



CIGFARO

Chartered Institute of Government Finance, Audit and Risk Officers

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Sustainability in municipalities

14 An assessment of the challenges facing municipalities going into the 2022/2023 financial year

22 Effective Governance in an Innovative World



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We meet again, our loyal readers. What cold weather are we experiencing here in Johannesburg? Yes – we know it's winter and that we should be used to the cold conditions each year –but this year's winter is just a bit extra cold! I know, I'm not the only one looking forward to Spring.

What an eventful second quarter it has been for our institute. We appreciate the support given and we look forward to hosting more thought-provoking conferences where the institute continues to invite key experts on topical issues that we as the public sector are faced with.

In this issue – we have interesting articles that will keep you glued to paging through till the end. We have an article on sustainability in the context of the South African municipalities, why are we forgetting to apply the basic accounting principle of substance over form and financial statement preparation by municipalities – tips from a quality reviewer. All these articles can be accessed in this issue!

In this quarter, the institute is currently busy preparing for the Public Sector Finance Seminar which will be hosted at Emperors Palace, 05-06 July 2022. The event promises to be an opportunity for practitioners and professionals to share their knowledge and experience as topical topics are discussed. We hope you have registered and look forward to seeing you there!

We would like to extend an invitation to anyone or organisation who might be interested in submitting an article in our journal. Neutral articles are published for free. The CIGFARO Journal is distributed quarterly (4 editions annually). Contact our office for more information on 011 394 0879.

Follow and like us on our social media platforms and continue to keep in touch with us on issues you would like to read about. We can find us on Facebook, Twitter, LinkedIn, and Instagram. 

Esther G.

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FOREWORD FROM THE PRESIDENT



Honourable Members of CIGFARO, public sector finance colleagues and readers of our journal.

At the end of April 2022, the rand was the worst performing major currency in the world. The volatile South African currency lost 8.5% of its value against the US dollar in the two weeks ending April 26. This was as a result of a combination of local factors, including 1) the return of Stage 4 load-shedding due to record unplanned breakdowns, 2) increase in the COVID-19 test positivity rate increasing as well as 3) the severe flooding in KwaZulu-Natal which had a severe impact on the economic activity. KwaZulu-Natal was certainly not expecting this disaster and in many parts of the province, between 200 and 400 mm of rain fell in a 24-hour period during the 11 and 12 April 2022. The damage from the floods was so extensive with many roads and other infrastructure being washed away and hundreds of people losing their lives and homes. There was destruction to both public and private infrastructures. The provincial government currently estimates the infrastructure repair bill at R17bn. Hence on the 18 April 2022, President Cyril Ramaphosa declared a national state of disaster for the flood affected Provinces, saying that the designation of a provincial state of disaster

would be “inadequate to deal with the scale of the emergency and the required reconstruction and rehabilitation measures and responses”. Some repair work has been done where it was practical and the finalisation of the reprioritisation of grants from National Treasury to assist municipalities with larger projects was received late in June 2022.

In addition, the Disaster regulations were lifted on 4 April 2022 which meant that some COVID restrictions were lifted and the others were further consulted on by the various departments. However, late in June 2022, Minister of Health Dr Phaahla lifted the wearing of masks as well as other COVID restrictions like gathering limitations, etc. This has assisted the tourism and hospitality industry, and the opening up of face to face interactions and this is a welcome amendment embraced by CIGFARO. This allows us to offer our members better access to our training, workshops, seminars and conferences. However, we continue to also offer hybrid options where possible.

The Auditor General's office released the outcome on municipal audits in June 2022 and found a minority of municipalities having achieved clean audit findings. The biggest problem reportedly lies in a lack of stability and accountability in municipalities across the country.

The AG stated in its report that local government audit outcomes were in a poor state when the previous administration took over in 2016/17 and there has been no improvement since then. It was further highlighted that some municipalities have improved their audit outcomes, but others regressed. Only 61 out of the 257 municipalities in the 2020/21 audit report have better audit outcomes than in the 2016/17 audit report, while 56 of them have audit outcomes which have regressed.

The AG emphasised that despite reporting shortcomings and providing recommendations over the years, as well as numerous costly national and provincial initiatives and interventions, the poor state of key financial management controls shows that

municipalities have not yet mastered financial reporting, as 75% of them were not able to submit financial statements for auditing that had no errors. This means that the first submission that was audited had some errors and municipalities agreed to change what was reported to the AG in order for the outcome to be better.

The deteriorating financial health of municipalities reveals increasing indicators “of a collapse in local government finances and continued deterioration over the term of the administration.” This should encourage municipalities to look deeply into financial planning for the short, medium and long term.

The theme of the AG’s general report of 2019-2020 “Ethical and accountable leadership should drive the required change” needs to be resuscitated as diligent leadership, who maintain accountability and act against mismanagement, transgressions, non-performance, fraud and financial loss, would not yield such poor audit reports. Salga, Cogta, National Treasury and bodies like CIGFARO should continue to ensure that Councillors are trained throughout the term of office in order for Councils to be able to provide the necessary oversight.


The 2020/2021 municipal audit results continue to show worrying trends of the lack of financial skill and accountability in our municipalities. But the truth is that you can’t improve accountability and internal controls if municipal finance employees don’t also have the skills needed to perform these controls. As a country we need to employ proactive solutions to build the relevant skills base within the municipalities. The Public Sector Finance Seminar being held in July 2022 is meant to upskill finance officials to prepare Annual Financial Statements as well to prepare them for the upcoming audits.

I am sure you can agree with me that as CIGFARO we need to accelerate the development of our members. The application of our mission and vision of the body is more crucial now than ever before. We cannot do this on our own, but we need to work

together to develop and capacitate our staff as this is the investment in knowledge which pays the best interest. Contact our office at 011 394 0879 and enquire on the training schedules for the year. Let us make a concerted effort together to build a better future for the next generation.

As previously mentioned, the office and our dedicated team are hard at work in completing the CIGFARO handbook and are making great strides. The training material developed from the handbook is being finalised and we will be rolling out intensive training in this regard. This quarter, our Provincial Branches, together with the office, hosted programs and shared with our members and stakeholders the following vital topics: Internal Controls, mSCOA, GRAP Update with uMzimkhulu Municipality (In-House Training) and the Eastern Cape Branch hosted a seminar that aimed to enhance revenue management post pandemic. Our vibrant KZN Branch hosted a Finance interns’ seminar and later hosted a successful SCM Procurement Workshop. Other branches are also busy planning, and we wish them well. Although most Provinces have active branches, I encourage the members in Western Cape, Free State and North West Province to resuscitate their branches with help of the Board and Office.

The Board has been active at work having had a Board meeting in April 2022 and the next meeting is set for July 2022. In addition the Presidency, Committees and sub committees meet regularly to ensure that the activities of the Board are planned and executed.

The cold winter days should not delay or detour our plans. Let us push forward and join hands by sharing information within our work environment in the name of good governance and transparency. 

Stay blessed!

CHERYL REDDY
CIGFARO PRESIDENT

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A lot has happened!

Greeting colleagues, we meet again at our send quarter for the year. A lot has happened, and we can safely say, things are slowly going back to the old ways. What a full circle we have had with covid since it's first reported case in 2020. Two years later we are now being allowed to host our conferences in full capacity – looking back, who would have thought we will go back to this reality? Speaking of which – we have recently hosted our Audit & Risk Indaba which took place in Cape Town at the Cape Sun.

The Audit & Risk Indaba was a huge success with more than 150 delegates attending the indaba physically and more than 40 virtual delegates. The topics for the Indaba are built around the theme: **Improving audit outcomes in the Public Sector**. The Indaba theme was selected to be both topical and relevant to a wide audience hence the program was carefully developed to explore and share a variety of perspectives. The keynote address was delivered by Alice Muller from AGSA on Audit Outcomes with difference/similarities of challenging areas between the 3 Spheres of Government. Ms Muller emphasized that the key message from the AG Office this year is leadership

should lead for change. Ms Muller also mentioned that “the local government finances continue to worsen – over a quarter (26%) – casting significant doubt on the ability to continue as going concern, municipal debtors not recoverable (average 63%) resulting in creditors greater than available cash at year-end for almost half of the municipalities (49%) and average creditors-payment period of 209 days, large portion (36%) of estimated recoverable revenue and equitable share used for salaries and council remuneration – only 2% of expenditure towards maintenance and high unauthorised expenditure (R14 billion) and 30% ended year with a deficit.” To say the indaba was fruitful will be an understatement, our gratitude also goes out to our loyal sponsors. Without them our events wouldn't be successful. We appreciate the support over the years and more especially our platinum sponsors for the Audit & Risk Indaba 2022 – CCG systems and Arms Audit.

As we continue, we look forward to hosting more events with the high number of delegates attending physically. As we go forward – we note the latest announcement made by the minister of health, Dr Joe Phaahla on the repeal of regulations on notifiable medical conditions dealing with the Covid-19 pandemic on the 23rd of June 2022“. The minister announced that he had signed a note in the government gazette releasing all the remaining health regulations on wearing of masks, limitations of gathering and vaccination proof or PCR negative tests at Ports of entry.

Keep visiting our website to know more about all our activities and to access any latest information. We also encourage our advertisers to use the platforms (the journal and the website) to advertise your products or contact our Communication Officer on communication@cigfaro.co.za

Happy reading. 

IRA KOTZE
ACCOUNTING OFFICER



1. QUALITY ANNUAL FINANCIAL STATEMENTS

Municipalities are required by MFMA Section 122 (1) (a) – (b) to prepare the Annual Financial Statements which fairly presents the state of affairs of the Municipality, its performance against budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results and its financial position as at the end of the financial year and disclose information required in terms of sections 123, 124, and 125 of the MFMA. Section 122 (3) requires that the Annual Financial Statements to be prepared in accordance with generally recognised accounting practice (GRAP) prescribed in terms of section 91 (1) (b) of the PFMA.

The determination of quality set of financial statements culminates fair presentation of financial statements, compliance the generally recognised accounting practice (GRAP), review of financial statements prior submission to the Auditor-General, good recordkeeping practices and good management oversight.

The preparation of quality financial statements is not a once-off event that takes place only after year end; however, the process begins from day one of each financial year to the final day

of the financial year, through proper recordkeeping practices, monthly reconciliation of Key Accounts, good internal controls, annual financial statements reviews by Gauteng Provincial Treasury, Internal Audit unit and the Audit Committee of each municipality.

Technical Reviews of Interim and Annual Financial Statements

To address the issue of poor financial statements, we should perform the review of both the interim and annual financial statements to ensure that material misstatements are minimized, thus improving the quality prior submission of financial statements to the Auditor General. The review will be performed on the interim financial statements.

2. IMPACT OF KEEPING ACCURATE ASSET REGISTER ON THE MUNICIPALITY

An asset register is used for accounting purposes. The motivation behind keeping up a register is to monitor the book value of assets and deterioration charged throughout a specific period. An asset register is additionally a valuable method for effectively identifying the items inside the municipality by allotting a unique ID number to each asset.

If you do not keep an accurate asset register it will affect the municipality negatively. For example, you will not be able to calculate accurate asset depreciation, impairment, and tax reports. They are essential to ensure financial data is precise and up to date as well. This register can record the purchase value of a specific asset and depreciation over the lifecycle of an asset.

An Asset register ensures that municipality assets are compliant according to the GPAP and MFMA regulations and always have a transparent view of asset values.

The benefits of maintaining a fixed asset register are as follow:

- The register assists in knowing the location of each asset
- What is the current condition of an asset?
- Asset status
- Helpful in matching fixed assets value with the balance sheet
- Comply with statutory needs
- Helpful in the audit process
- The physical verification process is simplified
- Enhances utilization of assets
- Asset procurement and decommission details

3. KEY COMPONENTS FOR ENHANCING SERVICE DELIVERY IN MUNICIPALITIES NAMELY MANAGEMENT OF LEADERSHIP PERFORMANCE

- The creation or strengthening of a culture of performance excellence amongst employees.
- Leadership qualities that lead to service delivery excellence.
- The contribution of internal systems (policy, procedures, budget, integrated development planning and the performance management system) to intergovernmental relations and infrastructure development.
- Legislation that stipulates local government's responsibility and accountability in terms of service delivery.
- The importance of human capital, good governance, environmental stability, and economic growth for achieving realistic service delivery goals; and
- The need for continuous monitoring to maintain and enhance the quality-of-service delivery.

4. IN ORDER TO ADDRESS THE POOR STATE OF OUR MUNICIPALITIES, THE FOLLOWING BE IMPLEMENTED:

- Strengthen human and resource capacity, which will enable local government to deliver its constitutional mandate to the public.
- Recognise and address the fact that the 'one size fits all' approach does not work for all municipalities, as communities have different needs according to their geographical areas.
- Strengthen national and provincial oversight and supervision of local government affairs, which will enable prompt intervention to take place.

- Make and honour commitments to root out nepotism and corruption in areas such as recruitment for municipal positions and the awarding of tenders for services.
- Hold senior officials accountable when they fail to disclose their business or pecuniary interests.
- Strengthen government procurement procedures and policies and accountability

Critical posts (Municipal Manager, Chief Financial Officer, Internal Audit Activities and Support Services) filled with qualified & competent staff


There is incontrovertible evidence that having the right skills is critical to municipal effectiveness, yet appointments continue to be made that often sidestep competence, skills gaps exist in important technical and management positions and the country has no coherent human resource development strategy for local government.

Key activities:

- Municipalities assisted and monitored to meet the following requirements:
- Develop regulations to map out competency criteria for critical management and technical posts
- Monitor municipal compliance as per criteria
- Identify municipalities not complying and institute support measures to noncomplying municipalities
- Provinces to identify reasons for critical vacancies and skills gaps and undertake appropriate supportive actions.
- Each province develops a long-term human resource plan to ensure the sustainable supply of key skills required at the municipal level.

Internal audit's role is primarily one of providing independent assurance over the internal controls and risk management framework of the council. Management has primary day-to-day responsibility for the design, implementation, and operation of internal controls.

One of the primary objectives of the internal audit function is to add value to the council operations. Adding value involves taking a proactive approach with a focus on risk, organizational concerns and effective controls at a reasonable cost. By focusing audit work on high-risk areas, the organisation will benefit from assessments of their systems and gain independent assurance on whether those systems that are critical to program delivery are operating efficiently and effectively.

An audit committee plays a pivotal role in the governance framework. It provides councils with independent oversight and assistance in the areas of risk, control, compliance and financial reporting relationship between the audit committee and internal audit enables the committee to meet its responsibilities and carry out its functions. An audit committee establishes the role and direction for internal audit and maximizes the benefits from the internal audit function. 



INTRODUCTION

The dire state of the financial health of South African municipalities is a well-documented and frequently discussed fact. Over the past number of years, the impact of this on service delivery and municipal infrastructure has become evident. Many municipalities are (arguably) on the verge of collapse. Ultimately, local government is the sphere of government which impacts most directly on people's lives. Is it time to start assessing the sustainability of local municipalities?

The overall concept of sustainability

Sustainability refers to the means of an entity/organisation to meet their needs without compromising the ability of future generations to meet their own needs. In addition to natural resources, social and economic resources are also required. Embedded in most definitions of sustainability there are also concerns for social equity and economic development. The motivations behind sustainability are often complex, personal and diverse. Yet, for most people, sustainability comes down to the kind of future we are leaving for the next generation.

The concept of sustainability can be further unpacked into three distinct pillars:

a) Environmental Sustainability

This is the notion that ecological integrity is maintained. All of earth's environmental systems are kept in balance while natural resources within them are consumed by humans at a rate which enables replenishment.

b) Economic Sustainability

Economic sustainability considers the social and ecological consequences of economic activity. Human communities across the world should be able to maintain their independence and have access to the resources that they require, financial and other, to meet their needs.

c) Social Sustainability

Social sustainability is achieved when universal human rights and basic necessities are attainable by all people, and they have



access to enough resources to keep their families and communities healthy and secure.

With these pillars in mind, local government practitioners need to start addressing the issue of sustainability and its' value in reporting.

Sustainability Status of South African Municipalities¹

In an online article published on businesslive.co.za, 25 May 2022, director-general Dondo Mogajane said that 170 (about two thirds of South Africa's 257 municipalities) are in financial distress and require assistance from National Treasury. The Treasury is unable to cope with the situation. This statement re-affirms the Auditor General's latest MFMA General Report outcome in which they state:

"Local government finances continue to be under severe pressure due to non-payment by municipal debtors, poor budgeting practices, and ineffective financial management. The financial position of just over a quarter of municipalities is so dire that there is significant doubt that they will be able to continue operating as a going concern in the near future. This effectively means that such a municipality does not have enough revenue to cover its expenditure and owes more money than it has. Almost half of the other municipalities are exhibiting indicators of financial strain, including low debt recovery,

an inability to pay creditors, and deficits. The impact of municipal creditors not being paid is well-known – it severely affects Eskom and the water boards, but is even more devastating for smaller suppliers. Some municipalities do not even pay over taxes such as pay-as-you-earn and value-added tax to the South African Revenue Service or transfer contributions to the pension funds of their employees. Local government loses billions of rand annually because of interest and penalties. In 2019-20 alone, the resulting fruitless and wasteful expenditure totalled R3,47 billion."

The Governance Performance Index (GPI) is a ranking instrument that provides relevant stakeholders with an index of municipal governance performance. Key findings from the 2021 GPI report below further lends to the gloomy picture painted on the state of local government:

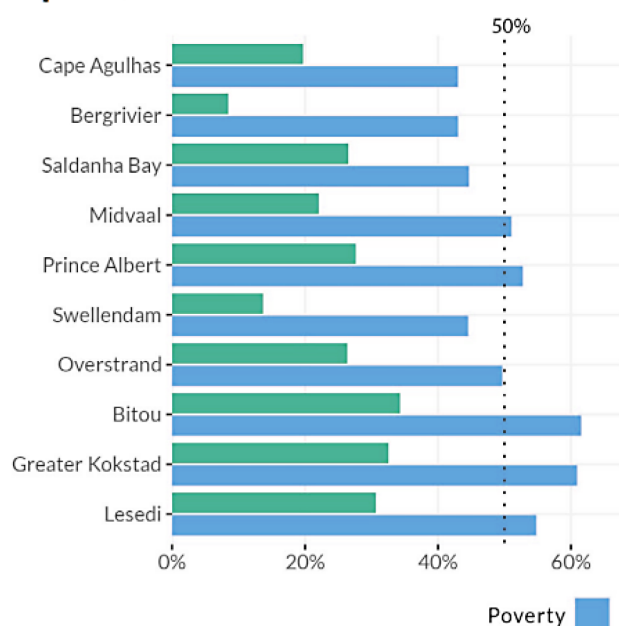
- While households in all municipalities have access to electricity to various extents, only in less than a quarter of municipalities do at least 95% of households have access to electricity.
- In 106 of the 205 local municipalities at least 50% of households have access to weekly refuse removal, implying that most households in about half of the local municipalities do not have regular access to basic services such as weekly refuse removal.

¹ Information and statistics obtained are time sensitive.

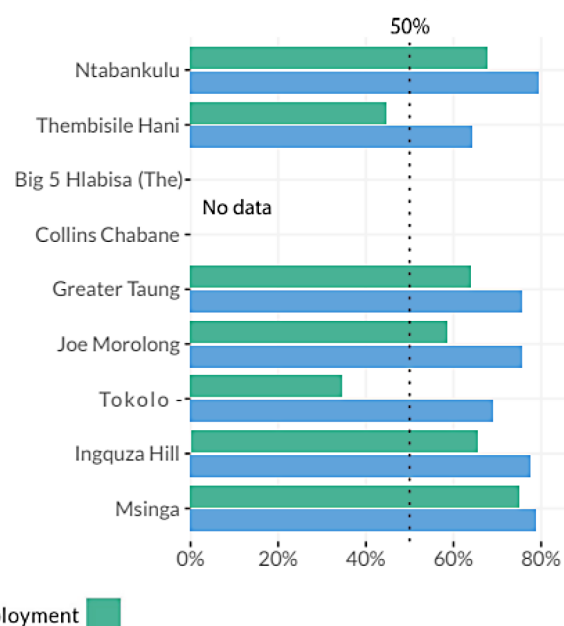
- Audit outcomes were one critical measure of performance in the administration category, with only seven of the 205 local municipalities obtaining a completely clean audit across each of the three most recent financial Auditor General MFMA reports.

Proportion of households living in poverty or unemployed

Top 10 (Ranked 1-10)



Bottom 10 (Ranked 196-205)



While another rating index doesn't change the outlook on local government, it is worth noting the assessment outcome from the Out of Order index.

- A report submitted by Cogta to the parliamentary local government committee in August 2021 indicated that a further 111 local municipalities were classified as being at medium risk for deteriorating further. Only 16 were rated as stable.
- A key indicator for citizens is how the municipality maintains its local infrastructure. This is normally measured as a percentage of the capital budget which is spent on repairs and maintenance. Ideally, R8 in every R100 spent on capital project, or 8%, should go to maintaining what has been built.
- In the Out of Order data, there are only four municipalities which are spending at that level in the 2018/19 financial year data that is available. They are Cape Town (8%), Ulundi (10.6%), Makhuduthamaga in Limpopo at 17%, and Sol Plaatje in the Northern Cape at 8.2%.
- Some 88 municipalities spent between 1% and 8% on repairs and maintenance, while 112 spent nothing, or did not provide data.

Analysis and observations

It is clear from the above statistics that the majority of South African municipalities are in a state of disrepair. The situation is untenable and unsustainable, from a social, environmental and economic perspective. In order to effect improvement, it is critical to interrogate the root causes which led to the regression and collapse of so many municipalities in the country. Whilst a plethora of reasons may have contributed to the current dilemma, a few transversal issues are evident:

- There is a general lack of alignment between municipalities' IDPs (Integrated Development Plans) and their Financial Plans (Budgets).
- Reporting is mostly done retrospectively, without clear projections or forward-looking planning, i.e., no assessment of financial or overall sustainability is done.
- Non-payment of municipal rates, taxes and charges due to poor service delivery and declining municipal infrastructure result in even poorer service delivery and further infrastructure decline. This is a destructive cycle.



“Getting back to the basics is the simplest way to find calm in the chaos!”

- d) The economic conditions in the country are not conducive to support growth. The unemployment rate is continuously increasing.
- e) Municipal officials are not suitably qualified to perform their duties.
- f) There is a complete lack of accountability.
- g) Administrative processes are politicised.

Recommendations and way forward

Sustainability Goals and Sustainability Reporting have become concepts to which many entities and individuals globally are subscribing. Very little in this regard is done at local government level in South Africa and there is no legislative requirement which forces municipalities to report on their sustainability.

That begs the question, must this be introduced as a requirement for all municipalities? When taking the above facts, figures and observations into consideration, the reality is quite sobering – Municipalities are not yet ready to effectively report on sustainability! That being said, what is the way forward to achieve sustainability?

Municipalities will not become sustainable until they get the basics right, like:

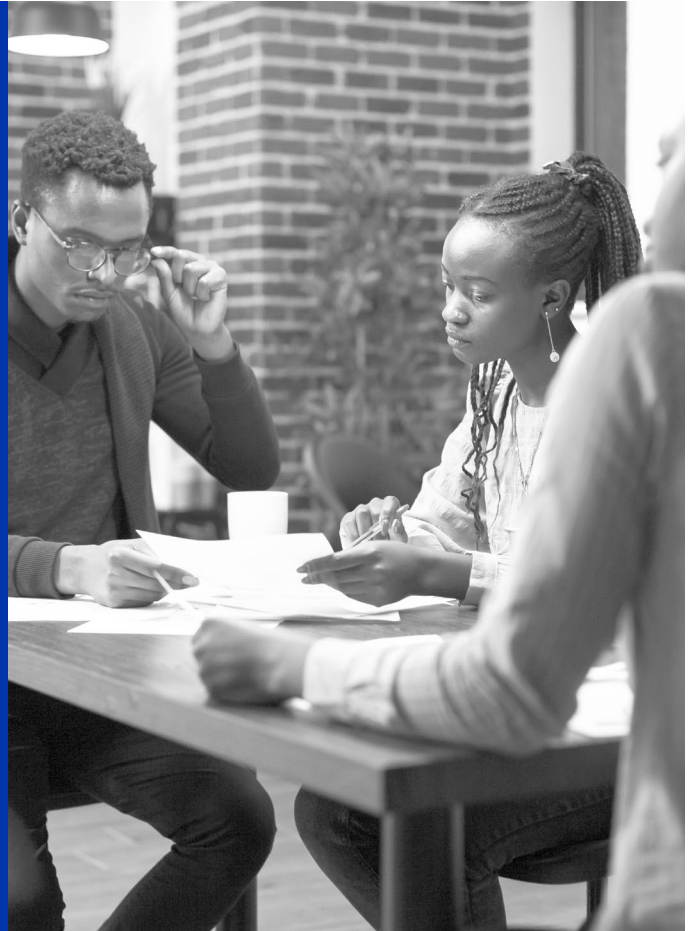
- Qualified and competent staff should be employed. Professionalisation of the sector will be a key driver in this regard.
- There should be a move towards accurate and complete financial reporting.
- Development of realistic targets and honest reporting thereon.
- A focus on compliance and good governance.
- Accountability for any transgression should take place on both an administrative and political level.
- There should be an increased emphasis on forward planning.
- There should be a focus on green initiatives and consciousness of the impact of municipal activities and projects on the environment.
- There should be a concerted effort to towards alignment between the integrated planning and budget office.
- Political interference in administration processes should not be tolerated.

When the above principles are implemented, there will be a natural shift towards improved and more valuable reporting. Improved, accurate and “honest” reporting will enable Municipalities to develop strategies to reach sustainability. **C**

An assessment of the challenges facing municipalities going into the 2022/2023 financial year

Municipalities across the country prepare themselves for a tough financial year post elections, violent protests, and natural disasters. A great deal of leadership and wisdom will be required to address the challenges facing municipalities in the next financial year.

Councils considered and approved budgets during the last month after listening to what their constituents had to say during the Integrated Development Plan (IDP) and Budget consultation processes in April and May. Budget Steering Committees, Finance Portfolio Committees and Oversight committees interrogated the budgets, compared it to the results of previous financial years, calculated the impact on tariffs and made tough decisions on which of the vast needs can be funded and which must stand over for future years.



I am sure that many tough questions were posed, including:

- What is the true financial position of the municipality?
No accounting jargon, just the nuts and bolts.
- How will the municipality ensure that there is sufficient infrastructure to deal with service delivery challenges?
- How will these infrastructure needs be funded?
- Can we afford to borrow funds and how will those borrowings be repaid?
- Will any financiers be willing to extend credit to the municipality based on the financial position of the municipalities?
- How can we grow the local economy to reduce unemployment?

FINANCIAL CHALLENGES AND RISKS FACING MUNICIPALITIES

The COVID-19 pandemic had a negative financial impact on most municipalities. Many municipalities were already cash flow strained prior to the outbreak

of the COVID-19 pandemic. The National Treasury State of Local Government Finances report, based on the 2019/2020 financial results, revealed that the number of financially distressed municipalities had increased from 163 to 175. A full 123 municipalities passed unfunded budgets. Moreover, almost 50 percent of municipalities evidenced severe financial strain including low debt recovery, substantial operating deficits and escalating amounts owed to creditors, with about 175 municipalities in varying degrees of financial distress. Since the publication of this report, the ongoing decline in economic growth and revenue collection has only exacerbated municipal challenges.

Looking at the key factors of municipal stress as reported by the National Treasury, at the aggregate level, funding and access to capital are some of the common denominators characterizing the bulk of municipal challenges.

ECONOMIC OUTLOOK FOR THE YEAR

Standard Bank's economists have characterised SA's 2022 economic outlook as one 'mired in risk.' Global risks include:

- A tapering of quantitative easing is likely to reduce the availability - and increase the cost - of capital for emerging markets, including SA.
- Continuing uncertain global commodity demand and prices are likely to weaken SA's terms of trade.
- The rising global interest rates will further constrain SA access to capital as global cash seeks higher returns in developed economies.
- Improved global growth – coupled with slow or poor growth in South Africa - will add to domestic inflation pressure.

From a Domestic front, while Standard Bank forecasts a 2% annual GDP growth rate in 2022 and a recovery to pre-pandemic growth levels by mid-2022, risks include:

- Uncertain electricity supply,
- Slow or no structural reform,
- Fallout from a collapsing labour market,
- A fragile consumer recovery at the mercy of food and energy inflation, and of course, Ongoing Covid-19 pandemic.

More generally, this year the structural damage caused by the Covid-19 pandemic and national lockdowns as well as the July 2021 violence and unrest and subsequent floods in the first quarter of 2022, will become evident in cost and production numbers, measurably - and negatively - impacting the South African economy. As such, the challenges facing municipalities today are greater than they have ever been, particularly when it comes to service delivery.

GOVERNANCE CHALLENGES

The Auditor General has been very vocal in her reports that unauthorised, irregular, fruitless and wasteful expenditure has no place in public finances. She reported that municipalities accounted for R26 billion in irregular expenditure during the 2019/2020 financial year. Whilst irregular expenditure can be quantified at an overall level, the cost of undetected

corruption and mismanagement is unknown. There is, however, a strong correlation between corruption, poor governance, and poor service delivery. This is because, where there is corruption, available resources are not channelled to governance or service delivery. The 2021 MFMA general report of the Auditor General is eagerly awaited to see whether improvements in governance took place since the 2020 report.

OPPORTUNITIES FOR LOCAL GOVERNMENT

While economic conditions in 2022 point to an ever-more capital constrained fiscus, all is not doom and gloom. As lockdown levels ease, the first signs of a tentative economic recovery are emerging. And, looked at differently, even a capital-constrained fiscus highlights the opportunity for more public-private partnerships - able to bring private capital and expertise to the delivery of municipal services across the country.

This sentiment of including private capital, expertise, and partnerships in the delivery of national, provincial, and municipal services was strongly echoed by the Minister of Finance in his 2022 budget address. Government clearly recognises its role as one in which the state creates the conditions for the broad economy, including all South Africans, to work with government to drive our national development agenda. If promised structural reforms materialise, an improved policy and legislative environment is likely to open further opportunities for closer public-private partnerships at municipal level. The opportunity for public-private partnership is certainly huge.

Opportunities to obtain funding goes wider than PPPs as defined in the MFMA and the PPP Regulations. Many financial institutions are willing to support municipalities with funding in various formats, including:

- Municipal bonds registered on the Johannesburg Stock Exchange
- Medium to long-term lending (vanilla loans with an amortising profile)
- Medium to long-term lending with a bullet repayment profile, i.e. only interest is paid during the term of the loan and the capital is paid off at the end of the term

An assessment of the challenges facing municipalities going into the 2022/2023 financial year, *continued...*

by Timothy Matlala, Standard Bank of South Africa

- Vehicle and capital asset finance in various forms, including instalment sale agreements, finance leases, operating leases, full maintenance rentals
- Sale and lease-back of assets.

Benefits to accessing the capital markets include:

- Accelerated service delivery by making use of balance sheet gearing instead of funding infrastructure from internal cash reserves
- Matching the lifespan of the asset and the financing cost thus limiting the impact on tariffs by spreading the repayment of the loan over the useful life of the asset
- Maintaining prudent levels of liquidity instead of using all available resources to cash-fund assets
- Development of a sound credit record for the municipality.

Improved economic infrastructure sets the base for economic development.

MUNICIPALITIES HOLD THE KEY TO UNLOCK SOUTH AFRICA'S FUTURE ECONOMY

At Standard Bank we are passionate about partnering with municipalities as this supports our corporate vision to drive Africa's growth. In South Africa this means unlocking the huge potential latent in the marginalised businesses in South Africa's townships, peri-urban and rural communities. Municipalities – through service delivery - hold the key to unlock the full potential of South Africa's SMME sector and thereby also address the unemployment problem.

South Africa's SMME landscape is characterised by a divide between formal urban enterprises located closer to developed business and financial hubs - and less formal peri-urban or peripheral enterprises located in townships, informal settlements or among rural communities. South Africa's peripheral small business segment, however, is particularly impacted by the legacy of spatial apartheid.


As we all know, township enterprises are located far away from business activity hubs. Moreover, the lack of infrastructure in these communities fails to compensate for the geographical location of township businesses away from formal business centres and

connectivity and logistics networks. An efficient and effective municipal sector has a big role to play in ameliorating many of the disadvantages that SMMEs and small township or periphery businesses suffer. Great municipal services and effective, coordinated government policy and implementation at local level, for example, would compensate for the isolation of peripheral businesses while also building much more robust local economies in previously marginalised areas.

In short, government – and municipalities in particular – have a critically important role to play in creating the conditions for SMMEs and especially small township and peripheral businesses to grow into larger enterprises. As they grow or partner with established businesses and larger corporations, they will contribute much more meaningfully to broader economic growth, drive much wider inclusion and increase employment.

In a country with a shrinking tax base and high social wage bill, the advantages of liberating millions of South Africans from state dependence are probably the strongest argument for a concerted effort across all sectors and industries to unlock the potential of South Africa's municipalities to create the conditions for growth – making general and permanent prosperity a reality for the majority of South Africans.

CONCLUSION

In finalising and implementing budgets for the 2022/2023 financial year, external funding sources must be a key consideration. The availability of external funding in various forms can provide the much-needed capital to enhance the economic infrastructure required for economic growth. 

About Timothy Matlala

Timothy is an experienced banking executive with eighteen years' experience in the banking and financial services sector. He's currently the Head of Public Sector Banking within the bank's Business and Commercial Clients division in South Africa, and has previously held senior roles in Enterprise Development, Business and Private Banking. In the role, Timothy engages extensively public sector clients nationally across all spheres of government including the entities.

2022

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Impact of MFMA Circular No's 113 and 114

National Treasury works with Force4Technology to design and develop web-enabled tools for the Audit Action Plans, FMCMM & Financial Ratios

Digital Transformation and Process Improvements

In this article we provide valuable insights to Accounting Officers, CFOs, Auditors and Municipal Managers on improving the submission of the Financial Management Capability Maturity Model (FMCMM) assessments and the Audit Action Plans to Provincial and National Treasuries. The impact of which are covered in the recently published MFMA Circulars 113 and 114. These tools, the **Audit Action Plans, FMCMM, and Financial Ratios** were developed by the MFMA Implementation Unit at National Treasury, and the web-enablement architecture was designed by the Force4Technology, which was sponsored by international funders. Force4Technology were tasked with the digital transformation of the Microsoft Excel-based assessments into a web-enabled platform.



This milestone ushers-in a new digital era in financial management enabling adherence to the MFMA with a modernised approach saving time and simplifying the assessment processes to determine potential gaps within an institute's financial management system. The foundation is built on an integrated platform that allows all relevant stakeholders from local municipalities, municipal entities, Provincial Treasuries to National Treasury to participate.

MFMA Circulars 113 and 114

The recently published MFMA Circulars 113 and 114 issued by National Treasury have a clear intent: utilization of the new web-enabled tools is of paramount importance. The web platform has been created where municipalities can undertake financial management online assessments, upload results and extract user-friendly reports. Furthermore, the platform includes the web-based financial ratio templates for pre-audited, audited, restated outcomes and future projections which occur yearly, and an action plan monitoring system based on the results from the FMCMM and financial ratios specifically on the areas where the responses to questions are in the negative or outside the norm.

“

The web-enabled platform is a game changer from the current mode of engagement ensuring greater transparency and accountability. The platform enables better collaboration and communication between all parties.

Thiloshnee Sukdeo
 Director, MFMA Implementation - National Treasury ”

Embracing Change

Municipalities are required to utilize the new web-enabled tools to their advantage to improve their respective financial management performance. Training of all public officials especially at municipal level must be the top priority if we want to progress as a country. The positive and far-reaching impact of these tools cannot be overstated but it will require a collective effort by all to reap the benefits of the platform across all 3 spheres of government. The prevailing methods of completing & submitting financial assessments via Microsoft Excel and emails or couriering spreadsheets on flash-drives to National Treasury will soon be a distant memory!

Despite the prevailing situation, we all have a responsibility to envision a brighter future in the areas of fiscal management in municipalities of which directly affects service delivery to citizens.



“ As CFOs, Accounting Officers, Auditors and Municipal Managers, it's in your best interest to ramp-up your teams knowledge with training on the new web-enabled FMCMM, Financial Ratios & Audit Action Plans.

Keneue Mofoka
Senior MFMA Advisor, Office of the Accountant General

”

How can Force4Technology assist you?

We offer Training and Support for you to gain professional hands-on experience in the usage of the web-enabled Audit Action Plan and FMCCCM tools.

Our Public Sector Practice have successfully delivered on many digitalization projects. Whether it's manual, paper-based processes or process automation, our highly experienced team can assist you on your digital transformation journey with the aim of delivering world-class solutions in alignment with your strategy. Our advisory services ensures your return on investment is achieved through industry-recognised best practices.

We help you answer important questions such as “What is our technology capable of, and how can we adapt our organization and processes to make the most of our technology investments? We utilize the latest cutting-edge technologies such as Artificial Intelligence (AI), Machine Learning (ML), Natural Language Processing (NLP) and Data Analytics to take service delivery to the next level in the public sector with citizens at centre stage.

In our engagements with municipalities, the **Internal Audit Action Plans** are generally controlled by manually-driven processes. Force4Technology can directly add-value to efficiently manage the **Internal Audit Action Plan** by provisioning a world-class solution to digitally transform the manual processes into a robust, user-friendly, and secured web-enabled platform.

For more information please contact our Training Administrator on 041 451 0811 or academy@force4technology.com.

About Force4Technology

Force4Technology is a professional services company comprising six areas of business: Strategic IT Solutions, Applications Development, Mobile Development, Business Intelligence, Systems Integration and Training. We are at the forefront driving innovation to improve the way organizations work. We provide a broad range of services and solutions. We help organisations to reinvent themselves. We inspire them to imagine grand futures through implementing transformational outcomes for a demanding new digital world.

www.force4technology.com

Why are we forgetting to apply the basic accounting principle of substance over form?

Jeanine Poggiolini, ASB – Accounting Standard Board



As accountants, there are a few basic “rules” we live by when preparing financial statements – relevance, faithful representation, comparability, verifiability and timeliness.

Faithful representation means that the accounting in the financial statements depicts the underlying economic characteristics of transactions and events. Financial statements aim to represent the economic characteristics underlying events and transactions and not their legal substance. This is why the financial statements are prepared using accounting standards and not based on a list of pre-vailing laws and regulations.

So why are we not applying the principle of “substance over legal form” in preparing the financial statements?

Since the outcome of a Court case in 2021 challenging the out-

come of a particular audit, there is an emerging view that the Courts should be used to solve accounting disputes. As Court orders are binding, the parties to the case are compelled to implement the outcome of the judgement or face being in contempt of Court. Implementing the outcomes of Court rulings in preparing the financial statements blurs the line between applying accounting principles aimed at reflecting economic realities and complying with Court rulings based on legal jurisprudence.

While acknowledging the rights of parties to exercise their freedoms under law, using a Court to interpret accounting standards is ill advised. Here's why...

Lawyers have an understanding of what is called legal jurisprudence, i.e. the philosophy of law. Their jurisprudence or “legal universe” is based on an interpretation of specific laws and regulations, and common law or “case” law which is based on past Court rulings on similar matters.

"There are no winners when legal opinions are sought to interpret accounting matters."

Accountants have an understanding of the Conceptual Framework which outlines the philosophy underpinning the preparation of the financial statements. The Conceptual Framework, specific Standards of GRAP, and accounting policies developed based on equivalent practice for similar transactions, is the "accounting universe" used to drive the decisions of accountants and the provision of information in the financial statements.

As the Public Finance Management Act both requires entities to apply Standards of GRAP and gives the Minister of Finance the authority to issue Standards of GRAP, the Standards of GRAP are in themselves legislation and have to be applied by public entities and others.

As the Standards of GRAP are law, legal professionals should be interpreting the Standards when resolving disputes or providing opinions on accounting matters referred to the Courts. However,

without a sound knowledge and understanding of the "accounting universe", they often revert to providing opinions based on the "legal universe". Lawyers also would not think about the users of the financial statements and their information needs as this means applying judgement rather than rigid legal rules.

Where opinions or Court rulings are based on the "legal universe" as opposed to the "accounting universe" the financial statements could fail to "faithfully represent" the economic realities of transactions and events in the financial statements as envisaged by the reporting framework. Where this is the case, applying Court rulings rather than Standards of GRAP to prepare the financial statements has the potential to erode the credibility of the Standards, financial reporting practices, and the principles of sound public financial management. [C](#)

The views reflected in this article are those of the author and not the ASB or its Board.

Effective Governance in an Innovative World – Rethinking an initiative to enhance service delivery with limited financial resource

by Councillor Caga, Buffalo City Metropolitan Municipality



I bring fraternal greetings from the Mayoral Committee of our Metro, Buffalo City. We are proud to play host to this esteemed inaugural conference of CIGFARO in our province. From its earlier days as IMFO, CIGFARO evolved to be a foremost organ of professionals, finance, and risk officers within the public sector. As BCM we are glad that some of our managers are members of this organisation. Through this membership, we hope that they will learn from their peers, grow professionally and personally and that these will translate to the improved performance of our Metro.

At a time when our country's public service and municipal administrations are facing severe viability and functionality challenges, conferences of this nature should indeed be convened to not just only diagnose the situation, but more fundamentally to bring forth the so much required prescriptions. We will therefore await the recommendations and resolutions from your deliberations. You dare not fail us!

CONTEXT OF THE CONFERENCE

This conference takes place amidst a period of great consternation and reflection in our country. We are barely emerging from a decade of state capture – what some chose to call 'wasted years'. From all perspectives, this has set our country back in its developmental trajectory. We lost focus and prioritised negative tendencies in our management of state affairs. We focused on individual priorities, self-enrichment through corrupt means, neglected our people, and forgot about imperatives of national unity and redress

of the historical injustice. The lack of ethics and moral uprightness in some of our leaders led to the decay of the same among the rank and file in our administrative sphere. The challenges that dominated our political space translated into the decline in the quality of performance in our municipalities and other spheres of government. The repurposing of state entities saw a massive exit of some of the most capable and skilled public servants, loss of economic opportunities and opened doors to other opportunistic tendencies such as the current load shedding and the related clamour for privatisation.

Colleagues, it is not going to be easy to get out of the state capture legacy. Some who shout reforms and renewal have been found wanting. The recent floods in KZN and part of Eastern Cape are glaringly showing a trust deficit between people and government, especially about how the funds for rebuilding would be deployed and utilised. People have not forgotten what happened with the PPE corruption in GP, EC, and other provinces.

This context indicates a dire need to recalibrate, refocus and re-find our *raison d'être*. We said ours was to serve the people of South Africa, not ourselves not even our political parties. We cannot attain the targets of the NDP 2030 without a major reconsideration of how we run state affairs. This will require a dedicated, unselfish, corruption free and professional government officers. The recent history has shown that capacity alone without ethics leads to all kinds of shenanigans. Some of the people mentioned in the Zondo



Commission Reports are highly regarded Chartered Accountants, Engineers, Managers, and other such professionals. Because they lacked ethics, Eskom, Transnet, and other state entities were all captured and refocused. We do therefore need professional and ethical public servants so that we can rebuild trust and regain confidence in our institutions.

CHALLENGES – ELEPHANTS IN THE ROOM

Members of CIGFARO, once we get the basics right, we can then talk about a capable, developmental, and ethical state. It is only when we have committed public servants that we can start dealing with some of the major challenges facing our country. But some may ask, what are these Elephants in the room that we must confront? Without being overly comprehensive Program Director, these are some of the five Elephants that I suggest this meeting should consider, discuss, and propose solutions to:

1. **Declining Municipal Revenues** – the state of our economy is such that we can not expecting to be getting much as local government from the fiscus. Some have even used the terminology that we are in a fiscal cliff. Most municipalities are financially unviable. The Finance Minister the other day mentioned that out of the 257 municipalities, 163 are facing serious financial challenges. Local government generally is under a huge debt strain. As the rate of unemployment and economic decline rise, so is the default rate in paying for municipal services. Some analysis indicates that it would be

suicidal for some municipalities to increase their tariffs during this climate. People are not refusing to pay. They are just unable to!

When revenues are low, the populist and short-cut tendency is to raid the reserves, not pay over statutory deductions, to run budgets that are not cash funded and to indulge in creative accounting. Some municipalities have been unable to pay workers during some months, have not paid SARS, have not paid Water Boards, are not paying Eskom, and a long list of other creditors, especially the SMMEs. In this process compliance legislation is violated and any hope of getting a clean audit is stillborn. This is a sure road to ruin and downward trajectory.

2. **Increasing Demand for Services** – while revenues are low and limited, the demand for municipal services is forever increasing. Inward migration in search of jobs and other opportunities to some of our towns results in informal settlements. In due course these settlements require that municipalities invest in bulk infrastructure and other services. Without innovation and creativity, municipalities tend to drown under the weight of these challenges. Hence, we have seen some school kids crossing through dangerous rivers that have no bridges and other such scary videos that have been circulating around. Without skills to understand and leverage off-balance sheet financing, there is no point for some of our CFOs. There are

funding instruments out there but when we appoint maths teachers as our CFOs, we won't win in this battle.

3. **Poor Infrastructure Maintenance** – as we battle the challenge of getting new infrastructure, we are barely able to maintain what we already have. Drive down Oxford Street, you'll be appalled. Some of our infrastructure challenge arises from apartheid spatial planning. It was not designed to accommodate the current numbers, was meant to be used by only a certain part of our population and was not futuristic in its design. With modern technology and design engineering, municipalities must source these skills at a great cost. The skills you find in better paying municipalities you may have a challenge getting in small municipalities. Yet the engineering challenges are the same. This was the logic of the Siyenza Manje program – where these engineers were recruited and paid nationally. Perhaps we can still salvage this situation through MISA.
4. **Climate Change** – as we rebuild our cities and the required infrastructure, we need to be mindful of our impact on the environment. Also more importantly, we need to learn a lot from the devastation recently caused by the floods in KZN and EC. The fact that most municipalities are paying scant attention to the environment, waste management, planting of trees, proper working drainage systems, well maintained infrastructure is surely a ticking time bomb. The covid situation should have also taught us to plan future cities wisely. While we had been recently focusing on densification, the covid pandemic has exposed some flaws in our planning and design assumptions.
5. **Building the Economy** – local government is a key stakeholder in job creation. This is not only just in terms of creating opportunities, but also in terms of deploying labour intensive approaches. This may require reconsideration of some of the old approaches to service delivery. Instead of putting everything out on tender, better project management methods must be creatively considered so that youth artisan corps can be trained through TVETs and assigned to execute various municipal maintenance projects. Municipal LED units and economic development agencies may need to broaden their mandate and be given assets to leverage in creating jobs. Some of these could be initiatives to set up Cooperatives to do pothole maintenance, secure and guard municipal facilities, provide uniforms, clean up townships and other areas, and so on. Some of our municipalities are not capitalizing on the traditional tripartite to build an economy between the universities/research institutions, business, and local government. Go to any Scandinavian country, they developed their economies around this model.

Related to this is the building of SMMEs. Research shows that the SMME sector is responsible for creating 70% of jobs. This is a great area of potential that must be nurtured accordingly, alongside the Cooperatives.

6. **Poor People Management** – generally people are creatures with a positive self-esteem and a desire to achieve. From early age we pride ourselves and brag about being 'Into Ka Bani'. We spend a lifetime trying to excel and succeed in whatever we are doing. We treat our families well. We take good care of our loved ones. We well maintain our homes. We spend our finances in a thrifty manner – at least most of us. The day we get that good letter that we have been appointed to work in government, all this logic seems to change. We get lazy, we don't care, we do the bare minimum, we stop being professional, we come to work late and leave early, we take long lunch breaks and too many tea breaks, we spend most time chatting on phone, being on social media and doing all other trivial things. If you are a manager, you frustrate and mismanage those who report to you, supervisors do not supervise, and everyone does as he/she pleases. When one good manager tries to change all this, we protest like crazy, join unions not to improve governance but for us to be allowed to get away with this despicable conduct. We want to be untouchables. We all know someone who does this if we are not doing it ourselves. But strangely we are the ones who complain the most that this government is hopeless and useless.

CIGFARO members –

Am I talking nonsense?

Are these not some of our challenges?

What do you suggest we must do to solve these matters?

Do you have solutions to propose? We will be taking hands at the end of the speech

Go to any Scandinavian country, they developed their economies around this model.

Proposed Solution as the MMC of Finance (MR. S. CAGA)

"From my end I would like to highlight the following solutions"

A. Planning & Oversight

Adopted Integrated Development Plan (IDP), Spatial Development Frameworks, Master plans and Precinct Plans must be followed by a clear plan action overseen by Project Steering Committee to mitigate challenges or bottlenecks and ensure Key Strategic Projects are completed within a reasonable time frame.

B. Project Funding

Conditional grant programmes are administered by a variety of national departments including provincial and local government as well as the National Treasury. It is our responsibility as a Council to ensure that we utilise these grants to the maximum capacity by strengthening skills development and attracting talent and utilisation of human resource capacity within the public service.

Our executive, management teams and Infrastructure Finance Advisory Panel must work tirelessly to identify service delivery projects and ensure that all the criterion of the Conditional grants are met and unlocked. Reporting, Monitoring and Evaluation needs to be done in order to detect if the system is working or failing the institution. Our goal as public servants is to ensure that we deliver on our mandate for the betterment of our people.

Public-Private Partnership (PPPs) programmes can enable the municipality to enter into mutually beneficial relationships while protecting the institution's revenue and tackling service delivery. Private Service Providers (Consultants/Subject Matter Experts/IT Solution Software/ Independent Power Producers /Developers or Contractors) can be appointed at risk or invited to recapitalise/ externally fund the municipality projects with shared value and revenue.

C. Smart City Development & Deployment of 4IR

Looking into technological advancements to deliver exceptional service to our people will ensure that our economy and infrastructure matches that of National and Global standards. We need to take advantage of the solution making our City / Rural areas connected to the internet by approving the rollout of Fibre Projects by the private sector and implementing IT Solutions to the following key department of the municipality.

Energy & Water – Smart Meters and Automated Metering Infrastructure with the capabilities of smart vending system, online account query options, Eskom bill audit, online payment gate-way and implementation of offsite restrictive water or power measures (Cutting off services) for debt collection methods.

E-Learning – rolling out internet connection to our learning environment, institutions and libraries

E- Health – coordinating with the Department of Health, Social Development on the introduction of a smart medicine dispatch solution to reach the elderly, people living with disabilities and the vulnerable in our community.

E- Business – providing more options for application of business permits online, town planning and rezoning application

online, EIA online submission, tender clarification meeting and submission online.

IN CONCLUSION


Let me leave your members with this food for thought. Writing in 1859 in his Preface to the Critique of Political Economy, Karl Marx, who would have celebrated his 204th year on 5 May, stated that "No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society.

Mankind thus inevitably sets itself only such tasks as it is able to solve, since closer examination will always show that the problem itself arises only when the material conditions for its solution are already present or at least in the course of formation.

The challenges outlined above would have not arisen, according to Marx, unless conditions and tools for their solving are present. Could the members of CIGFARO be those tools, instruments, agents that can solve the lingering challenges of our government and society?

This is a generational challenge we have. We owe it to ourselves and future generations of our country to arrest the speedy trajectory towards being a failed state. The costs of failure are too ghastly to contemplate – for our people, our continent, and the world.

Here is the line of march:

- Let us go and better plan and project manage.
- Let us participate in and deploy 4IR technologies and systems to improve the plight of our people.
- Let us better manage stakeholders and relations locally and nationally. This includes being non-xenophobic and building resilient communities
- Let us scout the globe for better systems and approaches to doing our work.
- Let us make better use of statistics and economic modelling
- Let us cut on red tape and find more efficiency and effectiveness in our approaches
- Let us appreciate that we operate in a predominantly rural province and understand the service deliver context of our motive forces
- Let us be professional and not allow ourselves as public servants to be drawn into political manoeuvring which will result in instability of our institutions and undermine our good efforts
- And lastly, let us strive to be capable, professional, and ethical servants of our people 

30 June comes around every year, whether we are ready or not!

That means: It is again time to start preparing financial statements to report on the year that has passed.

Besides the legal requirement to prepare financial statements on an annual basis, it is also an opportunity to show accountability by complying with the highest standards: Standards of Generally Recognised Accounting Practice.

In my many years of reviewing municipal, and other government sectors' financial statements, I have come to appreciate how daunting it is in practice to prepare financial statements. However, with a well-planned approach, good templates and a dedicated team of people, this stressful time can be tackled with confidence.

Here are six tips, which I have seen applied in practice with great success:

1. HAVE A PLAN!

It is said: "Fail to plan - plan to fail."

This is true for year-end reporting too.

We must plan our time and resources to a level of detail which best represents what is required in a typical municipal set of accounts. Take each line in the financial statements, determine what information is required to support that line item, schedule the timing of when that information should be ready and assign responsibility, not just for preparation but also review.

Basically, follow the Who, What, When, Where and How approach to crafting your plan. Meet regularly with your team to discuss the progress of the financial statements development.

2. REVIEW YOUR WORK

Leave time for review! This is a critical activity! So many unforced errors can be detected through the review by another person, whether it is a peer, a senior or an independent consultant.

A typical review should comprise (this is not an exhaustive list):

- Agreeing the presentation and disclosure to GRAP checklists provided by National Treasury
- Agreeing the AFS to the trial balance and lead schedules (lead schedules are the summary of the accounts grouped together to form the total of the line item)
- Agreeing the face of the statements to the notes
- Agreeing the statements and notes to the prior -year audited results

- Casting and cross-casting totals
- Checking for grammatical and spelling errors
- General layout and presentation

If time is limited, allow at least for an experienced read of the AFS by someone who understands GRAP. A limited review is better than no review.

3. IS IT MATERIAL?

I often see the most insignificant and irrelevant information being put in the financial statements. Why waste time on immaterial items?

To answer this question, the municipality must first know what IS material for IT. To this end the Accounting Standards Board has developed the Guideline on Materiality and this should be a must read for any CFO or FM to guide the finance team. The setting of materiality and significance thresholds will aid in the development of the plan per tip 1 above. The Guide can be accessed here <https://www.asb.co.za/wp-content/uploads/2021/05/The-Application-of-Materiality-to-Fin.pdf>

4. REFRESH YOUR GRAP KNOWLEDGE IN ADVANCE

Do not be fooled. GRAP does not apply only to year-end reporting, but every transaction processed from the first to the last day should be accounted for using the principles in GRAP.

It is for this purpose that the ASB publishes Directive 5 Determining the GRAP Reporting Framework a whole year before the applicable Standard is to be applied. Acquaint yourself well in advance. This Directive shows the changes from previous years and is the requirements to what is expected from a municipality for financial reporting. Of course, there also is the MFMA and other acts requiring disclosure, but these regulatory requirements change infrequently. The Directive in all its iterations can be accessed here <https://www.asb.co.za/directive-5/>

Attend a GRAP update course, offered by many government support structures, the ASB, and private firms. The timing of these updates has been somewhat too late in recent time and it is my opinion that we should have these updates long before year-end comes around.

5. USE A CREDIBLE FINANCIAL REPORTING TOOL

There are many ways to put information together, but none are better than GRAP-compliant templates designed to make your life easier. But, not all templates are created equal. Look out for the following when you consider a solution available in the market:



- a) Is it provided by a reputable company with technical expertise on GRAP and who understands financial reporting and has a good technical support system?
- b) Is the solution automated to the latest GRAP and Municipal Standard Chart of Accounts, i.e. does it map the financial information automatically, with little effort?
- c) Does the template offer flexibility to change notes and narratives to easily align to your specific needs? Not all municipalities are the same.
- d) Consider whether cash flow calculations are done automatically based on inputs you provide. The cash flow statement is a bane of many, always being the last statement to be prepared. Even the ASB did research on the topic and found many points where entities are not complying with GRAP. There research can be found here <https://www.asb.co.za/wp-content/uploads/2021/07/Final-Research-Paper-July-2021.pdf>
- e) Look out for the presentation of budget information. The ASB has found the following from their review of the application of GRAP 24, and I quote:

“The format of the Statement of Comparison varied, especially for municipalities. Municipalities present specific budget information in their annual reports which is required by the National Treasury. In particular, an Appropriation Statement is presented along with other budget schedules. Municipalities either presented:


- a Statement of Comparison together with the Appropriation Statement in the financial statements;
- a Statement of Comparison in the financial statements, with or without an Appropriation Statement as an annexure to the financial statements; or
- only an Appropriation Statement in the financial statements. When entities include the Statement of Comparison and an Appropriation Statement in the financial statements, there is repetition of information in the financial statements which confuses the users of financial statements. A similar observation was made in the Board’s Research Paper on the Presentation of Information in the Statement of Financial Performance where some municipalities presented an Appropriation Statement in addition to the Statement of Comparison. As an outcome of that project, a FAQ was developed on “What should be considered when presenting information to what is required by GRAP 24 on a comparison of budget and actual information?” The ASB’s report can be found here <https://www.asb.co.za/wp-content/uploads/2022/04/Review-Report-Final-31-March-2022-1.pdf>

6. LESS IS MORE

Coupled with insignificant and irrelevant information that plague many financial statements, there is a desire by readers/users of the financial statements to provide information that is understandable GRAP-compliance does not mean a municipality has to prepare financial statements that span hundreds of pages and have accounting policies that duplicate what is already contained in published Standards of GRAP. Again, the ASB found in research it has done, that:

“There is a need for information to be:

- Reported in a simple and concise manner with context.
- Accompanied by easily understandable explanations, in plain language, without accounting jargon. ▪ Provided with context to tell the public a story of how government has performed.
- Not just narrative and numbers, but presented using tools such as indicators, trends, graphics, graphs and charts, and animations”

This may be achieved not just through the financial statements but also the annual report and other means of reporting to the public. But, let’s consider these needs when preparing the financial statements. Tell the story! 

In closing, financial statements is but one of way we communicate with our constituents, but because it is subject to external scrutiny by the Auditor -General, it is probably the most important and most relied upon, and it deserves to be approached with diligence.

Time to #cultureshift, let us say never again, not in our names!
by Alice Muller, Head of Portfolio, Auditor-General South Africa



The long-awaited reports of the Zondo Commission into state capture, were finally released at the beginning of the year, with the final volume delivered by the Chief Justice in June 2022. These reports represent the culmination of thousands of hours of investigations; testimony, much of it never heard before; and at least a billion rands worth of expenditure. The reports, represent the commitment of the commission towards unpacking the countless stories, the hearsay, facts and figures, to bring the country, and the world, a coherent picture of the extent of corruption and maladministration in South Africa. The reports also showcase an import overview of what patriotic South Africans witnessed behind closed doors.

At the centre of the commission, one question remained: Where were the leaders and the public officials elected and appointed to serve? More concerning was also those charged with oversight, whose ethical conduct should never have been questioned. Accountants and auditors fall within the latter. The question posed is: Where were we?

For many years, South Africa's accounting and auditing profession had been highly regarded for its quality and integrity. In 2016, the World Economic Forum's (WEF) Global Competitiveness Report

ranked our auditing and reporting standards as #1 globally, yet currently we stand in the middle of the pack.

A distinguishing mark of the accountancy profession, is its acceptance of the responsibility to act in the best interest of the public and not for self-enrichment. In acting on behalf of public interest, an accountant should observe and comply with the ethical requirements, set out in the International Federation of Accountants (IFAC) code of ethics.

It is within this context that us, as auditors or accountants collectively share in the glory of being ranked #1 globally for many years and equally share in the despair of the tumble down to our current levels.

Although the Zondo Commission findings are disheartening, they do resonate with the audit outcomes and observations that we, as the Auditor-General South Africa (AGSA), release annually. Over the years, we have been consistent in raising the red flag not only in the lack of improvement of audit outcomes, but the deterioration in accountability and transparency and the resultant negative impact on service delivery at a national, provincial and local government level.

In June 2022, the AGSA released the 2020-21 Municipal Finance Management Act (MFMA) audit outcomes, which again was termed as disheartening!

What is important, and startling, to note is the fact that clean audit outcomes continue to represent less than a fifth of the local government budget, estimated at R509 billion for 2020-21.

In addition, only 41 of the 257 municipalities audited, received clean audits. Despite this number increasing from the 33 clean audits issued five years ago, our report actually reveals that audit outcomes have regressed.

This regression is evident in the deterioration of the financial health, over-reliance on consultants, poor internal controls that remain evident, the continued occurrence of irregular, unauthorised and fruitless and wasteful expenditure, the lack of service delivery, especially in basic services such as water and sanitation and the poor project and contract management over infrastructure projects.

The role of the public sector is to ensure service delivery to all citizens. Therefore any failure in the administration of public funds and the meeting of performance targets impacts upon the lived experiences of citizens.

Simply put, every rand spent recklessly, could have been better spent towards feeding a child that does not receive a meal at school and has no food at home; housing a citizen who does not have a home; or providing medical assistance to someone in dire need.

How is it possible that the state of public finances is as dire as they are when the financials of most public entities are audited on an annual basis? What is going wrong, and how do we fix it - fast?

As the AGSA, it is our constitutional mandate to audit public expenditure. Our new organisational strategy #cultureshift2030, aims to encourage all moving parts of the accountability ecosystem to do their part to comply with legislation and policies; to identify incorrect actions and activities and most importantly, to correct these immediately! With such an ethos throughout our ecosystem, we can indeed turn around this ongoing reality of poor audit outcomes and equally poor service delivery!

We will also be looking at auditing performance against set targets more rigorously. This translates directly to the space of service delivery. We want to create greater transparency of the achievement of targets and how they relate to the budget spent. Put simpler, if money was budgeted for a specific service delivery objective (like a road) and the objective was not met, the question need to be asked: What happened to the money? We are confident that through our approach, our audit messages will speak clearer

to the lived experiences of our citizens, rather than just numbers reported. We want to highlight the many faces behind the figures, and tell the stories of unmet service delivery and betrayal of public confidence. Perhaps this will galvanise our public officials to be and do better.

As part of our continued efforts to assist our partners in the accountability ecosystem to determine how we address some of the systemic challenges, we have also conducted a set of case studies from the 2020-21 audit process based on our sample of 10 municipalities who have year on year, obtained repeat disclaimers. These help to crystallise the issues that must be addressed.

In most of these municipalities, we also observed leadership instability (both at political and administrative levels), poor oversight by councils, significant financial health problems, protests and strikes, a lack of consequences, and ineffective interventions.

It is now clearer than ever, that the entire ecosystem must coalesce around supporting municipalities to improve their correlation between good governance, accountability and service delivery.

Measures that can be implemented to support this outcome could include:

- The recruitment, retention and continuous development of appropriately skilled and experienced officials in the key positions of municipal manager, chief financial officer and head of supply chain management;
- The implementation of processes, controls and systems that enable credible financial and performance reporting for in-year monitoring and decision-making as well as transparency and accountability on the finances and performance at year-end;
- The building and maintenance of a robust financial management culture that includes ensuring effective revenue collection, prudent spending as well as prevention and speedy recovery of financial loss and wastage. This is a culture that must be informed by strong leadership tone and posture.
- Consequence management for accountability failures – to be implemented swiftly, bravely and consistently; and
- Partnerships with those in the accountability ecosystem that support the municipality and implement their recommendations – this includes internal audit and audit committees, coordinating departments, and oversight.

We call on you in the accountability ecosystem to do your part. Show up and be part of our patriotic society who have served and continue to serve for the greater good, without fear or favour.

It is our duty as individuals, and holistically as an organisation, to correct the course. Change starts today, with me and with you. Let us be counted amongst those who did the right thing? Collectively, we can shift the tide of corruption and maladministration and begin to serve with honour and pride! 🇷🇷

Government Finance Officers Association Welcome 116th Annual Conference



Cheryl Reddy – CIGFARO President



Israel delegation with Michael Bryant - GFOA President and CIGFARO President



Michael Bryant - GFOA President, CIGFARO President - Cheryl Reddy and CIGFARO Board Member - Louise Muller



GFOA Conference speaker



GFOA Conference exhibition hall

GALLERY - EASTERN CAPE BRANCH SEMINAR



Panel members – Mr Peter - Buffalo City Municipality; Mr Noqgala – Nelson Mandela Bay Municipality and Mr Ndzelu, eThekweni Municipality



Delegates in plenary



Delegates in plenary



Delegates in plenary



Delegates in plenary

GALLERY - AUDIT & RISK INDABA



Chery Reddy – CIGFARO President



Ria van Ronge – CIGFARO Board Member



Delegates



Delegates



Vela Mtshali – Bonakude CEO



Delegates



Delegates



Nkuli Swana – Arms Audit CEO



Plenary



Nontando Myeza - National Treasury

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MEMBERS: NEW APPLICATIONS & UPGRADES

CHARTERED GOVERNMENT FINANCE OFFICER

PROVINCE	ORGANISATION	NAME	SURNAME
Swaziland	Piggs Peak Town Council	Mandla	Sifundza

PROFESSIONAL GOVERNMENT FINANCE OFFICER

PROVINCE	ORGANISATION	NAME	SURNAME
Swaziland	Matsapha Town Council	Fikile	Mazibuko-Shabangu

GOVERNMENT FINANCE TECHNICIAN

PROVINCE	ORGANISATION	NAME	SURNAME
Swaziland	Matsapha Town Council	Makhosazana	Shiba
Gauteng	Department of Correctional Services	Madimetja	Konaite

AFFILIATE

PROVINCE	ORGANISATION	NAME	SURNAME
Gauteng	Synergy Evolution (Pty) Ltd	Sihle	Nhlapo

STUDENTS

PROVINCE	ORGANISATION	NAME	SURNAME
Gauteng	Tshwane University Of Technology	Refiloe	Mathebe
Gauteng	Tshwane University Of Technology	Unarine	Mudau
Gauteng	Tshwane University Of Technology	Lindiwe	Ledwaba
Gauteng	Tshwane University Of Technology	Bonginkosi	Mbele
Gauteng	Tshwane University Of Technology	Salome	Mabetlela
Gauteng	Tshwane University Of Technology	Rose	Mokgwathi
Gauteng	Tshwane University Of Technology	Charmaine	Mboweni
Gauteng	Tshwane University Of Technology	Sinalo	Zenzile
Gauteng	Tshwane University Of Technology	Lona	Nomana
Gauteng	Tshwane University Of Technology	Ngcwelekazi	Lumkwana
Gauteng	Tshwane University Of Technology	Siphokazi	Ngxambuza
Gauteng	Tshwane University Of Technology	Edzani	Makhado
Gauteng	Tshwane University Of Technology	Nikiwe	Khoza
Gauteng	Tshwane University Of Technology	Tumelo	Mabote
Gauteng	Tshwane University Of Technology	Mogola	Mokoele
Gauteng	Tshwane University Of Technology	Keletso	Masoga
Gauteng	Tshwane University Of Technology	Koketso	Zwane
Gauteng	Tshwane University Of Technology	Kagisho	Mametja
Gauteng	Tshwane University Of Technology	Refilwe	Mohale
Gauteng	Tshwane University Of Technology	Kgomotso	Kgadima
Gauteng	Tshwane University Of Technology	Mutshidzi	Tshivhombedze
Gauteng	Tshwane University Of Technology	Avela	Mfengu
Gauteng	Tshwane University Of Technology	Rofhiwa	Murabi
Gauteng	Tshwane University Of Technology	Nkosenhle	Ntuli
Gauteng	Tshwane University Of Technology	Thabiso	Khoza
Gauteng	Tshwane University Of Technology	Sithembiso	Sambo
Gauteng	Tshwane University Of Technology	Sandiso	Zungu
Gauteng	Tshwane University Of Technology	Calvin	Maotomabe
Gauteng	Tshwane University Of Technology	Ndumiso	Zondo
Gauteng	Tshwane University Of Technology	Katekani	Hlatshwayo
Gauteng	Tshwane University Of Technology	Goitsiona	Mohube
Gauteng	Tshwane University Of Technology	Maddy	Rehlamvu
Gauteng	Tshwane University Of Technology	Ikageng	Malebye

Gauteng	Tshwane University Of Technology	Irvin	Khoza
Gauteng	Tshwane University Of Technology	Thame	May
Gauteng	Tshwane University Of Technology	Itumeleng	Nare
Gauteng	Tshwane University Of Technology	Malebo	Bapela
Gauteng	Tshwane University Of Technology	Matjiki	Selane
Gauteng	Tshwane University Of Technology	Jutas	Selamolela
Gauteng	Tshwane University Of Technology	Moses	Thetane
Gauteng	Tshwane University Of Technology	Karabo	Mahlaba
Gauteng	Tshwane University Of Technology	Tlou	Temo
Gauteng	Tshwane University Of Technology	Asnath	Maremane
Gauteng	Tshwane University Of Technology	Khomotso	Kgatle
Gauteng	Tshwane University Of Technology	Gontse	Maja
Gauteng	Tshwane University Of Technology	Thabiso	Ngema
Gauteng	Tshwane University Of Technology	Nokuthokoza	Ndwandwe
Gauteng	Tshwane University Of Technology	Nothando	Gumede
Gauteng	Tshwane University Of Technology	Thato	Buthlezi
Gauteng	Tshwane University Of Technology	Nosipho	Tembe
Gauteng	Tshwane University Of Technology	Thato	Makoela
Gauteng	Tshwane University Of Technology	Touch	Maluleke
Gauteng	Tshwane University Of Technology	Thabo	Ratsoma
Gauteng	Tshwane University Of Technology	Emmanuel	Mongale
Gauteng	Tshwane University Of Technology	Lebogang	Mashatola
Gauteng	Tshwane University Of Technology	Percy	Masoga
Gauteng	Tshwane University Of Technology	Tebogo	Kgatla
Gauteng	Tshwane University Of Technology	Phenyo	Maake
Gauteng	Tshwane University Of Technology	Ntando	Nkosi
Gauteng	Tshwane University Of Technology	Mukhethwa	Masindi
Gauteng	Tshwane University Of Technology	Kwena	Legodi
Gauteng	Tshwane University Of Technology	Thabile	Mashala
Gauteng	Tshwane University Of Technology	Tumelo	Setati
Gauteng	Tshwane University Of Technology	Tidimalo	Tuba
Gauteng	Tshwane University Of Technology	Lesiba	Makhafola
Gauteng	Tshwane University Of Technology	Kgaugelo	Mametja
Gauteng	Tshwane University Of Technology	Katlego	Mahlangu
Gauteng	Tshwane University Of Technology	Nathasia	Mamokeyani
Gauteng	Tshwane University Of Technology	Allen	Tsebe
Gauteng	Tshwane University Of Technology	Lisakhanya	Modi
Gauteng	Tshwane University Of Technology	Makhadzi	Mugwena
Gauteng	Tshwane University Of Technology	Praise	Magagane
Gauteng	Tshwane University Of Technology	Melida	Makgobathe
Gauteng	Tshwane University Of Technology	Moshie	Madiri
Gauteng	Tshwane University Of Technology	Mmabodika	Mashabela
Gauteng	Tshwane University Of Technology	Agreement	Ngomane
Gauteng	Tshwane University Of Technology	Maungo	Makabanyane
Gauteng	Tshwane University Of Technology	Jeannifer	Manganyi
Gauteng	Tshwane University Of Technology	Jenette	Ramashala
Gauteng	Tshwane University Of Technology	Lesetja	Maepa
Gauteng	Tshwane University Of Technology	Nthabiseng	Malapile
Gauteng	Tshwane University Of Technology	Christinah	Tipanyekga
Gauteng	Tshwane University Of Technology	Johanna	Malapile
Gauteng	Tshwane University Of Technology	Kholeka	Sindane
Gauteng	Tshwane University Of Technology	Ndzalama	Mkansi
Gauteng	Tshwane University Of Technology	Kefuwe	Lebea
Gauteng	Tshwane University Of Technology	Lethokuhle	Malabela

MEMBERS: NEW APPLICATIONS & UPGRADES, *continued...*

Gauteng	Tshwane University Of Technology	Akonaho	Rambau
Gauteng	Tshwane University Of Technology	Happyness	Marabe
Gauteng	Tshwane University Of Technology	Mandisa	Matshiyana
Gauteng	Tshwane University Of Technology	Siboniso	Buthelezi
Gauteng	Tshwane University Of Technology	Elelwani	Ramatsea
Gauteng	Tshwane University Of Technology	Mmakgomo	Mabote
Gauteng	Tshwane University Of Technology	Dimakatso	Raphotle
Gauteng	Tshwane University Of Technology	Mankhubu	Selokela
Gauteng	Tshwane University Of Technology	Sewela	Matima
Gauteng	Tshwane University Of Technology	Maggy	Lekgothoane
Gauteng	Tshwane University Of Technology	Tebogo	Malahlela
Gauteng	Tshwane University Of Technology	Annah	Mathekga
Gauteng	Tshwane University Of Technology	Wisane	Mathevula
Gauteng	Tshwane University Of Technology	Nyiko	Baloyi
Gauteng	Tshwane University Of Technology	Thapelo	Mokwele
Gauteng	Tshwane University Of Technology	Thembi	Tembe
Gauteng	Tshwane University Of Technology	Cedric	Mthimkhulu
Gauteng	Tshwane University Of Technology	Abubakr	Ndour
Gauteng	Tshwane University Of Technology	Shiela	Mokoena
Gauteng	Tshwane University Of Technology	Moses	Thetane
Gauteng	Tshwane University Of Technology	Charmaine	Mboweni
Gauteng	Tshwane University Of Technology	Avela	Mfengu
Gauteng	Tshwane University Of Technology	Tlou	Temo
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Dear member, as you are aware CIGFARO Professionalised their membership designation as follows:

PREVIOUSLY

Student (SIMFO)

Junior (JIMFO)

Licentiate (LIMFO)

Associate (AIMFO)

Senior Associate (SAIMFO)

General (GIMFO)

NEW

Student (Student-CIGFARO)

Registered Government Finance Practitioner (RGFP)

Registered Government Internal Auditor (RGIA)

Registered Government Risk Practitioner (RGRP)

Registered Government Finance Technician (RGFT)

Registered Government Internal Audit Technician (RGAT)

Registered Government Risk Technician (RGRT)

Professional Government Finance Officer (PGFO)

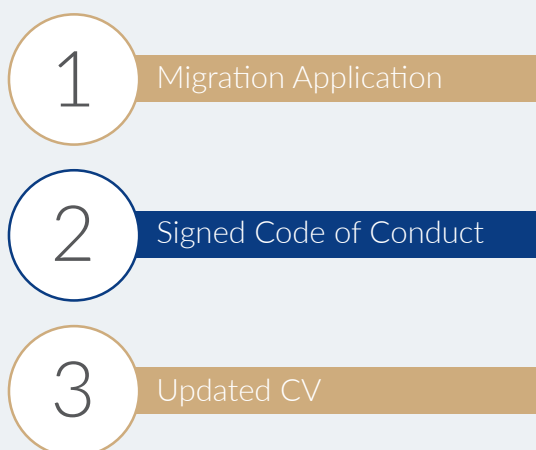
Professional Government Internal Auditor (PGIA)

Professional Government Risk Officer (PGRO)

Chartered Government Finance Officer (CGFO)

Affiliate (Affiliate-CIGFARO)

At the Annual General Meeting which was held on 7 October 2019 it was announced that we will close the window period for migration at the end of October 2019, the institute however extended the period to the Financial Year-End being 31 March 2020 to allow Members to pay their Membership fees and submit the necessary documentation for migration;



Members who have not complied with the window period will be terminated as members of the Institute.

For more information please contact the Membership Department on 011-394-0879
or email: membership@cigfaro.co.za

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for enquires email: bdo@publicsectoracademy.co.za

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REPORTING REQUIREMENTS - LOCAL GOVERNMENT

JULY

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 withdrawals each quarter	MFMA (11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
4	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
5	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
6	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
8	Annual Budget not approved yet	MFMA 55	Promptly	Mayor	MEC (Loc Govt)
9	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
10	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
11	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
12	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
13	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
14	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
15	Entity - Stmtnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
16	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
17	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
18	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
19	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
20	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
21	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
22	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
23	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
24	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
25	Prep & submit Consolidated Fin Stmtnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
26	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
27	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
28	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
29	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
30	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
31	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
32	All annual returns		Middle July	Acc Officer etc	Nat Treas
33	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
34	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtrr	Acc Officer etc	Nat Treas
35	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
36	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

AUGUST

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 - Stmtnt: 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	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
21	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
22	Prep & submit Consolidated Fin Stmtnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
23	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
24	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
25	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
26	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
28	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
29	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

REPORTING REQUIREMENTS - LOCAL GOVERNMENT

SEPTEMBER

(1ST 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 Council, MEC (Loc Govt)
6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
12	Entity - Stmtnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
20	Prep & submit Consolidated Fin Stmtnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
21	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
22	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
23	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
24	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
25	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
26	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas



CCG SYSTEMS

CCG SERVICE OFFERINGS

We believe that the diversity of skills and experience within CCG Systems, is fundamental in ensuring successful execution of our assignment. The CCG Systems team undoubtedly has the relevant, appropriate and extensive experience in ERP and Systems implementations, Support and Maintenance Services. Our Services have been provided on a timely basis and to the satisfaction of our clients.

OUR CLIENTS

PUBLIC SECTORS

- Local and District Municipalities
- State owned entities
- Waterboards
- Government department
- Institution of higher learning

PRIVATE SECTOR

- Small/medium enterprise (SMEs)
- Private owned entities
- Non-government organisations
- Private companies



SYSTEMS & TECHNOLOGY DIVISION

- ERP Systems
- Supply Chain Management Services
- Hosting Services
- e-Billing
- Document Management
- Power BI Reporting
- Performance Management Systems
- Grants Realisation
- Future Developments
- Artificial Intelligence
- Mobile & Web Account 360

ADVISORY DIVISION

- Project Management & Development
- IPSAS Implementation
- IPSAS Training
- GRAP/IFRS Training
- Accounting services
- mSCOA Support Services
- Auto mSCOA
- Asset Management

PEOPLE DIVISION

- HR & Payroll
 - Job Costing, General Ledger, Info slips
- HR
 - Employee Management, Leave, Employee Equity, Skills & Learning Development, Job & Position Management, Job Requisition, Medical Claims, Time Flow
- Self Service
 - Security, Reporting, Scheduler, Notifications

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OUR SUBSIDIARIES



We improve cash positions of medium to large sized municipalities and utilities. We achieve this by deploying our Revenue Maturity diagnostic model to optimise and enhance specific components of the entire revenue value chain.

If it's money, we will find it for you.



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CONSULTING**



We improve the profitability and sustainability of medium and large sized organisations. We also enhance service delivery capabilities of public and private entities. We achieve this by aligning the organisational ecosystem viz. strategy, leadership, people, architecture, routines and culture.

We help organisations deliver tangible results.



**NTIYISO
BUSINESS
CONSULTING**



We unlock economic opportunities on behalf of communities and regions. We achieve this through end-to-end industrial project conceptualisation and development. We also advise and implement on strategic economic development and infrastructure master plans.

We unlock new economic streams for growth.



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INDUSTRIALISATION
CONSULTING**