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Chartered Institute of
Government Finance, Audit & Risk Officers

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IMFO

GRAND OPENING
BREAKING NEW FRONTIERS
IN ADVANCING PUBLIC SECTOR GOVERNANCE

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Sustaining Municipal Viability amidst the Economic Distress, is the theme for this year's conference hosted by the City of eThekwini. Exciting times all round as our Platinum sponsor CCG Systems also formerly known as Camelsa is excited to share this platform with us.

Growth is good for any organisation. Strength and growth come only through continuous effort and struggle and the results at IMFO are visible through the launch of our New Building, new name and the appointment of the new CEO. With the new building and the launch of the new name, the staff and members of the institute will once again have to go through transformation. As the institute transforms this will be a process where the institute has to sustain excellence as with change or transformation expansion of an organisation is inevitable. These changes are perfect as they arrive just as the season changes from winter to spring. "Spring time" is referred to as the season, which also has ideas of rebirth, rejuvenation, renewal, resurrection and regrowth.

We therefore officially introduce to you our new CIGFARO publication. The Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO) publication promises to sustain excellence but also raise the bar a little by including academic peer reviews and case study articles written by members so as to share expertise, professional practice and furthering the interests of practitioners in the Financial and government related areas.

This issue will explore the history of IMFO and the rebirth of CIGFARO. The grand opening of the new offices marks a new era for the institute, as we also look forward to the leadership of our new captain, Mr Abbey Tlaletsi, the new Chief Executive Officer of the institute. It was imperative that we introduce our new CEO to the members and an interview can be found on page 8 and 9.

With all these new changes, I am ready to dance but before that a special gratitude goes to our platinum sponsor CCG Systems for believing in the endeavours of the institute, your support is highly appreciated.

At this conference we sadly bid farewell to our most energetic President, Ms Jane Masite who has transformed the institute in a short space of time with the support of the loyal dedicated board members. We look forward to engaging with all delegates and most importantly with the more than 90 exhibitors. C

Don't forget to follow us on Twitter and like us on Facebook.

Ciao!

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FOREWORD FROM THE CIGFARO PRESIDENT

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers
IMFO

"Nobody can go back and start a new beginning, but anyone can start today and make a new ending" - *Maria Robinson*

As the 2016 Annual Conference draws to a close and we get ready to welcome our new Board for the term 2016/18, the Institute is also entering a new era. It is unbelievable how fast time passes by as I now pen my last editorial as the President for the term 2014/16. I have thoroughly enjoyed my short stint as a President, the journey was challenging but a very satisfying journey.

I took over as the President at a time when our country was celebrating 20 years of Democracy whilst equally ordinary citizens were on a rampage protesting at risk against poor service delivery in their respective communities which were all tired of waiting for quality service delivery.

Our conference then noted the service delivery protests that were visible everywhere around the country. The protests were prompted by, inter alia, the non-responsiveness of local government and the slow or poor service delivery by the municipalities. Looking back one might say that the country and the institute had been hit by a tsunami. I started my journey knowing fully well that it is going to be a long and winding road ahead. Championing a new vision, based on the mandate given to me by the members and the board was no mean feat. The resignation at senior management level in the office brought with it new challenges for the Institute in this journey. I then had the opportunity to step in and play a dual role of President and also assist IMFO staff in striving towards the institutes vision and mission, and achieving its strategic objective. This critical time provided an opportunity to make a clean break from the past.

The objective was to maintain the momentum and continuously improve the quality of the service rendered by the Institute. In this journey I was assisted by the Vice Presidents to lighten the burden. The Board's decision, to fast track the building of the institute's new offices and the appointment of a new CEO required reaction with speed and zeal. This inspired us to ensure that the Institute has attained an international visibility. I wish to express my gratitude to the Building Committee Chairperson, Mr. Sidwell Mofokeng and Mr. George van Schalkwyk who both ensured that we can deliver a state of the art new Institute building free of all debt.

It is fitting to highlight the pledge and commitment to our government partners, to continue working together going forward. I remain deeply humbled by the confidence National Treasury showed in the Institute and endowing the Institute with the ambitious project of championing the mSCOA training.

I am also extremely thankful to all those who accepted my invitations and attended all our workshops and seminars, helping us to host successful events throughout the years. During those times, I was lucky to receive help and support from a great dedicated IMFO staff team and board members. I cannot forget the overwhelming support from friends and colleagues at the Emfuleni Local Municipality. Apart from the people who are serving on the Board - Mr. Sidwell Mofokeng, Mr. Danie de Lange, Ms. Louise Muller and Mr. George van Schalkwyk – tremendously assisted with all the initial issues. I remain indebted to all the colleagues who served on the Board and supported the Institute's vision every inch of the way.

I have never ceased to be amazed by the members' reviews on the amazing work done by the staff and the institute. Members, stakeholders and Board Members selflessly contributed to the success of the Institute without the expectation of recognition or reward. This remains an enduring symbol of their commitment to the institute. I would like to express my sincere gratitude to all who have over the years offered unqualified support to the institute.

In Section 153 of the Constitution, it states that; "A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote social and economic development of the community and participate in national and provincial development programs". I therefore urge you all, Ladies and Gentlemen, to take the responsibility as the preamble of the Constitution says and improve the quality of life for all citizens and free the potential of each person.

The future remains bright despite the economic distress. This conference will highlight important issues and remain relevant. The conference has done well in balancing the demands of a wide array of audience in the public sector. I also recognize that a lot more needs to be achieved but I am certain that my successor, with the board's skills and support of the members, will achieve this dream in the near future. I would like to close with a quote by the former President Nelson Mandela: "What counts in life is not a mere fact that we have lived; it is what difference we have made to the lives of others that will determine the significance of the life we lead". **C**

I wish you all a very bright future and I hope you enjoy the conference.

JANE MASITE
MADAM PRESIDENT - IMFO

ONE PROFFESSION, ONE INDUSTRY, COMMON JOURNEY.

THE JOURNEY

The President of IMFO' Mrs Jane Masite elonquently narrated the Institute journey as a long one. The records of the Institute of Muncipal Treasures and Accountants (IMTA), in England shows that in 1902 that some of IMTA member were in service in South Africa.

It is in September 1913 one the members working in South Africa a Mr E B Scott Town Treasurer of Lady Smith wrote to the IMTA in London about a proposal to establish a local branch of the IMTA. At that time there were five (5) fellows in South Africa. The advent of World War 1 played a role in delaying the launch of the Institute after approval was granted.

While the journey started in 1927 the preliminary conference was convened by the then South African Municipal Employees Association (SAAME) which was held on the 13 September 1927. On the 14th September 1927 the preliminary council was elected.

The Interim Institute Council in 1928 issued invitations to Municipal Treasurers to attended the Inaugural Conference on July 28 1928, which was held in Bloemfontein) coincidentally where the (ANC) was founded in 1912 (104) year ago, 16 years. The conference resolved to adopt the name of the Institute of Muncipal Treasures and Accountants (IMTA)

In 1929 the Institute was incorporated with its first constitution approved and developed

- By laws of the Institute
- For the past 70 years there has been constitutional changes as the institute grew
- Education for the proffession
- Setting standards
- Examination for treasures
- In 1930 the the first curricullum was set setting out eligibility, exemptions and Special Examination
- Membership upliftment to examinations
- Special conferences and seminars.

In 1988 the Municipal Accountants Profession Act was promulgated and later repealed due to the transformation requirement and the advent of the new democratic dispensation in 1990 and the introduction of the accounting Standards Board (ASB). This meant that the resposnsibility of prescribing and setting Accounting Standards was shifted from muncipalities to ASB occassioned by the repeal.

Despite the repeal of its statutory recognition the Institute continued to grow in leaps and bounds to support its members. It also partcipated in the ASB and other key forums invited both government and organised local government .

THE SECOND RENAMING

In 1990 the Institute resolved to change its name to from the Institute of Muncipal Accountants and Treasurer (IMTA) to Institute of Muncipal Finance Officers (IMFO), which has since gained ernomous respect amongst its peers,

The first Black President was Bethwell Jwili, the first female President was Marie- Liese Fourie, Second Female President was Louise Muller. On achieving its 85th year the Institute elected its first black female President

Mrs Jane Masite. Each of these key milestones in the transformation journey has helped focus and refocus the Institute direction.

Since its inception IMFO has been undergoing various transitions and transformation, both informed by the changes in the country [socio-economic and political] as well as respective changes that took place in local government. This fact was acknowleddge the by the former State President of the Republic of South Africa Hon Prseident T Mbeki when IMFO celebrated its 75th Annivesary "The manner in which IMFO responds to the new democratic imperatives and to the MFMA will determine how relevant and influential it will be in the changing landscape of local government" Hon Pres T Mbeki.

The journey travelled thus, far by the Institute has been characterised by the challenges that require urgrncy and this type of responsiveness. The focal point of the institute in the early years of inception was the creation of a professional body which would establish and maintain high standards of professionalism among municipal practitioners.

THE DAWN OF A NEW ERA

Owing to the changing public sector landscape, the institute took a conscious decision to accelarate its repositining to accommodate related professions , to include audit, risk and performance management prcatitioners. This process led to the immidiate past board under the leadership of Louise Muller ,immidiate past president resolving to extend the scope, vision and startegy of IMFO.

When the baton was passed to Mrs Jane Masite as President, the dawn of the new era was upon the Institute. It is under Mrs Jane Masite that the Institute broke new ground, setting new frontiers for the Institute. The new name was unveiled, new building launched.

THIRD REMANING OF THE INSTITUTE

Chartered Institute of Government Finance, Audit and Risk Officers(CIGFARO). The signifinace of this renaming puts the institute squarely at the forefront of public finance management reform and proffessiolisation of the public sector. This is a stern departure from on looking ast the interst of the muncipalities and its entities , to accommodate progressively the interst of the public sector.

WHY CHARTED INSTITUTE?

- Repositioning the professions to provide more on public Finance Management.
- Professionalising Finance management for gretaer impact on service quality delivery
- New Certification criteria based on robust asssesment criteria
- Premier desigantions to provide confindence to public about the proffessional status of our practitioners.
- New Chartered designation and enhance Code of Ethics
- Manadtory professional registration for CFO, CAE & CRO

THE FUTUTRE

The President has deposited in a memorial plaque the direction to be followed by succsessive board and beyond. The CIGFARO beyond 100 years will be unveiled when IMFO attains its centenary in 2029. President of CIGFARO in 2029 will becrequired to report to conference the vision for the next 100 years. C

"CIGFARO BREAKING NEW GROUNDS"

Introducing our new CIGFARO Chief Executive Office - Mr Abbey Tlaletsi

THE PRESIDENT OF THE CHARTERED INSTITUTE OF GOVERNMENT FINANCE, AUDIT AND RISK OFFICERS (CIGFARO), MS JANE MASITE MADE A PRONOUNCEMENT RECENTLY ON THE ARRIVAL OF THE NEWLY APPOINTED CHIEF EXECUTIVE OFFICER, MR ABBEY TLALETSI.

HE ARRIVED IN AUGUST 2016, WHICH IS SEVEN WEEKS BEFORE THE ANNUAL CONFERENCE. HE LANDED AT THE RIGHT TIME WHEN THE NEW NAME FOR IMFO WAS LAUNCHED AND THE NEW BUILDING WAS RE-OPENED.

OUR EDITOR (OCEAN MAKALIMA) HAD TIME TO TRACE THE ORIGIN AND BACKGROUND OF THE NEW CEO.

Mr Abbey Tlaletsi

IMFO
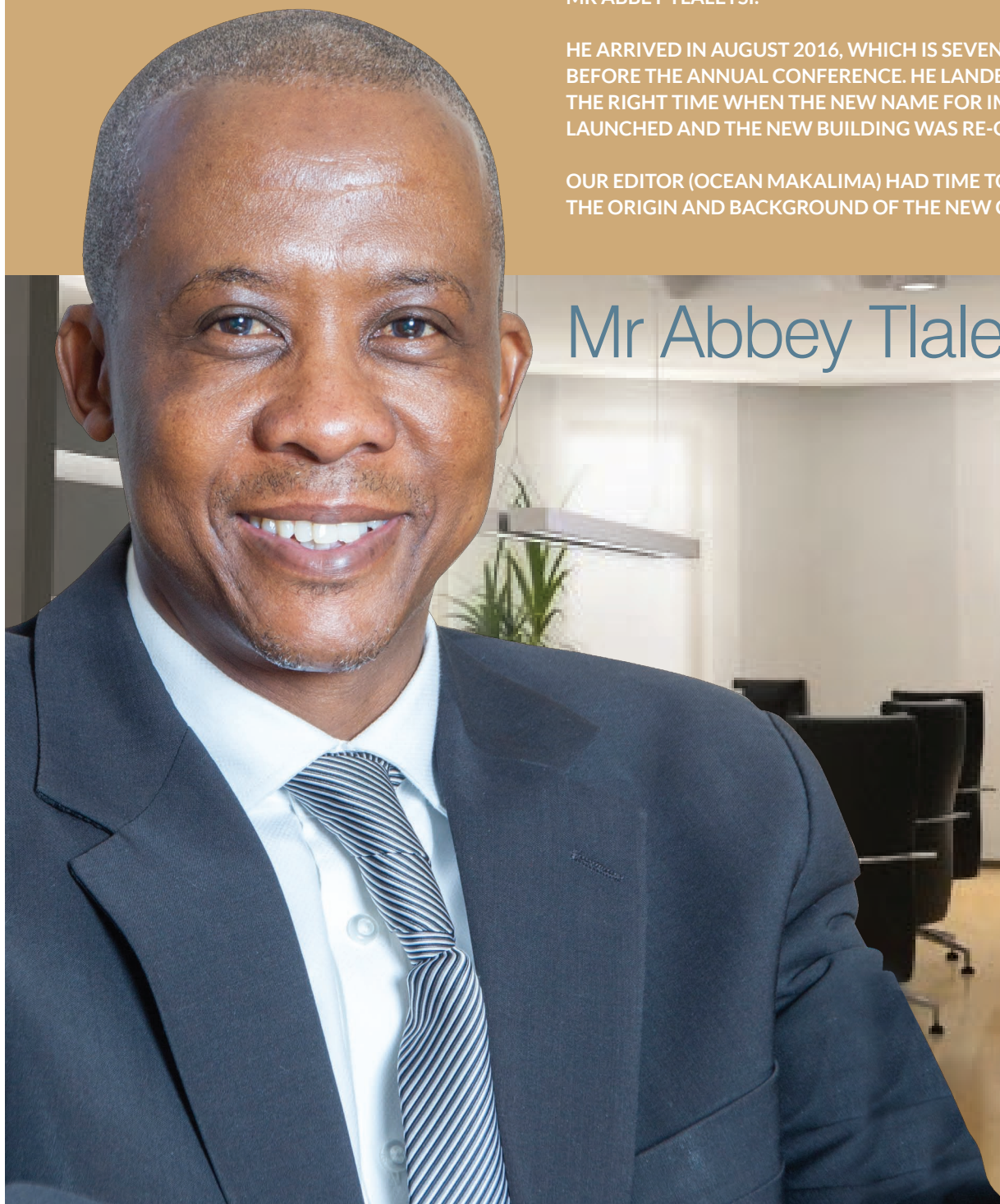
EDITOR: Mr Tlaletsi, welcome to CIGFARO. I trust you have made a well thought out decision to accept this prestigious offer of being the Chief Executive Officer for this Institute.

ABBEY TLALETSI: Thank you very much Madam for the warm welcome. Indeed, it's true that I did reflect and weigh up options before accepting this officer.

EDITOR: People are always interested in knowing a bit about any stranger's or new comer's origin and background. Please shed light in this regard.

ABBEY TLALETSI: Well briefly, I was born and bred in Jouberton, Klerksdorp many years ago! I completed my then Junior Certificate (JC) there and moved to Mahikeng for my secondary and tertiary education. I then settled in Mahikeng because of hospitality and social warmth I experienced in that historic town.

EDITOR: Tell us more about your tertiary education achievements.

ABBEY TLALETSI: I enrolled for my first degree studies on part time basis whilst in full time employment. I succeeded in acquiring a Bachelor of Commerce degree with majors in Management and Industrial Psychology. I added B.Com (Hon) and Master of Commerce (Strategic Management) to my academic list. My mini dissertation topic for honours studies was *"The importance of women in management of organisations" whilst my masters' full dissertation was on "The relative importance of setting standards and measuring performance as a control measure in management of organisations"*. I must also indicate further that I went for a month postgraduate certificate course in Israel (He'Atid Institute) covering small business and cooperatives development subjects.

EDITOR: What about your work career journey?

ABBEY TLALETSI: Well, It has been a long journey stretching over 34 years and is nearing an end in less than 10 years. I started as a Bank Clerk with FNB then Barclays Bank, went through the ranks and ended this 15 years banking career as a General Manager for all the ABSA Branches in the North West Province. I did spend 7 years at the North West Development Corporation, starting as a Trainee Business Counsellor and concluded as a Regional Small Business Development Manager. I then served the North West Provincial Government for 10 years as Chief Director (Sector Analysis, Research, Monitoring and Evaluation), Head of Department (Accounting Officer) for Economic Development and Tourism, as well as the Acting Director General for two years. I furthermore assisted the North West University as a part time Lecturer offering Management (third year and honours students) and Entrepreneurship & Business Opportunities (second year students) for two and a half years.

EDITOR: Wow! What an achievement! Now what did these academic qualifications and vast work experience built within you?

ABBEY TLALETSI: All these as well as the hardship I went through, have developed me to become a person who strongly believe in "Doing the right things right the first time". In any life situation, be it work, domestic, social, etc, conflict as well as violation and all other negative outcomes leading to retrogression, are experienced simply because one has in most cases failed to do the right things right. Life is about rules whether implied, formal or informal. You should notice any audit processes will always investigate whether an organisation has done the right things right or not. So, it goes without saying that " If you desire to obtain a Clean Audit with less hassles, then do all the right administrative imperatives right", meaning as per prescripts, easy neh!!! You should have convincing facts why it was life threatening for you not to follow rules, and it cannot be frequently repeated.

Corruption will be dealt with more effectively if we all do the right things right. In short if you engage in activities that you do not want anybody to know, and you spent sleepless nights being worried that you will end up in trouble, then it is most probable that you did not "do the right things right" Klaar!!!

I might thus be perceived as a very rigid Account Officer. Transgression is a no go area for me but I do allow for a positive results oriented deviation with valid rationale.

EDITOR: What is your few weeks' reflections on CIGFARO and your approach to take this Institution forward?

ABBEY TLALETSI: CIGFARO like most organisations has gone through some difficult administrative experiences due to the absence of a substantive Accounting Officer (CEO). The Acting CEO, supported by the President, Vice President and Board Members, has succeeded in keeping this ship afloat. There are visible and tangible positive outcomes. My duty is simply to dot the I's and cross the T's on administrative processes, then focus on product development and fundraising initiatives. Sustainability of this institute is of paramount importance.

EDITOR: Mr Tlaletsi, I do realise that there is a lot of information you could still share with us. We will arrange more time and additional slot for further deliberations soon. Please conclude this discussion with a message to CIGFARO staff.

ABBEY TLALETSI: I agree with you Madam, time is not on our side. I have already communicated my request and demand to staff. Such evolve around a dire need to work together as a team without pretence. I have made a strong demand for **RESPECT** irrespective of rank, qualifications, colour or any other perception. We have to accept each other's weaknesses and provide support where required. This will lead to openness, transparency, equality and most importantly harmony which is vital for positive productivity enhancement in any organisation. Laissez-faire is however not allowed at all cost.

TOGETHER WE WILL TAKE THIS INSTITUTION TO GREATER HEIGHTS. I THANK YOU.

Creating Smart Cities in South Africa
by Daniel J De Lange - EOH

INTRODUCTION

The "Smart city" agenda is gathering momentum and there are now many great cities in the world that are in the race to be the smartest city in the world.

The key drivers are clear: increasing populations and demand for services is,are fuelled by increasing constraints on urban resources such as public transport, energy, safety and security and health care. In short, these cities desire to provide attractive and enjoyable places for citizens to work in and live a fulfilled life.

Our cities must plan for extraordinary population growth and must avoid peak-load and traffic congestion on our roads and infrastructure.

The World Bank estimates that South Africa's population will grow from the current level of 54, 4 million people to 65, 5 million people by 2050.

The world is experiencing disruptive innovations.There has been a rapid growth of mobile internet applications and there are now smart phones in almost every household. The internet of things has arrived, cloud computing is now commonly used by citizens and business and insights from big data offer new business opportunities that can enhance the quality of life and bring down the cost of providing municipal services.

Smart cities are however not just about technology – it is more about people and creating the right conditions for them to have a better quality of life. It is about enterprise and creating the right conditions for economic growth and enterprise. There is no doubt that smart cities in the world will attract more businesses and capital than those cities that have been left behind. These smart cities create opportunities to maximize their competitive advantage.

Smart Cities collaborate with their partners in the private, public, academic and community sectors to create a shared vision, set priorities and develop as an ecosystem that enables each sector to exploit their strengths and build capacity and capability.

This article will try to create awareness of the smart city concept and will focus on the importance of planning for the use of technology in the municipal environment. Municipalities need a long term roadmap to guide them into the future to establish a smart city.

The age of the smart citizen who is connected to the world has arrived and lives within your precinct.

WHY IS IT IMPORTANT TO CREATE SMART CITIES AND SMART TOWNS?

There is no doubt that the world is changing fast and that municipalities need to adapt to the needs and demands of

Municipalities are therefore encouraged to become early adopters of the new technologies that are available to improve service delivery, to reduce the cost of service delivery and to optimize their revenue collection processes.

The creation of Smart Cities will attract investment impacting positively on local economies and job creation resulting in enhanced safety and living conditions.

their smart citizens. Municipalities need to be aware that the world is becoming more and more competitive. Therefore, our cities must have a vision to be a Smart City in which people live meaningful and happy lives, enabled seamlessly by technology offering exciting opportunities for everyone.

There are cities in the world such as London and Singapore where there are networks of sensors and smart devices gathering data for analysis which enables accurate planning. Citizens are able to live and travel safely, sustainably and comfortably where technology in the city enables more people to connect to one another and institutions more easily and intensely.

SAFE AND ENHANCED LIVING

In the not too distant future, Smart Cities will focus on those areas in which technology will create the greatest positive impact on the lives of citizens. The use of CCTV systems to monitor traffic and to improve security in high risk areas has been deployed in many South African cities.

In many of our cities communities are able, through technology and online platforms and social media, to communicate with the municipality and to pay for their municipal services on line. These systems are now able to analyse data, determine trends, monitor service consumption and highlight irregularities.

SMART CITIES AND A VIRTUOUS CYCLE

Minister Vivian Balakrishnan, Minister for Foreign Affairs and Minister in-charge of the Smart Nation Initiative of Singapore stated: "There is basically one key idea which I want to transmit to you today – that a sustainable environment, a dynamic economy and a Smart Nation are really three dimensions of a tightly interconnected nexus.

So that is the key idea – that a sustainable environment, a dynamic economy and a Smart Nation are actually part of a virtuous cycle. We want to get this right and we want to achieve synergy in all three dimensions."

We, therefore, have to achieve the optimum synergy in all these dimensions where governments, the private sector and communities will have to work together to achieve the goal of creating a Smart City.

WHAT PROGRESS HAS BEEN MADE IN SOUTH AFRICAN METROPOLITAN AREAS?

A limited search of the Integrated Development Plans of some of the SA Metropolitan Municipalities has confirmed that there are few Metropolitan Municipalities that have incorporated the smart city concept in their Integrated Development Plans (IDP's).
The City of Johannesburg (COJ) has developed a roadmap and has incorporated the development of a Smart City as a development priority in their IDP. The COJ has set specific

Creating Smart Cities in South Africa
by Daniel J De Lange - EOH

goals to be achieved. In (2020-2030), the City will concentrate on accelerating and up scaling the implementation of smart city practices. In (2030-2040), the City will realize its goal of being a smart world class African city that is resilient, sustainable and livable. Projects are identified and included in the budget.

Unfortunately, most municipalities in South Africa seem to have adopted Smart City technologies on an ad hoc basis and have not incorporated the use of smart technologies in their long term strategic planning processes.

THE IDP OF A SMART CITY

In order to place a municipality on the path of becoming a Smart City, municipalities must include the Smart City concept in their strategic planning processes.

Included in the IDP of the City of Johannesburg, the city has identified a development objective:

"To be an inclusive, job-intensive resilient and competitive economy that harnesses the potential of citizens."

The outcome implies that the economy of Johannesburg will be productive, competitive and innovative. It will be a sought after place in the country and globally, particularly for sustainable, private investment. It will be attractive to commercial enterprise and will offer a diverse range of well-regulated and support to small businesses and trading opportunities.

The COJ identified four outputs critical to achieving their outcome and these are:

1. Job intensive growth
2. Promotion and support to small business
3. Increased competitiveness of the economy
4. A Smart City that is able to deliver quality services.

The outcome is premised on the fact that the City uses resources effectively to fuel economic development.

In terms of the Output of establishing a Smart City, Johannesburg's Smart City Strategy relating to billing, health, transport, water, electricity and other services in place will yield benefits in terms of universal access to internet and establishing the basis of smart institutions. The Integrated Operations Centre linked to the Safer Cities priority will leverage new technologies to enable crime prevention. Smart metering will also optimize service delivery. By 2020, the City will continue to become

technologically competent through the roll-out of supportive smart infrastructure and build on three key smart areas of focus: E-learning, Smart Safety and Smart Services.

The Smart City Programme aims to grow the City's ability to provide affordable and universal access to communication services for its residents. The implementation of this Programme will assist the City to enhance service delivery through interventions such as smart-metering for water and electricity services, e-services and widespread access to broadband. It is envisaged that the Programme will improve City decision-making, e.g. through the integration of city-wide data into a single view, while also increasing economic activity through providing the technology and connectivity necessary for businesses and entrepreneurs to thrive.

In 2016, the City aims to achieve 100% access to affordable internet services across city owned building and significant roll-out of broadband access at the household level.

 The City of Johannesburg's Smart City Strategy planning model which is linked to specific outcomes and projects, which have been included in the budget, will enable the City to achieve its Smart city development priority.

CONCLUSION

Municipalities are therefore encouraged to become early adopters of the new technologies that are available to improve service delivery, to reduce the cost of service delivery and to optimize their revenue collection processes.

By integrating the Smart city concepts into the strategic planning processes, Municipalities will ensure an appropriate roadmap is created where development priorities and projects are included in the IDP and Budget.

The creation of Smart Cities will attract investment impacting positively on local economies and job creation resulting in enhanced safety and living conditions. **C**

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3. Smart London Plan
4. City of Johannesburg 2015-2016 Integrated Development Plan.

NTRODUCTION

For the past two years, the buzzword in the local government arena has been "mSCOA" and together with that the concept of "change management" that inevitably accompanies the much dreaded conversion to the municipal Standard Chart of Accounts. What does this conversion really entail and what are the practical implications on the day-to-day operations of a municipality?

Below is an honest rendition of a municipality's trials and tribulations during the process of mSCOA conversion. And of course - some practical tips on how to stay sane and tame the mSCOA monster!

BACKGROUND

During Augist 2014 Sol Plaatje Local Municipality was selected by National Treasury as a pilot site for the implementation of the municipal Standard Chart of Accounts (mSCOA) - the only municipality in the Northern Cape to pilot the project. The envisaged date of implementation was 1 July 2015, which did not leave the municipality with much time to prepare for this major reform. It was clear that our journey to implementation was going to be a sprint, and not marathon!

Needless to say, the decision to pilot this project was met with lots of skepticism, adversity and sometimes even indifference from the various role players within the municipality. A gigantic task lay ahead…

THE PLANNING PHASE
First things first:

As with any project of this magnitude, we realised that planning was key. Familiarising yourself with the legislative framework and requirements and ensuring that you gain an understanding of the concept of mSCOA was part of this initial phase. A project team was assembled, consisting of a project sponsor (the Municipal Manager Mr. Goolam Akharwaray), project champion (Chief Finance Officer Mrs Lydia Mahloko) and project manager (Mrs Lientjie Marais) as well as other team members. The core team consisted of Lientjie Marais, Oubaas Wagner and Dawie le Roux (BCX). Although the core team was finance personnel, other key role players were identified to be involved on an ad hoc basis. The roles and responsibilities of various stakeholders were discussed, agreed upon and documented in the terms of reference document of the project team. At the center of these discussions stood the fact the municipality needed to take ownership of this project. It was not the responsibility of National Treasury, the system vendor or anyone else but Sol Plaatje Municipality to ensure successful implementation. That being said, liaison and consultation with these stakeholders are of course essential.

A detailed project plan was compiled in consultation with the system vendor. In this document key dates, milestones and outcomes were identified. Another important document to incorporate in the planning phase is the risk register. This serves as a record of all possible stumbling blocks as well as plans to address and mitigate these risks. It is extremely important to get the buy-in and support of the leadership of the municipality right from the start. As such, we ensured that both the municipal manager and the mayor are thoroughly informed of the project and the anticipated impact thereof on the municipalities' operations.

Another key consideration right at the beginning of the project, was the review of the IT infrastructure and assessing whether it would meet the requirements of mSCOA implementation. Collaboration between the system vendor and the IT department of the municipality is vital throughout the project.

THE EXECUTION PHASE
And then the real work began.

At this point, we were faced with a slightly embarrassing question: What do we do now? We had no idea. No formal training had been provided as yet as National Treasury was still in the process of developing the training modules. The deadline was luring and some of the integral concepts introduced by mSCOA like "seamless integration", "retrofitting" and "multidimensional chart" were only meaningless words to us then (it might as well have been Greek).

Eventually we came to the only logical conclusion we could: Use what you have and do what you can! A decision was made to follow a phased-in approach – this basically implied that we would not fully implement all of the segments, specifically the regional and costing segments. This decision was informed mainly by the severe time constraints we were faced with. Eat the elephant piece by piece!

We also realised pretty soon that, as much as the process of implementation is advocated to be a team effort that requires input from various stakeholders, the truth is that the project will be driven by a few key individuals (core team) who will request, collate and compile all the information into a useable format that can be transferred to the financial system of the municipality.

So we started with the existing trial balance – we analysed, scrutinised, compared and classified the line items in terms of the chart provided by National Treasury. Luckily, expenditure was still expenditure, revenue was still revenue and GRAP was still GRAP. However, some line items in the existing trial balance did require disaggregation whilst others were required to be combined.

This initial exercise was a tedious one, but it gave us a general idea of what the standard chart of accounts consisted of and how it was structured. But that was the easy part: it was followed by questions around the other segments. What was the purpose of the project, function, costing and funding segments and how do

we incorporate it into our general ledger in a sensible manner? This next step necessitated intensive research (and by that I mean literally reading everything about mSCOA we could lay our hands on). It further necessitated a thorough understanding of the municipality, its operations and organisational structures.

At this stage, a shocking realisation dawned upon us: The project segment was seen as equally important, if not more important than the item segment. Each and every activity of the municipality had to be linked to a project, whether it was municipal running cost, HIV or EPWP projects….and then each line item in the trial balance had to be linked to a project. Funding sources had to be identified and allocated to each expenditure line item. The function segment had to be aligned with the GFS classification and also had to be taken into account.

After various internal debates, consultation with the system vendors, project managers, financial managers, the IDP manager and many, many long hours of copying pasting, deleting, rethinking and redoing, we finally managed to build a structure that incorporated all seven segments (though the costing and regional segments still reflected the "default option").

The budget side then needed to be considered. This was essential in order for various sections within the municipality to continue their operations in July 2015. Individual cost centers reflecting the existing budget amounts aligned to the new vote numbers were built and distributed to the relevant line managers. These documents enabled user departments to draw a comparison between the old vote numbers they were familiar with, and the new structure and vote numbers.

THE CONCLUSION PHASE
There is light at the end of the tunnel

Here you might expect a structured, methodical rundown of the activities preceding the implementation date of mSCOA. However, the last four weeks were a frenzy of deadlines, meetings and endless excel spreadsheet uploads. During this period it was essential to work very closely with the system vendor. This was also the time when all levels of staff had to be given a final briefing on the procedures and operational changes going forward. Specific emphasis was placed on the change in the structure of the general ledger vote numbers in use (the familiar 13 digits numbers were replaced with 20 digit numbers).

A series of awareness sessions were held during the last week of June. Stationery in use that portrayed the pre-SCOA details had to be revoked and replaced with newly developed templates. Fleet codes and numbering had to be reviewed and linked to mSCOA vote numbers. Various test runs were done to identify possible errors. Sign-off documentation had to be prepared for audit purposes. It was concluded long ago that parallel running of the old and new structure was not a possibility. This knowledge increased the adrenalin rush we felt during this period.
13 July 2015 marked the mSCOA "going live" date for Sol Plaatje

Local Municipality. For most staff members this day was a day like any other (perhaps marred with slight frustration due to the new lengthy vote numbers that were now in place)? But for the mSCOA project team this day was edged with an inconspicuous sense of achievement - and above all an overwhelming sense of relief!

As much as we knew that this was only the start, we were satisfied. Everything was running smoothly.

WHAT WE STRUGGLED WITH
Looking back there were some obstacles we encountered that might be worth mentioning. These should be dealt with from the beginning and considered throughout the process of implementation as far as possible.

Lack of timely training – Formal training on the different segments and how to approach them was not provided by National Treasury until March 2015, which was way too late to really benefit from.

Different versions of the mSCOA chart – The final version for implementation (version 5.3) was finalised at a very late stage. Changes resulted in rework and additional time pressure.

Annual budget process and its requirements – The annual budget for 2015/16 was not completed in terms of mSCOA. This resulted in a lot of additional work during the 2016/17 budget process. Balancing of the budget on mSCOA and reporting to National Treasury was complicated by the fact that the schedules from National Treasury had not been updated to align to the new chart of accounts. Records had to be kept of all movements between line items as a result of mSCOA implementation and monthly data strings had to be uploaded to the SCOA portal. In essence, reporting therefore had to be done in the "old format" and data had to be manually converted from the "mSCOA format" to enable reporting on a monthly and quarterly basis - again necessitating additional effort and time! Over stretching existing human capacity was a very real risk during this period.

Cost implications of SCOA – The implementation of this chart did have material cost implications for Sol Plaatje. These needed to be anticipated and incorporated into the annual budget. In our instance, we specifically provided for mSCOA in the 2014/15 adjustment budget. The cost really depends on the unique circumstances of each municipality and can vary significantly from the one institution to the next. It is important that a detailed assessment is done to determine the requirements upfront.

Complexity and volume of transactions – Initially, the introduction of this chart seemed to be complex due to the large number of line items, the sheer volume of transactions and the level of detail required. As you explore the chart and familiarise yourself with the structure, the reasoning behind this becomes clearer. A further contributing factor to the "explosion of the general ledger" was the project driven/IDP/fund driven budget that

inevitably resulted in similar line items for each project being opened.

Closure of the financial system at year-end – The implementation of mSCOA necessitated the closure of the system during the first week of July. The possible negative impact on cash flow due to this closure needed to be managed and planned for. Proper communication regarding this is key.

Virements – The possibility that numerous virements due to reclassification of certain line items in mSCOA might be considered to be an indication of a "non SCOA compliant" budget by National Treasury needed to be acknowledged. A detailed record and motivation for virements had to be kept.

Third party integrations – Changes/modifications were required to ensure "seamless integration" to the new chart of accounts. The number of standalone systems needed to be significantly reduced in order to enable seamless integration and increase efficiency. This posed a significant challenge due to various factors, including the existing arrangements in place with service providers of separate/ standalone systems. Also the possible upgrade of the current financial system to enable better integration would have a significant financial impact. At this point, we are still working on fully achieving the level of seamless integration envisaged by mSCOA.

WHAT WE LEARNT

Don't forget the small things
Attention to detail is extremely important when it comes to a project like this. It is very easy to become caught up in the technical requirements, specifically on the financial side, and losing sight of the "smaller" things e.g. reviewing the stationary in use at the municipality and making sure that there are procedures in place to make the necessary changes once mSCOA is implemented.

IT requirements must be determined upfront
It is important to determine the exact IT requirements upfront, including hardware and software needs, server space, and memory space etc. so that additional requirements can be budgeted for.

Change management is key
Without extensive efforts towards change management, the majority of staff at the municipality will see this project as a financial reform that will not impact their operations significantly. It is imperative to emphasize that this project is a complete business reform which affects a number of business processes and careful planning should be in place to ensure this message is conveyed to and understood by all staff.

Consider the "starting point" very carefully
The direction of this project will be determined by the manner in which it is started. As it is the view and ideal that this project will be driven from a project perspective, the starting point should not necessarily be the general ledger and trial balance, but rather the municipal projects and IDP processes. Again, before such a decision can be made, the current situation at the municipality, including the policies, processes and procedures in place should be carefully considered and evaluated.

Third parties to be engaged from the beginning regarding seamless integration
Engagements with all third parties regarding the requirements of seamless integration should be planned and done from the onset of the project. It is critical to get the buy-in of these stakeholders from the beginning, and also to gain an understanding of the potential challenges that will be encountered to streamline the integration processes. This will assist when compiling the project plan and creating milestones. Plans and procedures can then be put in place to address these challenges.

Set interim milestones – And celebrate when you achieve them!
Planning is of the utmost importance. Clear deadlines should be set, kept track of and regularly followed up. As part of the SCOA plan, smaller milestones should be set and when these are achieved, it should be celebrated. This will keep the morale of the team high and show that progress is made.

Regular progress updates and feedback sessions with all stakeholders
All stakeholders and role players should be updated on a regular basis. These include the mayor, municipal manager, councilors and other staff. Enough time should be allocated for these sessions. It is a challenge to explain the true meaning and impact of the implementation of the standard chart of accounts to these parties and their cooperation is required.

Stay positive!!!
A project of this nature and extent can only be implemented successfully when the project team remains focused and positive. The idea and purpose of mSCOA has to be "sold" to the rest of the municipality in order to get their cooperation and buy-in. This can only be done when the owners of this process believe in its success. The excitement of being part of something new, innovative and groundbreaking always exceeds the difficulties of implementing it by far.

THE WAY FORWARD
There are still a number of milestones in Sol Plaatje's journey to achieve full mSCOA compliance by 1 July 2017. We have, however come a long way and we remain committed to the purpose and vision of the mSCOA project.

Above all, we recognize that progress is impossible without change.

Our message to all other municipalities currently going through the same mSCOA growing pains: **Start where you are - use what you have - and do what you can!**

The Role of Executive Leadership in Municipal Infrastructure Asset Management *by Emmanuel Ngcobo - iLembe District Municipality*

ABSTRACT

The purpose of this paper is to highlight the role of executive leadership, necessary to facilitate a successful and sustainable approach to asset management in the municipal environment. Infrastructure assets are the vehicles through which municipalities can successfully deliver on their mandates of service delivery, hence the effective management of these assets throughout their entire lifecycle, is crucial to the success of a municipality's operations. An organisational approach, in which the executive leadership embraces the objectives of asset management in a holistic manner, is therefore likely to foster a culture which promotes proactive collaboration between the finance and technical municipal spheres of government.

Due to the Generally Recognised Accounting Practices (GRAP) which govern this process in South Africa; the asset management approach is often stigmatised as an accounting compliance, and therefore it is assumed that the responsibility and accountability should lie solely with municipal accounting or finance personnel. In terms of the Institute of Municipal Engineers South Africa (IMESA), Infrastructure Asset Management Guidelines; the role of engineers or technical personnel in the asset management process is a vital one to ensure that the approach taken progresses from one of compliance to one of facilitating maintenance initiatives necessary to enhance service delivery. This is also in keeping with the Municipal Finance Management Act (MFMA) Section 63 for the safeguarding and maintenance of assets. It is therefore considered essential that the asset management approach within municipalities be driven by executive leadership as a joint venture between these two separate yet interconnected municipal departments, where the technical arm is able to proactively plan for maintenance and replacement of municipal Infrastructure, and the finance arm is able to accurately report on the financials pertaining to these infrastructure transactions accordingly.

This rationale is further expanded on in this paper, in the context of the iLembe District Municipality (IDM), making particular references to their asset management approach and practices adopted to date, with particular emphasis on the guiding role of their executive leadership team.

1. INTRODUCTION

The role of executive leadership in the municipal environment is extremely necessary to facilitate the adoption of a successful and sustainable infrastructure asset management approach within the organisation. As per Section 152 (1) (b) of the South African Constitution, the primary object of local government is to ensure the provision of services to communities in a sustainable manner.

Infrastructure assets happen to be the vehicles through which municipalities can deliver on these mandates of service delivery, hence the effective management of these assets throughout their entire lifecycle, is crucial to the success of a municipality's operations; both technically and financially. An organisational approach wherein the executive leadership embraces both the technical and financial objectives of asset management in an holistic manner, is therefore likely to foster a culture which promotes proactive collaboration between these two structures of a municipality.

This paper presents a case study of the IDM, expanding on this rationale of the crucial role played by an executive leadership team, in their bid to achieving sound asset management practices.

2. THE ILEMBE DISTRICT MUNICIPALITY (IDM)

The IDM is located on the east coast of Kwa-Zulu Natal, about 65 km North of Durban and is primarily a Water & Sanitation Authority with a few municipal offices under its jurisdiction. The extent of their infrastructure spans four local municipalities being the KwaDukuza, Mandeni, Maphumulo and Ndwedwe Local Municipalities and comprises of water pumpstations, reservoirs and storage tanks, boreholes, water treatment works, sewer pumpstations, waste-water treatment works, bulk pipelines and reticulation, bulk and consumer water meters, and administration offices.

Currently the district municipality services approximately six hundred thousand people (2011 census); of which a large degree still lives in rural or semi-urban conditions. Initially, the IDM, like so many others in local government, battled to get the appropriate buy-in from all facets of their organisation and a consolidated strategy with support from their finance and technical departments became necessary to achieve asset management compliance.

It was through the role of their executive leadership, comprising of council representatives in the form of the Executive Committee, the Municipal Manager and senior management that they were able to foster a culture of collaboration and transparency to address their infrastructure asset management issues to date. The involvement of the Executive Committee ensured that the strategies and programme put in place was followed by all the structures within the municipality and effectively monitored by the municipality's administration in accordance with the policy directions of the municipal council. The above mentioned being in line with Section 44 (3) (d) of the Municipal Structures Act, wherein periodic reporting through the municipal structures becomes of utmost importance so that organisational constraints and challenges that are identified are addressed appropriately and timeously.

3. INFRASTRUCTURE ASSET MANAGEMENT COMPLIANCE

The stance taken by the executive leadership team at the IDM, was that their municipality should not aim for merely achieving compliance to GRAP standards, but rather to focus their attention on full life cycle in relation to asset

management; thereby highlighting the critical role of their technical arm in driving the asset management process to go beyond mere accounting compliance, to also encapsulate sound infrastructure maintenance practices, which further encompasses renewal of assets at appropriate times.

4. THE ADOPTED APPROACH

This collaborative approach, spear-headed by the IDM's executive leadership required the engagement of experts and consultants in the field of infrastructure asset management. While this is not a regulatory requirement, it is the prerogative of a municipality to acknowledge and fully understand their processes shortcomings and hence through legally engaging the relevant expertise the municipality can get back on track to achieving such a goal as successful and sustainable infrastructure asset management practices.

Sustainability is an important factor to consider, when engaging any outside expertize to facilitate a municipal process. At the onset of their engagement with an Asset Management Engineering consultant, the IDM executive leadership team ensured that the expertise acquired would not be for a 'quick-fix solution' to attaining GRAP compliance, but rather a holistic programmed or phased approach to ensuring collaborative asset management, with a big emphasis on skills transfer initiatives necessary to ensure the required sustainability of the asset management approach to be adopted. The intention was for the approach to be briefly initiated during the 2013/14 financial year; fully operational in the 2014/15 financial year and finally engrained as part of regular practice in the 2015/16 financial year. This gradual procession of the adopted approach is further unpacked below.

5. FY2013/14 ASSET MANAGEMENT STRATEGY

IDM's engagement with an Asset Management Engineering Consultant commenced in the 2013/14 financial year; during which time it was deemed that a Delphi group approach would be the best interim solution to updating the fixed asset register at the time. This Delphi approach was prescribed as best practice and typically entails engagements with key municipal experts who are knowledgeable of the infrastructure under the custodianship of their respective departments, i.e. financial, technical, operational and maintenance staff from IDM. These key municipal experts were able to pass reasonably accurate judgment with regards to the state and conditions of IDM's infrastructure assets.

In addition to successfully updating the IDM's 2013/14 fixed asset register, this approach also served particularly well in acquainting the technical personnel with the joint practices of Infrastructure Asset Management between finance and technical, thereby allowing for effective collaboration going forward. Ultimately carrying out this interim solution had enabled the municipality to have a better structured and defined asset register/inventory which served as a prerequisite for the physical verifications, conditional assessments and subsequent further componentisation or unbundling of assets to be addressed as part of the 2014/15 financial year.

6. FY2014/15 ASSET MANAGEMENT STRATEGY

As part of the second phase, all municipal assets were physically verified in the field by means of conditional inspections which as per prescribed Infrastructure Asset Management best practice, was visual in nature. Inspections of only above-ground assets were carried out with technical teams or asset inspectors visiting each facility identified through municipal engagement and physically captured the necessary information required.

In addition all assets were generically componentized or unbundled into their respective components, thereby

allowing for the inspections to be conducted at a component level. This was especially important as GRAP 17 on property, plant and equipment requires an entity to allocate the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. From a technical perspective, it is important to inspect the conditions at a component level so as to ascertain the exact condition of the assets based on that of their respective components.

This level of inspection, apart from ensuring GRAP 17 compliance, is also crucial to determining a proper maintenance regime for the municipality's infrastructure, as it is ultimately the functioning capabilities of the components which determines the overall usefulness and lifespan of the asset in its entirety. The components that were inspected and recorded as part of this exercise were all components that are visible to the naked eye. No destructive or obtrusive inspections are undertaken whereby the asset in question needed be decommissioned and/or dismantled in order to inspect the asset components.

The exact locations (X & Y coordinates) of the infrastructure assets were recorded using hand-held data loggers with an integrated camera. The unique location of each asset was therefore recorded along with photographs of the assets/ components. This further allowed for the development of a concise GIS database of infrastructure assets, which was finalised in conjunction with IDM's GIS Unit.

The above inspections allowed for physical confirmation of the correctness and completeness of the details provided in the existing asset register, as well as making the necessary corrections as identified on site. The inspections of all relevant infrastructure assets were based on engineering principles. Ultimately this inspection process produced the required information necessary to accurately account for all above ground assets on the fixed asset register in accordance with GRAP regulations.

In totality, 587 water and 63 sanitation infrastructure facilities were inspected at a component level. The conditions of the below ground infrastructure, i.e. water supply and sewer bulk pipelines and reticulation, were tackled as GIS desktop exercises via Delphi sessions or engagements with the IDM Technical Services Department.

7. INSPECTION COLLABORATION & TECHNICAL DATA QUALITY CONTROL

Regular collaboration between the different departments within IDM, particularly the finance team and technical/ operational team, together with the engineering consultant, was considered crucial to the inspection phase. Such positive engagements were made possible by means of regular progress meetings championed by the finance department, with full support and guidance of the executive leadership.

All key stakeholders were involved in these meetings so as to ensure successful completion of the task at hand and transparency with regards to the inspections conducted and data collected in the field.

As part of these progress meetings, a rigorous review or quality control of the inspection data by the relevant municipal/ water service provider personnel was also included. Said personnel ranged from local IDM technical/operational staff in each of the four local municipalities to Siza Water and Umgeni Water officials, where required. These reviews by IDM technical/operational personnel was essentially a sign-off or acknowledgment of the correctness and completeness of the inspection data, with queries and concerns being raised and addressed accordingly, at the time.

8. INSPECTION DATA PROCESSING & ACCOUNTING TREATMENT

Once all component inspections were complete and the data was reviewed by the IDM technical personnel, the project team was able to do a final processing of the inspection data collected, together with a quality control of the quantities and measurements/dimensions with respect to municipal assets and components by qualified professionals. This in turn enabled for the generation of complete asset registers for each of the departments or systems of assets being primarily water and sanitation.

Another important factor to ensuring completion of the respective asset registers was the financial or accounting treatment of the assets/components. This entailed the calculations of remaining useful life, current replacement cost and depreciated replacement cost by the project team. In order to calculate the remaining useful life of the assets under the custodianship of the municipality, it is critical to also know the expected useful life of the assets. This together with the field assessed condition ratings, allowed for a comprehensive and GRAP compliant method within which to determine assets remaining useful life as well as to accurately cost these assets.

Following the above exercise, a tie-in to the existing asset register was conducted. This entailed the integration of the component inspection data and the corresponding above mentioned calculations, into the initial 2013/14 IDM fixed asset register in respect of the 2014/15 financial year end reporting period; thereby allowing for the relevant adjustments and revaluations to the existing fixed asset register for this period.

Also included as part of the accounting treatment, was the impairment of relevant infrastructure assets. The current approach adopted for identification of impairment triggers within IDM, was to flag all those infrastructure assets/ components with a low threshold condition; following which a technical workshop was held with the respective technical

personnel as a means to determine if these triggers equate to actual impairments or rather if they are due to expected gradual deterioration of the assets/components in question.

9. FY2015/16 ASSET MANAGEMENT STRATEGY

In addition to enforcing and maintaining the existing structure and relationships, processes and procedures achieved in the previous two financial years; this phase of the IDM asset management approach, focused on the capitalisation of new infrastructure.

A workshop was held with the IDM technical department, wherein which the project team addressed the technical requirements pertaining to assets under construction or work in progress, i.e. the submission of completion certificates, bill of quantities aligned to asset generic components and the distribution of project values to these components, upon completion of projects. The logic is that this then enables finance to capitalise these assets/components accordingly on the fixed asset register.

The issue of asset/component disposals and movements was also touched on, where it was reiterated that constant communication between technical and finance with regards to these and all other processes mentioned above, is crucial to ensuring accurate reporting and accounting. As per the executive leadership team, standardised templates and monthly monitoring was employed to facilitate these processes.

With IDM having a complete and sound infrastructure asset register, which painted an accurate picture of the existing infrastructure on the ground, IDM naturally progressed towards developing Infrastructure Master Plans as well as Operations & Maintenance Plans, which will ensure that the municipality moves away from reactively addressing maintenance to proactively doing so, i.e. planned preventative maintenance.

The spatial database or GIS developed as part of the previous phase, was a key factor in allowing for the development of these much needed plans whereby the Infrastructure Master Plan compilation will ensure a structured and cost effective approach in addressing service delivery backlogs in areas that do not yet have water and sanitation services. Another logical course of action decided upon by the executive leadership team, was to conduct a physical verification audit of all water meters (bulk, and consumer conventional and intelligent) in the district, in a bid to enhance revenue collections so as to allocate more funds towards maintenance efforts.

10. CONCLUSION

The maturity whit which IDM is addressing its Asset Management, clearly steers away from mere compliance, towards full life cycle asset management which involves all processes from conception of a project through to construction, capitalization, operations, maintenance,

impairments and disposal where applicable. Processes and procedures across all structures of the municipality need to be aligned in order to ensure compliant and sustainable asset management process. A mutual understanding is thus important and needs to be driven by executive leadership.

The above described adopted approach presented the perfect opportunity for IDM to build a more holistic process around their asset management practices. Much effort was put in by the IDM finance and technical team together with the project team, in ensuring that the process be properly established and engrained, so as to allow for sustainability going forward. Regular asset management forums or steering committee meetings was crucial to ensuring this constant and steady stream of collaborative efforts necessary to maintain the momentum and cohesion achieved to date.

Key to ensuring the continuous success of this approach, into the proceeding financial years, is the free flow of information and communication between both finance and technical municipal departments. It is therefore incumbent that the asset management approach within municipalities be driven by executive leadership, and as a joint venture between these two separate yet interconnected municipal departments, where the technical arm is able to proactively plan for maintenance and replacement of municipal Infrastructure, and the finance arm is able to accurately report on the financials pertaining to these infrastructure transactions accordingly.

This must be driven as a 'top down' approach thereby ensuring that the culture that is created around infrastructure asset management, is one that enables sustainable asset management practice. It is only through this means that the interest of infrastructure backlog eradication and successful service delivery to communities is enhanced, as the process is no longer one of just compliance but also of facilitating much needed maintenance, upgrade and renewal initiatives. The accurate and proper asset management information derived allows for proper budgeting of municipal funds and prioritisation of such, thus ensuring the provision of services to communities in a sustainable manner for present and future communities. C

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Clean Audits proven achievable and can enhance Municipal Viability

by Paledi Marota - Ekurhuleni Municipality

The challenges facing Municipalities today in South Africa evolve around minimizing the service delivery protests, finding ways of improving efficiency and effectiveness to improve service delivery, enhancing good governance, fighting corruption and retaining skilled Local Government personnel. For Municipalities to handle these challenges they determine services charges and rates which have to subsidies the grants provided for service delivery. However, there is a new emerging challenge that is the Economic Distress which is adding to the number of indigents who were unable to pay for those municipal services through job losses. The first government sphere to feel the consequences of unemployed bread winners is the local government level, because Municipalities debtors' book will increase in response to the job losses in the local area.

When the operation clean audit campaign was launched in 2009 by the former Minister of Cooperative Governance and Traditional Affairs, it all sounded impossible. With the high rate of alleged corruption at Municipalities and what was deemed unqualified employees, one thought it was ambitious for the Minister to embark upon such a campaign. On the day of the launch the Minister said, *"We are launching operation clean audit 2014 today, but what matters most to me is how to address the needs of our people through clean audits. What matters most is how an audit query is addressed, in a sustainable way, to improve service deliver"*. Looking at the gap between the financial statements audits and the service delivery information then, it was clear that Municipalities required support on how to handle the newly born elephant on that day. Today as we celebrate 87 years of existence as IMFO, more than 80 percent of the Municipalities made some positive visible strides towards the attainment of the clean audits including the Metros.

It is encouraging that the clean audit objective was achieved despite doubts at the beginning because every one of us had a role to play. *"Each of us has a unique part to play in the healing of the world."* - Marianne Williamson. Municipalities have communities as their key stakeholders, National Departments and Provincial providing operational support and funding for some projects. We still have private sector in some areas and state owned entities which are also expected to play their part through social responsibility programs to better improve the lives of the local people. Municipality alone cannot manage the risk of economic distress because they are unable to create job opportunities for all those people who lost jobs in their areas. However, Municipalities can play the coordination role by creating a conducive economic environment in their areas to attract investors and also creating the link between their communities and other government spheres, to bring the opportunities closer to the affected people.

It is business unusual now hence we have the impatient communities who go on strikes frequently. Let's allow innovation in our Municipalities without compromising compliance. It is possible to deliver services the same way we managed the clean audit processes. Every role player has executed his/her role without compromise. The same approach should apply now with handling the economic distress. Government Departments should provide support based on their different roles. Let's make sure that funds allocated for service delivery are being utilized most prudently. The question is; "whose role is it to make sure that grants are utilized as expected and there is effective service delivery?" Indeed, it is neither the Finance Officer's role nor the Governance Officer but the Technical and Operational Departments in our different Municipalities. Like mentioned earlier, let's allow innovation without violating legislative prescripts. Supply Chain Management, Planning and Risk Management are crucial for effective service delivery at our Municipalities. Luckily we do have control over those governance divisions which inform service delivery targets and creativity and can save our Municipalities embarrassments without compromising value for money. Our SCM policies should be enablers for acceleration of service delivery. Performance and Risk management processes should ensure that our service delivery plans which are communicated to communities are realistic and achievable from the onset. Our procurement plans should be well managed from the financial perspective to eradicate surrendering of grants to Treasury.

The task is still huge ahead of us amidst the economic distress. However, let's embrace the successes of our Municipalities who have achieved clean audits despite doubts and make that a benchmark for future successes. Knowing where you come from makes it easier for planning where to go and how to reach the desired destination. It indeed looked impossible for Municipalities to achieve the clean audit then, but through willingness and dedication the goal set was achieved by many Municipalities. In fighting corruption, enhancing good governance, promoting sound financial management and ensuring value for money in all service delivery projects, Municipalities will enhance the viability despite the economic distress. It is our call to face the challenges ahead. C

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Question Time with SALGA on the Roll out of the Integrated Councillor Induction Programme (ICIP)

The South African Local Government (SALGA) subsequently after the Local Government Elections in August 2016 rolled out a successful Integrated Councillor Induction Programme (ICIP) in Municipalities across the Country. The CIGFARO editor took time to speak to Mr Lucky Leseane, the SALGA PEO for Gauteng Province to get a synopsis of what makes the ICIP tick.

Editor: Post the recent Local Government Elections what cue can we take from SALGA?

LUCKY LESEANE: First, things first! On behalf of the SALGA leadership, collectively, let me begin by welcoming and offering our warmest congratulations to all re-elected and newly elected Councillors who will be filing various Municipal Council Chambers, especially those whom it will be for the first time. Being elected as a Councillor is one of the most important civic duties a citizen can perform. Some Councillors will realise that you also become a Counsellor, Marriage Advisor, Community Worker, and any role which a community member sees fit at that present moment. In other words many do not realise that there many unspecified roles played by a Councillor. I also wish to point out that becoming a councillor can be a daunting process but we, as SALGA want to assure all Councillors, regardless of their political orientation and beliefs that SALGA is here to help and be on their side throughout the 5 year journey.

Editor: Kindly outline the broad synopsis of the ICIP?

LUCKY LESEANE: Well, all newly elected Councillors have been invited to partake in the Integrated Councillor Induction Programme (ICIP) with a view to fast-track their ushering into Municipal Councils as well as the exciting and ever evolving Local Government sphere. The ICIP, is a sector programme led by SALGA in partnership with LGSETA, COGTA, National Treasury, School of Governance, and the National Treasury. The ICIP is aimed at ensuring that the newly elected Councillors are ready and equipped with knowledge, skills, attitudes and values to;

- become good representatives of the communities,
- help develop Councillors policy making skills,
- build knowledge around oversight roles of councillors,
- equip Councillors with decision making techniques and principles,
- familiarise Councillors with their code of conduct,
- reinforce good ethics and values, as well as to
- enhance Councillors interpersonal and communication skills.

Whilst the focus of the ICIP is primarily on newly elected Councillors, returning Councillors are also encouraged to attend, as the ICIP also serves as a refresher course for their re-orientation on knowledge around Local Government. A Councillor will be awarded a Certificate of Attendance upon completion of the course which will lead to the award of credits subject to the LGSETA requirements.

Editor: What does the ICIP Cover?

LUCKY LESEANE: Participants in the ICIP will be taken through a carefully designed Councillor Induction Guide or Handbook which provides them with practical guidance, information and advice on being an efficient councillor, as well as to help them settle into their new roles. The Handbook covers the following 10 distinct areas as tabled hereunder;

MODULE	SUMMARY
Overview of the South African Local Government system	- Back to Basics Approach - Understanding Developmental Local Government - Developmental Councillor
Municipal Governance	- Machinery of government in South Africa - Roles, Powers and Functions of the different Spheres of Government and Cooperative Governance
Policy & Legislation	Covers all the legal framework affecting local government such as the MFMA,MSA,DORA etc.
Municipal Role Players & Stakeholders	- Roles, responsibilities and relationships of Municipal Councillor, Executive Committee, Executive Mayors, Speaker, Chief Whip, Standing Committees, Section 80 Committees, MPAC, MAYCO, Ward Committee, CDW Traditional Leaders, SALGA etc.
Municipal Procedures & Protocol	Meetings, Separation of powers, Delegations of authority, collective bargaining, GEYODI imperatives, King 3
Municipal Planning & Strategy	Growth and development strategy, socio economic strategies, Integrated Development Planning (IDP) Spatial planning and land use management (SPLUMA) Human settlement planning, LED planning, Environmental Planning etc
Municipal Finance	Municipal Manager, Systems of Delegation, Budget & Treasury Office, Planning, Budget and Implementation, Budget Process, DORA, Capital Expenditure, SCM Process, Risk management, Role of the AG, SDBIP, Annual Report, MPAC
Municipal Performance and Accountability	Organizational development, Human Resource management, Education and training, Skills audit, Target setting & KPI's, Service level agreements, Monitoring & Evaluation.
The Councillor as a skilled Leader	Leadership, communications, conflict management, problem solving, time management
The Councillor as an ethical Leader	Batho Pele, Councillor Code of Conduct, Privileges & immunities, dereliction of duty, conflict of interest

This Councillors' Induction Guide, produced by SALGA, is designed to provide Councillors with all the information they need to know as both newly and re-elected councillors. It explores some of the key issues and challenges facing Local Government today and includes useful hints and tips.

Editor: How is the ICIP rolled out?

LUCKY LESEANE: The ICIP is being facilitated over a 5 day period with very stringent requirements set out by the LGSETA. It stipulates amongst others the size of the class group, the facilitation to be carried out by 2 trained facilitators to ensure that the methodology established at the formulation of the course is not lost due to facilitator's approach. The class rooms are business school or public management schools type of set up, wherein Councillors will be divided into syndicate groups to discuss and solve given problems which will be presented in class. This is also meant to ensure that Councillors are confident in presenting their ideas after the session.

Editor: What are the anticipated Outcomes?

LUCKY LESEANE: The anticipated outcome is the beginning of a journey to build a Councillor with the capacity and capability to undertake the critical tasks of guiding the development of local policies, set service standards and priorities, and monitor the performance of the Municipality. It includes a detailed focus on the strategic planning for the whole municipality and a sustainable future, covering the following;

- determining the financial strategy and allocation of resources via the council budget processes,
- representing ratepayers and residents,
- advocating on a broad range of issues,
- liaising and coordinating with other levels of Government, Non-Government and Community groups including the private sector
- overseeing the management of community assets,
- facilitating community participation, and
- managing the relationship with, and employment of, the chief executive officer.

Editor: Ntate Lucky Leseane, it is always a pleasure working with you. Most importantly, I would like to thank you for always availing yourself to assist CIGFARO in providing our members and prospective members with the new developments in the public sector. We wish you all the best with all your future endeavours.

LUCKY LESEANE: I should also thank CIGFARO for this opportunity of assisting us to publish the great work that has been done by SALGA. We hope that this relationship will grow from strength to strength from here onwards. **C**

Accelerating the Financial Close Cycle - An Insight into the Benefits of a High-Quality Close *by Oliver Guenba - Academic*

With another round of financial report filling behind us, it is time to take stock of the previous cycle, and start planning and rethinking better strategic and operating processes to achieve timely and successful close the next time around.

Mounting regulation and stakeholder demands coupled with increased transparency, compliance and governance requirements, is putting more and more pressure on financial close and reporting processes, as organizations are continually required to report more in less time, to both internal as well as external stakeholders. However, many private and public entities have a fragmented approach to financial close and reporting processes which makes meeting these demands challenging.

Fast close cycle, is a concept used to describe an entity's ability to complete its accounting cycles, to close its books, and present its financial report timely, accurately and in a transparent manner. An efficient closing cycle creates a foundation for evaluating performance and supporting the organisations decisions. A year end process cannot really be regarded as complete until the audit is complete, financial statement errors are corrected, and the danger of restatements has therefore largely been dealt.

Why is it important for organisations to close their books quickly and with quality? Fast close cycle matters because it reveal the health of a financial function, the financial information supply chain across the entire entity, from the effectiveness of transaction processing, through to the state of the general ledger systems, to the effectiveness and discipline around accounting policies, finance education, training and partnering in the organization. In fact, just about every aspect of the finance functions effectiveness is reflected on, as contributors to the successful speed of the close cycle.

Moreover, fast close cycle enables quicker access to financial information, which gives management the foundation for timely and better-informed planning and decision making. The fast close requires a quality close, where processes are monitored to ensure a foundation of trusted information for decision making. Fast close also impacts perceptions as to quality, efficiency and transparency of the reporting entity, thus organisation that don't close fast enough become guilty of negligence of duty and obligation in the eyes of its citizens, customers, clients, compliers and regulatory agencies.

The perceived correlation created between fast close and proficiency, compels every municipality to endeavour to achieve a holistic approach to entity reporting, that covers integrated reporting, quality, transparency, timely communication to regulators and community. Clearly a win-win situation.

The characteristics that predicate a successful and consistent implementation of an excellent close cycle program in terms of speed of reporting are:

1. Strong focus on data quality (lack of quality is a major drag on speed);
2. Standardised and integrated corporate data models including chart of accounts;
3. Standardised, integrated and repeatable R2R processes;
4. Common ERP and EPM solutions to automate processing, integration, controls and process management in a shared service environment;
5. Clear ownership and responsibility for accounting quality, reconciliation, analysis and reporting across each function contributing to the R2R process;
6. Proactively train, coach and share best practices knowledge across the whole R2R process;
7. Clear end to end corporate ownership of the whole close process, which ensures the close is carefully planned and managed;
8. Disciplined approach to managing and controlling changes to the close process and all R2R policies and procedures are aligned and willingly enforced;
9. Focus on continual improvement and change management, supported by executive level sponsorship all the way up to MM, Councillors and Mayor.

The concept of the fast close is nothing new to today's corporate accountants. Since the early 1990s, businesses have focused on improving the speed of the close process for both statutory and management reporting. In South Africa many individual companies such as Capitec, Kumba mines, Vodacom, Pick n Pay, Shoprite and Mr Price, have reduced their reporting timetables to about a month, moved to a sustained fast close and dramatically improved record-to-report (R2R) processes and systems, because they've come to recognize the importance of fast close and its role as one of the most essential ingredients of a successful entity.

The drive for fast close is partly sparked by the e-reporting and the promise of the "click of the mouse" virtual close. Often people attempting to implement a fast close project underestimated the need for a structured approach to industrialize the close with a formal methodology.

The drivers for a fast close essentially sit between two dynamics—the various stakeholder groups in the enterprise and the regulatory framework that applies to the market in which the organisation operates.

1. The stakeholders represent the various touch points in an organization where a fast close project can have impact. They are both internal and external, and include executive management, departmental and function accounting teams and economic analysts, auditors and central government.
2. The second dynamic is the one with the greatest impact on the close cycles since they set the minimum disclosure requirements and they are the regulators such as treasury and standard setters.

The most pronounced value-added benefits derived from an accelerating close cycle, beyond simply lowering costs and complying with reporting, is the value of "knowing where we are."

There is an issue about the trade-off between quality and speed, but you can only achieve speed if the quality is good. So we had to invest on the quality side. Now, that's one of our strengths—the quality of the process and the data quality. We have a lot of standardization and automated controls built into the process, so when an entity reports their results, they're mostly clean results. The focus is more on quality, rather than speed.

FINANCIAL CLOSE CYCLE WORK FLOW

The financial close is a set of successive steps requiring alignment and a clear direction across the entity. Each step in the process has dependencies on others and delays may trigger a chain event of inefficiencies, adversely affecting the very next activity and resulting in increasing efforts and decreased accuracy and transparency. Entities that are able to monitor and react during the close cycle can reduce the consequence of a breakdown in the process.

Capture data	Ongoing Transactions	Leger close		Reporting					
				Reporting			External Reporting		
Capture Entity events & Facts	Data input and changes	Close subledger and systems	Consolidation system	Financial reproting adjustment	Cashflow and other statement preparation	Management reporting preparation	GRAP calculation and adjustment	Footnotes and disclosure preparation	Compliance and reproting
	Data transfer	Prepare accruals and prepaids							
Capture Entity Transaction	Conversion and Processing	Make judgement and estimates							
	Outputs and journal entries	Prepare closing entries							
INPUT			PROCESS		OUTPUTS				

BEST PRACTICE TO ACHIEVE FAST CLOSE CYCLE

Perform regularly close feeder systems into general ledgers and do not wait until period end.
Implement a process for continuous improvement of the financial reporting process to ensure that the process is continuously optimised.
Focus on process and IT systems to optimise the financial reporting process, with particular focus on employees and management.
Implement a complete and available financial report process – including an overview of accounting policies, chart of accounts, deadlines, roles and responsibility as well as the handling of master data.
Standardise process, procedures and internal controls results in a better overview, faster performance of tasks, higher quality, more uniform reporting, and reduced dependency on individuals.

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Implement a complete reporting calendar including specific start and end times for the activities, the resources required and mutual dependency of the tasks.
Automate manual processes and controls to increase the speed of the process and reduce the risk of financial reporting errors.
Make top-line adjustments in a financial consolidation system vs. going back and correcting local general ledgers to speed up the consolidation cycle.
Perform a monthly soft close and hard close at quarter end to get periodic insight.
Perform sub-certification of the results along with the trial balances. Survey responses, testing results, and reconciliation documentation submitted with the trial balances can improve confidence.
Integrate financial reporting with planning, score carding, and financial modelling systems for continuous performance management.

BENEFITS OF FAST CLOSE CYCLE

Good corporate governance is inseparable from the benefits of a fast and efficient close. These benefits have multiple touch points both internally and externally to the organization. The most outstanding and common contributing elements of a fast close cycle process are the following:

Faster access to financial information
By reducing the close time, the organisation benefit from a much faster access to information relating to the performance of the entity. As part of an integrated and coherent performance management process, this allows management to focus attention quickly on problem areas and make faster business decisions to improve future performance.

More time for value-added analysis
By streamlining close processes and reducing the number of staff days required, you free significant time for accounting staff. This can be used to add more depth and value to the written reports produced at the end of the quarter and year but also allows more time for ad hoc financial analysis during the monthly cycle, improving the quality of decision making. Quite often, the length of a close cycle is only the tip of the iceberg when it comes to the effort involved, and it's not uncommon for staff to work significantly longer hours during the close.

Improved control systems and quality
A financial-close initiative should establish a number of best practices for financial reporting, including automation, workflow management, and data entry validation. One of the keys to a fast close is "right-first-time" reporting, which not only increases

quality earlier in reporting processes, but the additional time spent on analysing the data leads to better quality reporting that delivers greater value. Because the fast close is about streamlining and industrializing the close process, internal control systems are inherently improved, which, in turn, improves the audit signoff process.

Greater time and cost savings during the close process
The cost impact of a fast close is substantial. A streamlined close process offers time savings in terms of manual intervention, error reconciliation, variance analysis, data processing and collection across a variety of close processes. These time savings can then be quantified into numbers of staff days, which, in turn, can result in reduced headcount, fewer temporary staff working on low-value activities, and reduced recruitment costs. These savings however, are not limited to possible financial rewards.

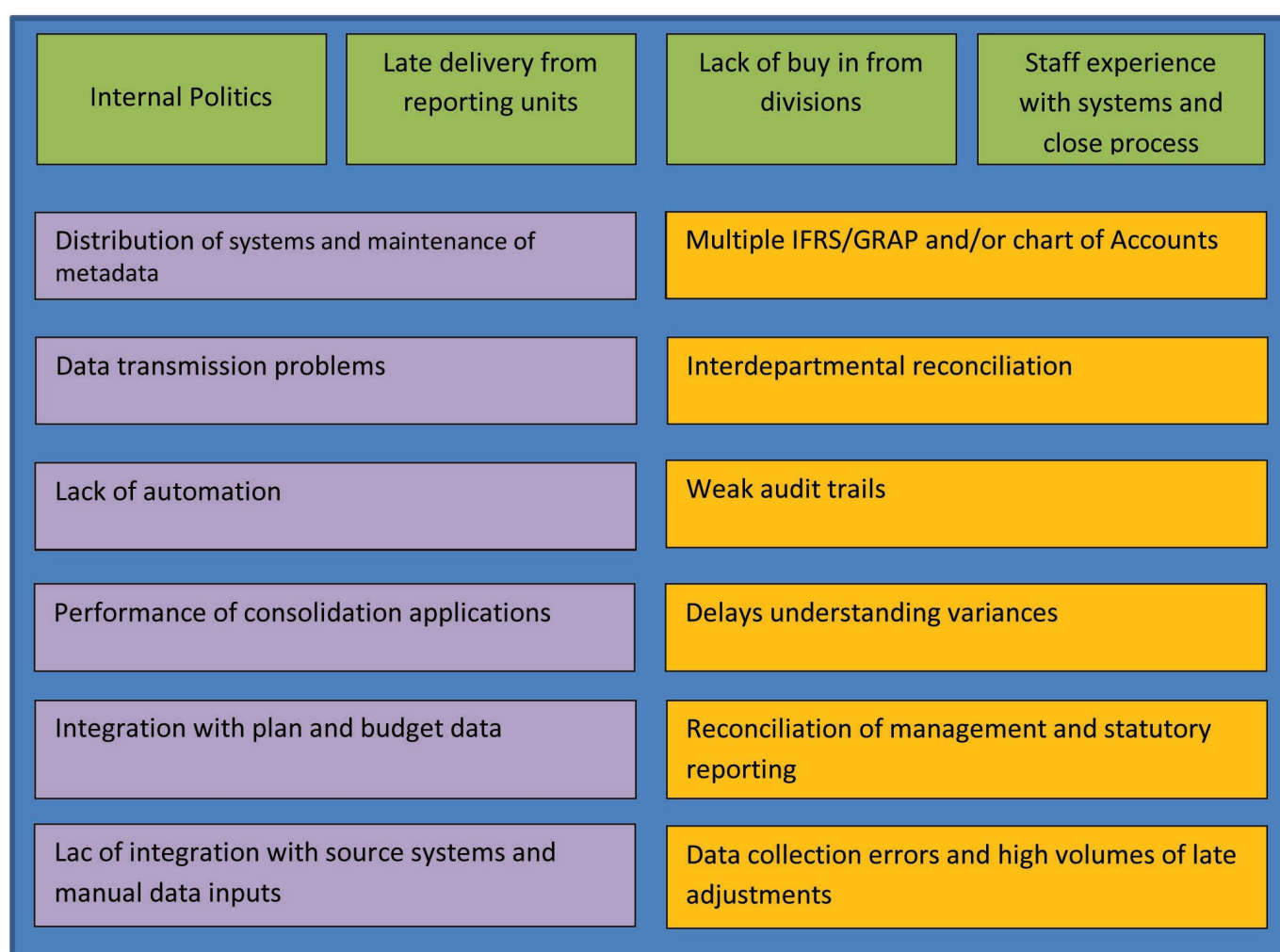### Better stakeholders' relations
The ability to file and publish statutory results ahead of regulatory deadlines is in itself, only part of the benefit for entities that close fast. Publishing faster than one's peers and more closely monitoring entity performance are associated directly with the management capability of an organisation and in turn the municipality's image. It not only implies a level of expertise but also allows for speedier communication – and at a greater level of detail to citizens and analysts, giving them greater comfort. Additional transparency builds and reinforces legitimacy.

OBSTACLES TO SMOOTH A FINANCIAL CLOSE CYCLE WORK FLOW

The following are the underlying themes that often obstruct a flowing financial cycle work flow.

CHALLENGE	ROOT
Silo systems slow the flow of data required to close sub ledgers.	• Manual adjustments are typically required to finalize data • Submission is impacted due to limited ability to extract a complete data set without time-consuming manual intervention
Non close related accounting activity is performed during the critical ledger close period	• Entity ledger closing requirements have not been formally defined resulting in site-specific processes • Status quo has evolved over time resulting in unclear roles and responsibilities
No capabilities to track performance to identify bottlenecks or recurring issues	• Routine occurrences are known only at the source and do not get resolved • Environments are reactive when issues arise because expectations are not communicated

COMMON CITED BARRIERS TO A FAST CLOSE

Internal Politics	Late delivery from reporting units
Lack of buy in from divisions	Staff experience with systems and close process

Distribution of systems and maintenance of metadata	Multiple IFRS/GRAP and/or chart of Accounts
Data transmission problems	Interdepartmental reconciliation
Lack of automation	Weak audit trails
Performance of consolidation applications	Delays understanding variances
Integration with plan and budget data	Reconciliation of management and statutory reporting
Lac of integration with source systems and manual data inputs	Data collection errors and high volumes of late adjustments

● Regulatory Barriers   ● People Barriers   ● Technology Barriers   ● Process Barriers

Now that we have looked into the importance of fast close cycle, the characteristics of an excellent close cycle program, best practice, benefits of fast close cycle and ccommon barriers, and considered the breadth of underlying issues and factors that can either hinder or benefit the process, let us finalise by looking into what a holistic strategic approach of implementation should incorporate.

Accelerating the Financial Close Cycle - An Insight into the Benefits of a High-Quality Close *by Oliver Guenba - Academic*

AN OBJECTIVE HOLISTIC APPROACH SHOULD CONSIDERS FACTORS ACROSS ALL ORGANISATION DIMENSIONS—STRATEGY, STRUCTURE, PEOPLE, PROCESS AND TECHNOLOGY— AND CREATES A CLOSE CYCLE THAT IS HIGHLY SUSTAINABLE AND SCALABLE.

Strategy – Align processes and tools with the overall strategy of the organization

Make the most of key drivers to monitor performance. An organization's strategy drives close cycle activities through key performance indicators (KPIs). To measure performance and provide decision support, organisation must link financial and operational KPIs to the corporate strategy, market conditions and competitive environment. Eliminate non-value-adding activities that are not in line with the KPIs or corporate strategy.

Strive to achieve consistency in planning, reporting and analysis

Leading organisations take advantage of standardized processes, technology and data models across the entity to improve financial planning and reporting and decision-support activities. Consistency is critical to be sure the entire close cycle is efficiently linked with organizational strategy.

Improve collaboration throughout the organization

Optimal close cycles require a strong degree of interaction between finance, operations, IT and entity unit managers. Without coordination, it is very difficult to align strategic objectives. Organize the finance function to meet the needs of internal and external stakeholders.

Evaluate alternative operating models

The degree of centralization or decentralization is a critical factor in the close and reporting cycle. A centralized organization provides greater control and economies of scale while a decentralized model provides greater insight into entity unit and operational matters. Both are viable structures if there is standardization and an environment of control and accountability, but this is much more difficult to achieve in a decentralized model.

Align your structure to meet specific stakeholder needs

A finance service delivery model ensures alignment of skills and competencies with the needs of internal and external stakeholders. Services provided may be organized into a three-tiered structured comprising front office, middle office and back office.

People – Enhance the effectiveness of your resources

Assign clear roles and responsibilities. Different departments play supporting roles in close cycle processes. Make sure that all involved understand their role in the process and how they can contribute to a more efficient close cycle. From accounting, tax and treasury to legal, and IT, you must identify who is responsible for specific activities and assign clear due dates for completion and approval. If people do not fully understand their responsibilities or deadlines, the risk of wasted time and duplication of effort increases.

Establish a calendar with defined milestones to support accountability

Employees are far more likely to complete measured activities than those with vague parameters. It is essential to establish a calendar and hold people to it. Inventory all activities and confirm assigned responsibilities and due dates. If deadlines are missed, take immediate and firm corrective action.

Enhance workload distribution and resource alignment

Throughout the close cycle, it is critical to strategically align resources with the appropriate skills and training. Effective workload distribution goes hand-in-hand with the proper sequencing of close and reporting steps. Uneven workload distribution results in overtime and bottlenecks that can lead to errors and high turnover. Furthermore, it brings into question the productivity of resources during non-peak times.

Communicate effectively throughout the organization

Improved communication significantly enhances finance leaders' ability to proactively manage issues and avoid surprises. Due to the number of dependent steps in the cycle, being able to share knowledge and status is essential.

Measure and reward performance

A closing scorecard that measures performance across costs, quality and time can be a very effective way to evaluate progress over time. Accounting personnel should be measured against specific goals and targets. Incentives and performance measures beyond the finance department may also impact the close cycle and should be evaluated to ensure they are driving the right behaviour. Process—Streamline, simplify and standardize processes throughout the close cycle.

Properly sequence activities and look for opportunities to move work away from the close

The close cycle process is a series of interdependent steps that can often be expedited if they are appropriately sequenced. Determine interdependent steps and the time needed to complete all activities. Conduct a critical path analysis and identify opportunities to improve sequencing. Many activities traditionally performed during the closing cycle may be moved before or after the close.

Proactively manage accounting issues and perform root-cause analysis

Unexpected accounting issues can result in significant reworking

and duplication of effort. Develop a formal issue escalation process and proactively manage issue resolution. Assign responsibilities and due dates and plan to resolve issues with finance and operations leadership in an orderly manner. Incorporate root-cause analysis as part of the escalation and resolution process to identify upstream process enhancements and establish a culture of continuous improvement.

Technology – Expand your ability to take advantage of systems

Identify opportunities to further exploit technology. Look at systems as support mechanisms that help to analyse and communicate data. Key indicators that indicate that an organisation is not fully leveraging available technology include excessive reliance upon Excel spreadsheets, too many manual journal entries, manual account and bank reconciliations, decentralized document storage, version control and hard-copy report distribution. Work with finance and IT leaders to validate, prioritize and pursue opportunities to use technology more effectively.

Where possible, use existing IT systems

Effective use of technology is essential to gaining timely, accurate and transparent data. However, buying new applications is not necessarily the answer. In fact, some entities already have too many applications with overlapping capabilities that can cause redundancies that interfere with achieving success. Ensure that you take advantage of existing technologies that reach or can be optimized to reach across all areas of the organization to generate reliable financial and operational results.

IN THE FACE OF THE CHALLENGE FACED BY 79% OF MUNICIPALITIES THAT COULD NOT PRODUCE NEITHER TIMELY, OR CORRECT FINANCIALS FOR THE YEAR ENDED 31 AUGUST 2015, THERE IS CONSIDERABLE BENEFIT IN INTRODUCING FAST CLOSE CYCLE IN PIECEMEAL STAGES, FIRST TO ARREST INEFFICIENCIES IN THE INTERNAL CONTROL AND PROCESS SYSTEM, AND SECONDLY TO MOVE UP THROUGH THE MATURITY STAGE, AND LATER TO REACH LEVELS OF EXCELLENCE. **C**

Performance Management - What should New Local Government Policy Makers know post 2016 Municipal Elections

by Sidwell Mofokeng - CIGFARO Vice-President

Performance management is a shared understanding about how individuals contribute to an organization's goals. An effective performance management and appraisals process focuses on aligning your workforce, building competencies, improving employee performance and development, and driving better business results.

Benefits of an effective performance management process
When employees see how their work contributes to organizational achievements, they're more engaged and inspired in their work. Effective performance management also helps cultivate the organizational and job-specific competencies each employee and the organization need for high performance and success.

The bottom line: Performance management is an ongoing practice, not a once-a-year task. It ensures employees get the continual direction, feedback and development they need to improve and succeed. The success of your workforce, if aligned to your organizational goals, will drive business results. This is more important in the context of service delivery to communities post the 2016 elections. Creating a new sense of urgency.

Understanding Performance Management Process and Practices
In order for the performance management process to be efficient and effective, management must master the process and apply it consistently. The Framework for Managing Performance **(FMPPI)** assesses whether, and to what degree, management has specific competencies.

One of these competencies is Understanding Performance Management Process and Practices. A manager equipped with this competency will be able to better focus employee output on achieving organizational and individual goals. Performance management is the systematic process of:

- **Planning** work and setting expectations
- **Monitoring** performance- monthly, quarterly, half yearly and annually
- **Developing** the capacity to perform
- **Rating** performance in a summative way

Planning. The manager should establish measurable goals that align to the agency's strategic and operational plans and consult with his/her employees when creating these goals. It is in this planning stage that the manager has an opportunity to explain to employees how their performance directly impacts how the municipalities work the specific department to achieve their goals.

Monitoring. The manager must monitor employee progress, not only when there is a progress review due, but on a weekly and monthly basis continuous basis and throughout the appraisal review period. Monitoring gives the manager an opportunity to make timely corrections or adjust a timeline if it is needed so that employees will produce the desired outcome of successfully achieving the municipality's goals.

It also provides the opportunity for the manager to make employees aware of their progress, whether acceptable or unacceptable.

Developing. The manager should be able to determine from continuous monitoring whether employees need additional development to achieve their assigned responsibilities. It is important to remember that employee development includes not only remediation but enhancing good performance as well. Types of development could include:

- Formal training (classroom)
- Informal training (online)
- Coaching or mentoring

Rating. The manager must use the knowledge gained from monitoring the employee's performance during the appraisal period to compare that performance against the employee's elements and standards and assign a rating of record.

TALKING S.M.A.R.T

The November 1981 issue of Management Review contained a paper by George T. Doran called there's **a S.M.A.R.T. way to write management's goals and objectives**. It discussed the importance of objectives and the difficulty of setting them. Ideally speaking, each corporate, department, and section objective should be:

- **Specific** – target a specific area for improvement.
- **Measurable** – quantify or at least suggest an indicator of progress.
- **Assignable** – specify who will do it.
- **Realistic** – state what results can realistically be achieved, given available resources.
- **Time-related** – specify when the result(s) can be achieved.

Notice that these criteria don't say that all objectives must be quantified on all levels of management. In certain situations it

is not realistic to attempt quantification, particularly in middle-management positions. It is the combination of the objective and its action plan that is really important. Therefore serious management should focus on these twins and not just the objective. — George T. Doran, There's a S.M.A.R.T. way to write management's goals and objectives.

WHY PERFORMANCE MANAGEMENT?

Performance information indicates how well a municipality is meeting its objectives, and which policies and processes are working. Making the best use of available data (verifiable information) and knowledge is important for improving the execution of its mandate. Performance information is key to effective management, including planning, budgeting, implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling councillors, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

PURPOSE OF THE POLICY FRAMEWORK

The Municipal Systems Act of 2000 and the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers of 2006, provide for the establishment and implementation of a performance management system for each and every municipality in South Africa. In order to comply with legislation and to improve on good governance and service delivery it is essential for the municipality to adopt a policy on performance management.

The performance policy framework will provide guidance in terms of the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting, auditing and quality control. The Performance Management Policy as informed by the Municipal Systems Act (2000) and the Municipal Performance Regulations (2006).

This Framework aims to:

- Clarify definitions and standards for performance information in support of regular audits of such information where appropriate
- Improve integrated structures, systems and processes required to manage performance information
- Define roles and responsibilities for managing performance information
- Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.

LEGAL FRAMEWORK

The following Policy and Legislative provisions governs performance management in the local government sphere:

Municipal Systems Act, 2000 (Act 32 of 2000)
The Municipal Systems Act, 2000 (Act 32 of 2000) emphasises accountability in Sections 4, 6, and 8. Section 11(3) specifically states that a municipality exercises its executive or legislative authority by, inter alia, "the setting of targets for delivery; monitoring and regulating municipal services provided by service providers; monitoring the impact and effectiveness of any services, policies, programmes or plans; and establishing and implementing performance management systems." Chapter 6 of the Systems Act deals specifically with performance management in local government.

- In terms of Section 38, a municipality must establish a Performance Management System (PMS); promote a culture of performance management among political structures, office bearers & councillors and its administration, and administer its affairs in an economical, effective, efficient and accountable manner.

- Section 39 and 44 stipulates that the Executive Mayor or the Executive Committee as the case may is responsible for ensuring the development of a Performance Management System, and may assign responsibilities to the Municipal Manager. The Executive Mayor is also responsible for submitting the PMS to Council for approval. Section 40 stipulates that a Municipality must establish mechanisms with which to monitor and review the PMS.

- In terms of Section 41, the core components of a PMS are to (i) set Key Performance Indicators (KPIs), (ii) set measurable

performance targets (PTs), (iii) monitor performance & measure and review annually, (iv) take steps to improve performance, and (v) establish a process of regular reporting.

- Section 42 requires that the community, in terms of the provisions of Chapter 4 of the Act, which deals with Public Participation, should be involved in the development, implementation and review of the PMS, and also that the community be involved with the setting of KPIs & PTs for the municipality. In terms of section 43 the general key performance indicators to be applied by all municipalities may be prescribed by regulation.

- Section 44 stipulates that the KPIs and PTs in the PMS of the municipality must be made known both internally and externally in a manner described by the Council.

- Section 45, the internal Audit must audit the results of the performance measurement as part of the internal auditing processes and annually.

- Section 46 also requires that the municipality prepare an annual report consisting of a (i) performance report, (ii) financial statements; (iii) audit report on financial statements; and (iv) any other reports in terms of legislative requirements. This report must be tabled within one month of receiving the audit report.

- In terms of section 46(3) the Municipal Manager must give proper notice of meetings at which the annual report will be tabled and submit information on same to the Auditor General & the MEC for Local Government.

- Section 46(4) stipulates that a Municipality must adopt the annual report and make copies available within 14 days, to the Auditor General, the MEC for Local Government and any others as may be prescribed by regulation.

The Municipal Planning and Performance Management Regulations (No 796, 24 August 2001)

The regulations deal with provisions for the following aspects of the PMS:
- The framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations [S7], and the adoption of the PMS [S8];
- The setting and review of Key Performance Indicators (KPIs) [S9 & 11];
- The General KPIs which municipalities have to report on [S10],

and which include:
- (i) Households with access to basic services
- (ii) Low income households with access to free basic services
- (iii) Capital budget spent in terms of the IDP
- (iv) Job creation in terms of the LED programme
- (v) Employment equity with target groups in the three highest levels of management
- (vi) The implementation of work skills plan
- (vii) The financial viability of the municipality.
- The setting of performance targets, and the monitoring, measurement and review of performance [S 12, 13];
- Internal Auditing of performance measurements [S14];
- Community participation in respect of performance management [S15]

Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (No R. 805, 1 August 2006)

These regulations seek to set out how the performance of Municipal Managers and Managers directly accountable to Municipal Managers will be uniformly directed, monitored and improved. The regulations include the following:
- Chapter 2 deals with the requirements and provisions of the employment contracts;
- Chapter 3 deals with the performance agreements, which must include prescribed Key Performance Areas and Core Competency Requirements.
- Chapter 4 deals with the content of a Job Description for Municipal Managers.

OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

The objectives of implementing a performance management system include:
- Facilitates strategy (IDP) deployment throughout the municipality and align the organization in executing its strategic objectives;
- Facilitate increased accountability;
- Continues and sustainable service delivery improvement;
- Create an organisational performance culture;
- Provide early warning signals;
- Develop open and constructive relationship between customers, leadership and employees;
- Encourage reward for good performance;
- Manage and improve poor performance;
- Link performance to skills development and career planning,
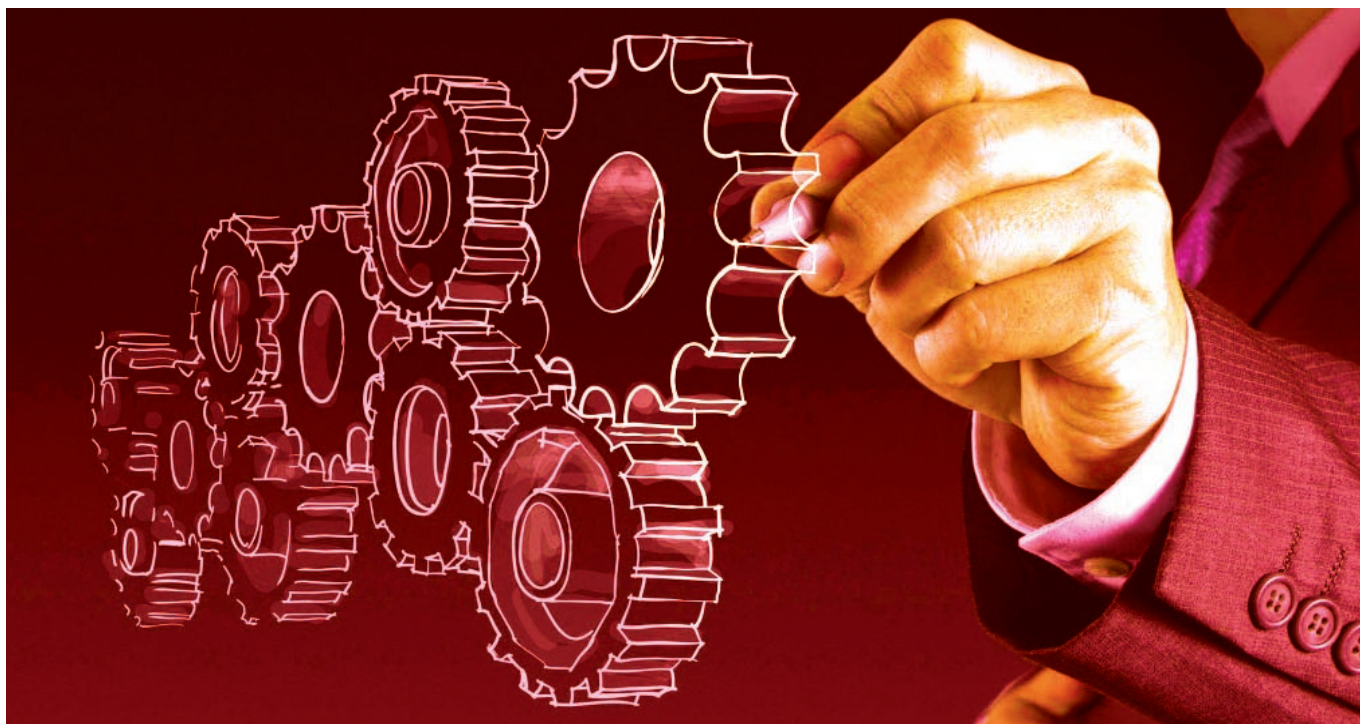
therefore encourage learning and growth; and

- Comply with legislative framework.

PERFORMANCE MANAGEMENT CYCLE

The municipality needs to adopt a performance management and reporting cycle, which include timeframes to complete the process. The cycle should start with the strategic session of Council and include the IDP and budget processes. The IDP and budget should be converted to a Service Delivery Budget Implementation Plan (SDBIP) as corporate performance management tool and cascaded down to the PMS of the municipality.

PERFORMANCE MANAGEMENT & RISK MANAGEMENT- " ALIGNMENT CHALLENGE"

If risk and performance metrics relate to the same set of common strategic objectives, they are more likely to be aligned. Integrating risk and performance management is not a matter of implementing a single management tool. It can be more important to focus attention to a set of organisational elements: some can constitute obstacles some can facilitate incorporating risk into management processes In the end, risk is often implicitly related performance management: performance management tools, if used in particular ways, can provide risk information with minor efforts.

A principles-based approach to risk management integrates risk with performance across the entire organization to help companies eliminate redundancies, reduce costs, clarify roles, and designate accountabilities. By its nature, such an approach further leads to an understanding across the organization not only of risk appetite the amount of risk an organization is willing to accept in pursuit of value,but also of risk tolerance: the level of variation an organization is willing to accept relative to the achievement of a specific objective.

At its core, an integrated approach to managing risk and performance involves assessing development opportunities, evaluating and quantifying a municipality's risk appetite and tolerance for risk, and improving operational effectiveness. Performance management comprises the processes and systems that link employees and operations to organisations's strategy and objectives as well as the metrics used to evaluate success.

An integrated approach to managing risk and performance is about using the right information to achieve a meaningful view of risk across a business and to more accurately anticipate the associated impact on corporate performance. And it's about layering that information into strategy setting and decision making.

Having accurate, timely, organisationwide - risk and performance information ready for deeper analysis enables senior management to evaluate how risk plays out across an organisations's operations and impacts financial and non financial performance in both the short and long terms. C

NEW CIGFARO BUILDING

NELISIWE NTLHOLA - BOARD MEMBER

ABBEY TLALETSI - CIGFARO CEO

GEORGE VAN SCHALKWYK - PAST PRESIDENT, JANE MASITE - CIGFARO PRESIDENT

EXECUTIVE MAYOR - LERATO MALOKA, LESEDI MUNICIPALITY

PRESTIGE GUESTS OF THE GRAND OPENING CEREMONY

CIGFARO - THE GRAND OPENING
9 September, Kempton Park

LOUISE MULLER - PAST PRESIDENT, JANE MASITE – CIGFARO PRESIDENT, GEORGE VAN SCHALKWYK – PAST PRESIDENT

WINNER OF THE NEW NAME OF THE INSTITUTE – KHOMOTSO PHELANE, MS JANE MASITE

HENNIE VENTER – PAST PRESIDENT, JANE MASITE – CIGFARO PRESIDENT

SIDWELL MOFOKENG – VICE PRESIDENT,
JANE MASITE – CIGFARO PRESIDENT

SIDWELL MOFOKENG – VICE PRESIDENT,
JANE MASITE – CIGFARO PRESIDENT, HENNIE VENTER – PAST
PRESIDENT, BETHWELL JWILI – PAST PRESIDENT, KRISH KUMAR
– PAST PRESIDENT

BOARD MEMBERS: KHOMOTSO PHELANE, BHARTHIE RANCHODDAS, SIDWELL MOFOKENG, NELISIWE NTLHOLA, DAVID GAREGAE

LESEDI LESETEDI – BOTSWANA IIA CHAPTER,
SCHALK HUMAN – NATIONAL TREASURY

TEBOGO MOTLASHUPING – COGTA, CLLR DOCTOR XHAKAZA –
MMC FINANCE & ECONOMICS: EKURHULENI

Chopper Technology

Chopper Technologies (Chopper Tech) is a South African based company providing customized electronic solutions which include the following:

• **Product Design**
• **Product Manufacturing**
• **Product Testing**
• **Production of Product**
• **Monitoring and after Sale Support**

Our success comes from our vast knowledge and ability to fully immerse ourselves in our client's unique electronic and/or data supply needs. Chopper Tech is proud to hold a prestigious Level 2 BBEEE status.

Our Service Portfolio includes but isn't limited to:

• Research & Development of electronic monitoring equipment to facilitate real time data transfer for the Department of Water Affairs for the past 12 years.
• Development of complicated power supply systems.
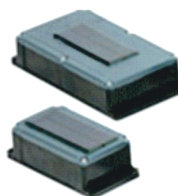• Several projects for South African National Defence Force **(SANDF)**

Product Profile

Level Quality Camera

LQC's (Level Quality Cameras or bulk meters) are able to monitor water flow/ level and quality from

Dam to Reservoir to Domestic Meters

These LQC'S will report anomalies to a control center via GSM/ Satellite/ Radio (i.e. water loss, water theft, burst pipes). This is ideally suited to save costs where measuring stations are out of reach of the LQC unit, but within the radio range.

Smart Water Meter

Smart Water Meter which is able to monitor flow of water as well control water flow from a central location using GSM/ Satellite / Radio networks. The meter allows for two way communication ensuring complete control and management in the following ways:

• Accurate Billing in real time.
• Dispenses Government allocation of 6 kilo liters (South African allocation) per customer thereafter moving to trickle flow and is prepaid ready.
• Customer can chose to purchase further allocation.
• Can change daily allocation during crises and has the ability to carry over.
• Battery powered,
• Extended battery life,
• Easily replaceable battery,
• Water tight,
• Controls the restrictor valve,
• Performs real time water metering,
• Two way communication with the Control Centre,
• Any tampering of the valve system will result in the valve shutting off access.
• IP65 and IP68 compliant.
• NRCS Type approved No. 1527 and tested in terms of SANS 10378:2012.
• Radio system has ACASA approval.

Battery Charger

Our Intelligent Battery Chargers come the in the following modules:

• **CT1205 12Volt 5 Amp (RMS)**
• **CT1210 12Volt 10 Amp (RMS)**
• **CT1215 12Volt 15 Amp (RMS)**
• **CT1220 12Volt 20 Amp (RMS)**
• **CT2405 24Volt 5 Amp (RMS)**
• **CT2410 24Volt 10 Amp (RMS)**
• **CT2515 24Volt 15 Amp (RMS)**
• **CT2420 24Volt 5 Amp (RMS)**

The following safety features are provided:

• Replaceable fuse protection on 220 volt input.
• Input mains protection.
• Reverse Polarity protection.
• Short circuit or damaged battery protection.
• Automatic current clamping in over temperature conditions.

Miniature Camera

Capable of snapping images and transmitting data to a number of cells phones as MMS image. It maybe used as a surveillance or alarm device.
Features
• Images are obtained by phoning the camera or activation of sensor (switch).
• Powered by internal batteries.
• Capable of being charged by computer output, cellphone charger, solar panel sensor or DC voltage sensor.
• Fully charged battery will last one week taking 1-2 images per day.
• All images are date and time stamped.

Isiflo Composite Fittings

Smartbox   **SMART System**

**For more information contact us on
t • 031 563 3104/ 082 851 6554
e • vani@choppertetch.com
www.choppertech.com**

**140 Rinaldo Road, Glen Hills
Durban North**

NEW MEMBERS

Province	Title	Initials	Surname	Designation	Employer
STUDENT MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
FS	Ms	TA	Maleho	Student	Central University of Technology
FS	Mr	ME	Mokgele	Student	Central University of Technology
FS	Ms	MC	Modise	Student	Central University of Technology
GENERAL MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
WC	Mr	BJ	Klaas	Administrative Officer	City of Cape Town
JUNIOR MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
WC	Mr	BJ	Klaas	Administrative Officer	City of Cape Town
WC	Mr	SM	Mginywa	Intern Finance	Bitou Municipality
GP	Mrs	W	Jooste	Operations Manager	City of Johannesburg
WC	Mr	CC	Coetzee	Intern Finance	Bitou Municipality
WC	Ms	KL	Petersen	Intern Finance	Bitou Municipality
WC	Ms	AP	Melamane	Intern Finance	Bitou Municipality
WC	Ms	SH	Stuurman	Intern Finance	Bitou Municipality
ASSOCIATE MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
GP	Mr	L	Mahwasane	Accounting Officer	City of Johannesburg
EC	Mr	LP	Nyati	Accociate Director	PricewaterhouseCoopers
GP	Mr	T	Sinosi	Manager Accounting	Johannesburg Water
GP	Ms	A	Sheik	Manager Finance	City of Johannesburg
MP	Mr	MK	Segooa	Senior Manager: Budget	Mkhondo Municipality
SENIOR ASSOCIATE MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
GP	Mrs	BA	Cvetkovski	Deputy Director	City of Johannesburg

MEMBERSHIP UPDATE

INFORMATION

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:
28 Fortress Road, Rhodesfield, Kempton Park, Johannesburg, 1620,
Tel: +27 11 394 0879 • Fax: +27 11 394 0886
www.imfo.co.za

NOVEMBER

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	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 Counc, 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 - Stmnt: 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 & Counc
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	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
21	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
22	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
23	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
24	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
25	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

DECEMBER
(2ND QUARTER OF FINANCIAL YEAR)

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	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 Counc, 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 - Stmnt: 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 & Counc
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	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
21	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
22	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
23	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
24	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
25	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

JANUARY

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Cons report - all withdrawels each quarter	MFMA (11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
4	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
5	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
6	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
8	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	Mid-year budget & perform assessment	MFMA 72(1)(b)	25 January	Accounting Officer	Mayor, Nat Treas, Prov Treas
12	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
13	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
14	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
15	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
16	Entity - Mid-year budget & perform assessm	MFMA 88(1)	20 January	Entity Acc Officer	BOD of entity, Parent Mun
17	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
18	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
19	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
20	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
21	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
22	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
23	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
24	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(c)	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
30	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qrtr	Acc Officer etc	Nat Treas
31	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
32	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

$$D_t = (B - S)d$$
$$t = nj$$

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STRIVING TOWARDS SUSTAINABLE CITIES AND TOWNS

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i @ Consulting's strategic financial management, asset management and revenue optimisation services are geared to propel municipalities towards favourable audit outcomes, financial resilience and economic growth. We follow an interdisciplinary approach towards solving municipal financial challenges in a fresh, integrated and practical manner, using leading professionals across several disciplines and state of the art software. Nationally we contribute towards improved local government financial management through support to the National Treasury, the Financial and Fiscal commission, the Cities Network and other. At municipal level we support dozens of metropolitan, district and local municipalities.

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- GRAP compliant asset register
- Asset lifecycle panning and portfolio optimisation
- Asset management plans, policies and procedures
- Asset management bureau services
- Asset management unit establishment and capacitation
- Costing of municipal service delivery
- Property management services

REVENUE OPTIMISATION
- Completeness of revenue testing
- Land use, zoning and debtors book reconciliation for correct rates and tariffs
- Debtors' profiling, tariff modelling and assessment of customer affordability
- Debt and revenue policies
- Municipal property valuation rolls
- Revenue collection plans

STRATEGIC FINANCIAL MANAGEMENT
- Financial recovery plan, including budget workout and expenditure prioritisation
- Financial dashboard, early warning system and performance tracking
- Financial management practices improvement plan, policies and procedures
- Capital investment planning
- Funding model optimisation
- Activity-based costing and outcomes-based budgeting
- Long term population, economic znc financial forecasting
- Long term financial strategy

mSCOA
- Activity and project costing
- Componentised project packaging and budgeting
- Spatial representation of regional segment
- Workflow design

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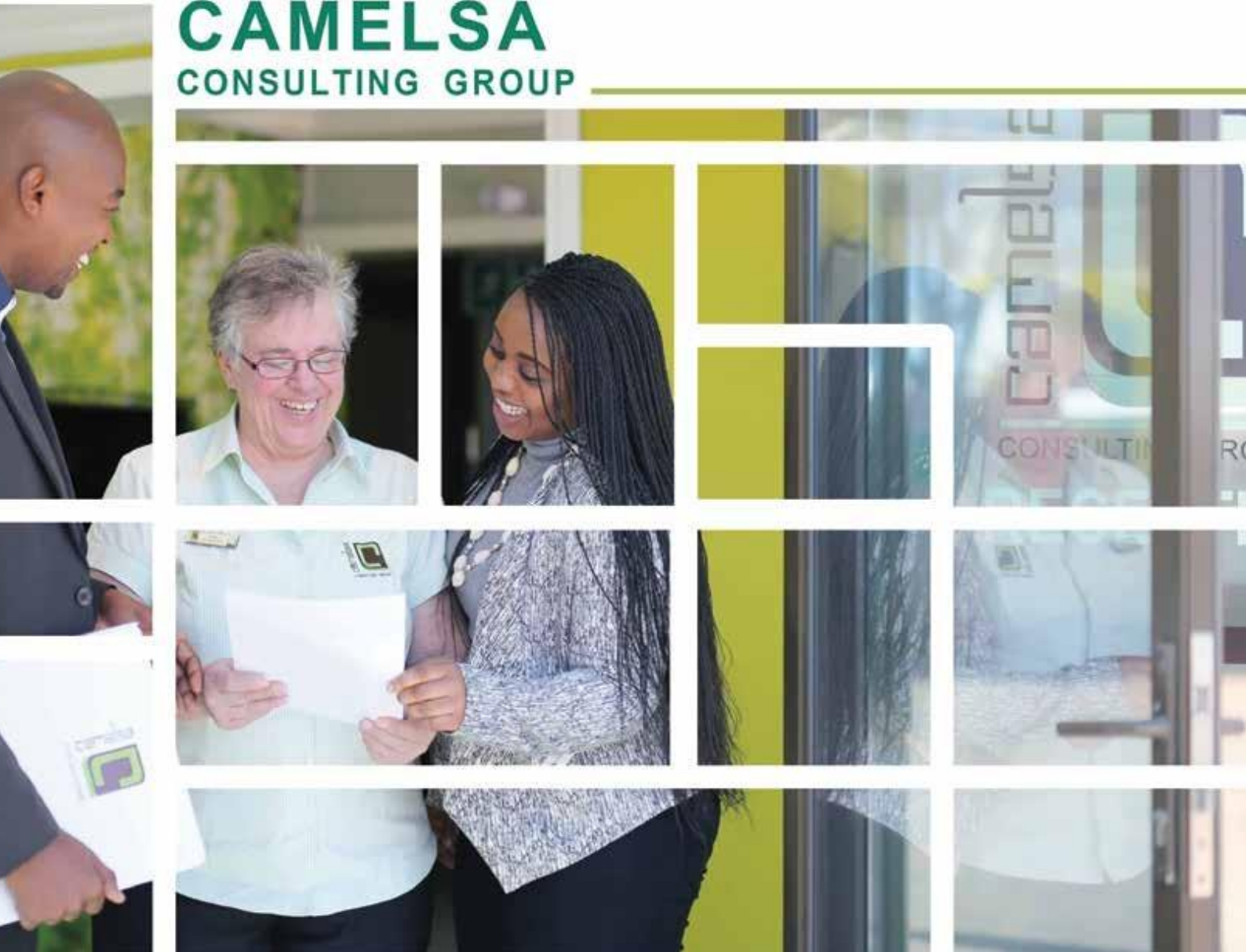**w :** www.iatconsulting.co.za

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Pretoria East
0184

PO Box 14235
Hatfield
Pretoria
0028

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Accounting and Audit Support	mSCOA Implementation and Support	Customer Relationship Management (Sales, implementation and training)
GRAP/IPSAS (Implementation and training)	Asset Register Compilation	Asset Management (Sales, implementation and training)

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by Sage Pastel

camelsa
CCG SYSTEMS

mSCOA Add-on modules

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