	17	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
	18	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
	19	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
	20	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
	21	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
	22	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
	23	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
	24	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
	25	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
	26	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
	27	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
	28	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
	29	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtr	Acc Officer etc	Nat Treas
	30	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qtrr end	Acc Officer etc	Statistics SA
	31	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qtrr end	Acc Officer etc	Statistics SA



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