



The beginning of the new calendar year, well in this case of the new quarter of the year is at its heart a fantasy of newness and clean slates. Whilst we are all trying to adjust to the realities of life, the hectic schedules, hectic diaries, hectic meetings and of course hectic deadlines, it's ironic how the word "hectic" keeps coming up as one shifts into gear for the second quarter of the year.

I am not really one to make New Year's resolutions, because I think every day is a perfect day to start living life better. In my reading I recently came across the following interesting thought "Life is a process of being. If you haven't added to your interests in the year that passed, if you are thinking the same thoughts, telling the same stories, living the same experience, teaching the same lessons in the same way then you may as well wake up to the fact that, regardless of your age, rigor mortis has started setting in." Some people seem to have a knack of staying interesting and interested. They have a secret! They simply don't let themselves stop becoming. They keep themselves mentally and emotionally fit by getting excited with new ideas, new things, new activities, new friends and new challenges.

And here at IMFO we're no different. As 2016 kick starts, we have already geared up into the preparations of the year. During this month we hosted the Women in Public Sector Seminar in partnership with PwC with the aim of empowering women in the private and public sector. The seminar took place in Durban under the theme "Sustaining quality service delivery through prudent financial management." The seminar was a huge success as delegates had the opportunity to mingle with different women on different levels. For more news about the Seminar and Presentations you can visit our website www.imfo.co.za and also familiarise yourself with upcoming IMFO events, like the Audit and Risk Indaba 04-06 April 2016, Cape Town. The Audit and Risk Indaba, which happens to be our second largest event after our Annual Conference, aims to equip Internal Auditors, Managers, Financial Officers, Academics, MPAC members, Municipal Audit Committee members and many more practitioners with relevant papers and skilful information in better servicing our communities.

Hope your 2016 is bigger and greater than the previous year. May the energy that we started the year with, sustain us till the end. Till we meet again in the next issue. ☺

For more information on the IMFO's calendar, you can visit our website www.imfo.co.za and also keep in touch with us on our social media pages:

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SOUTH AFRICA

Auditing to build public confidence

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to assist your entity in **effective financial management**
and ultimately reaching its **service delivery objectives?**



Keep records

The maintenance of credible and usable records will ensure accountability. Controls over daily and monthly processing and the reconciling of transactions must be implemented, with variance and exception reports reviewed regularly.



Develop effective policies and procedures

These should be implemented to achieve control objectives.



Reporting

Transparency and accountability in reporting and disclosure of information are vital to the practice of good corporate governance. The Municipal Finance Management Act and the Public Finance Management Act speak to the need for quality and relevance of financial reporting.



Checklists or dashboards

Reviewing and monitoring mechanisms to ensure compliance.



Performance information

This process must begin when policies are developed and must continue through each of the planning, budgeting, implementation and reporting stages.

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Foreword from the IMFO President



GREETINGS COLLEAGUES

I know we are almost halfway through the year but allow me to still wish you a prosperous 2016, like many would say “compliments of the new season”. The first quarter of the year has come and gone and as an institute we have had a very eventful start to our year. With having to host one of our national seminars, we proud to say that the Women in Public Sector Seminar was a wondrous success. This remarkable event was held on the 07-08 March 2016 at Coastlands Umhlanga Hotel in Durban. 2016 has indeed been one speedy year with interesting events to keep us all on our feet.

As the institute enters its 87th year of existence, we pride ourselves in the amount and quality of work we have produced in making sure that we continue to deliver excellence in the public sector. The year started with a bang as we all witnessed the proceedings of the State of the Nations Address (SONA2016) by our President. One factor that the President addressed is the economic distress that we find ourselves in as a country. In the presidents words and I quote “Our economy has been facing difficulties since the financial crisis in 2008. We embarked on an aggressive infrastructure development programme to stimulate growth. Our reality right now is that global growth still remains muted. Financial markets have become volatile. Currencies of emerging markets have become weak and they fluctuate widely. The price of gold, platinum, coal and other minerals that we sell to the rest of the world have dropped significantly and continue to be low”. All this affects us as finance officials especially municipal finance officials as we strive to serve our community for the better.

It's in times like these that we need to unite and think of innovative ways in which we can boost and enrich our economy. Together with the “Back to Basics” local government revitalisation plan that was launched September 2014 aimed at improving service delivery performance of municipalities. With the programme entering its second phase of implementation, it involves active monitoring of performance in governance and service delivery, support to struggling municipality and stronger accountability measures.

Minister Pravin Gordhan also acknowledged in his budget speech that indeed the country is experiencing economic distress and as one of the resolution's to help with the economy distress, he did reflect on the reduction of municipalities from 278 to 257 who prepared budgets inhouse with the objective of improving their viability and sustainability. With all these happenings, 2016 still remains the year of many anniversaries in our country and the year

of events. With the local government elections taking place this year, we as IMFO are also looking at hosting our elections this year for directors that will hold office for the term 2016/18. We edge all IMFO members to participate in this historical moment as we continue to transform the institute.

We take pride in celebrating women in local government, women like Nomasondo Mazibuko the Gender Commissioner and also National Director for the Albinism Society of South Africa. With regard to the current year's Women Seminar; IMFO in partnership with PwC successfully hosted the seminar in Durban and till this day the office is still receiving good remarks on how wonderful the seminar was. The seminar was driven under the influence of “*Sustaining quality service delivery through prudent financial management*”, so relevant to our current realities and one fruitful topic to engage with our audience.

Nomasondo Mazibuko the Gender Commissioner focused on challenges faced in lack of service delivery. The commissioner highlighted a few points and I quote “*South Africa enters a new dawn and post-Mandela era after 20 years of democracy. Citizens are eagerly anticipating a better life going forward, service delivery remains one of the biggest challenges that the government faces. In the 20 years of democracy one has seen some strides made in certain key sectors of the economy. The quality and efficient delivery of basic services to people like water, sanitation, housing and electricity remain a huge challenge*”. Some issues that the commissioner highlighted during her speech were the lack of awareness and lack of knowledge by communities to name a few.

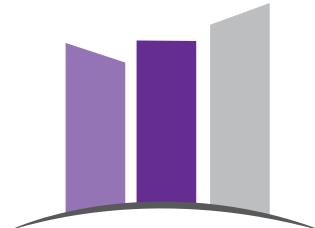
Office of the MEC, Nomusa Dube also provided some inspirational words with the women in public sector, just to remind them of their worth and the critical role they play in the society. In addition the MEC's message added that “*The new democratic South Africa has given us opportunities that we could never access during apartheid. It has enabled us to grow, develop and empower ourselves in many diverse areas. Democracy has helped us value and appreciate who we are and what we are capable of doing. As South African women we can boldly say today that we are free from the traditional roles assigned to us by men, family and society. Now we need to use this power to help others around us. Prejudice and discrimination in our communities affect women more than any other sector of society. As women we need to think of fellow women who are subjected to unfair practices and help them as well as educate others about helping them.*”

This is some of the wisdom that was shared at the seminar, for more paper's delivered at the seminar you can visit our website on www.imfo.co.za. IMFO looks forward to hosting more capacity building programmes for our members. With the Audit and Risk Indaba slowly approaching, we look forward to welcoming you in Cape Town. To all our IMFO sponsors and members, we appreciate your continued support over the years and we look forward to enjoying this year together with your support again. Like I said in one of my forewords “*Let's all fasten our belts as we are about to embark on the second phase and continue walking the talk of Back to Basics.*”



JANE MASITE
MADAM PRESIDENT - IMFO

Co-located event of African Utility Week



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- Major projects and financing trends in 2016
- The success of the Renewable Energy IPP Programme in South Africa and current developments in Sub-Saharan Africa
- An integrated approach to power development – reaping the benefits of regional power

SPEAKERS INCLUDE

- Karen Breytenbach, IPP Office DoE, SA
- Ana Hajduka, Founder and CEO, AfricaGreenCo, UK
- Lebbi Mwendavanu Kisitu, Changullah, Secretary General, East African Power Pool (EAPP), Ethiopia

From the DESK of the Acting CEO



As we approach the end of the first quarter, let me be the last to welcome everybody back from the holidays and straight into the overflowing diaries that require our time as we prepare to enter into the second quarter of the year. Time really does fly by when you are working hard. It's really hard to keep up with the world in today's realities, as the days seem shorter and shorter. I know I do not only speak for myself, when I say, one could do with more hours during the day.

This time has to be the most critical time for most of us, as we are busy finalising our final reports for the financial year end and also looking at the Ministers Budget speech and how we are directly affected by this. With reference to the address we received from the President during the State of the Nation address, 2016 seems to be a year of anniversaries as it marks 26 years since the release of President Nelson Mandela from prison. It is also the 50th anniversary of the declaration by the Nation Party Regime that District Six would be a whites only area, the 20th anniversary of the signing into law by Madiba of the Constitution of the Republic, 40 years since the June landmark, the 16 student uprising in Soweto and most importantly this year marks 60 years since the women's march to the Union Buildings to demand an end to the past laws.

With all these huge milestones, the country is still in its testing phase as we continue to face challenges such as low employment rates, more municipalities not receiving clean audits from the office of the Auditor General (Kimi

Makwetu), corruption, economic struggles, and many more. As the president stated we have been facing difficulties since the financial crisis in 2008. The price of gold, platinum, coal and other minerals that we sell to the rest of the world have dropped significantly and continue to remain poor.

American poet (John Ciardi) had written "Whatever else happening may be, it is neither in having nor in being but in becoming. A nation is not measured by what it possesses or wants to possess but by what it wants to become". And I would apply the same principle to our municipalities. Our municipalities are measured or should be measured not by what they possess but by what they want to become.

As IMFO, we still remain true to our vision, that is to be a recognised professional body for the development and promotion of municipal finance and governance practitioners in the public sector. With that said we aim at providing capacity building programmes to our practitioners like with the recent Women in Public Sector Seminar that was hosted in partnership with PwC in Durban. The seminar focused on empowering women in local government and the private sector. Amongst our speakers we had the honourable MEC Nomusa Dube delivering a keynote on challenges women face in the local government. The seminar was a remarkable event and for that we would truly like to give thanks to our sponsors namely PwC, Arms Audit and the Auditor General (SA) for their continued support over the years. We also would like to take the opportunity and thank our stakeholders for always involving IMFO in their plans, SALGA on provincial level, invited IMFO to participate in two SALGA budget weeks in Gauteng and Limpopo and we were invited to attend the SALGA Mpumalanga engagement meeting.

As the year proceeds, IMFO is looking at hosting more capacity building programmes that aim at empowering our practitioners and maintaining good relationships with our members and stakeholders. Look out for the Audit and Risk Indaba taking place in the mother city - Cape Town, 04-06 April 2016. You can visit our website for more details www.imfo.co.za. Share your ideas and stay in touch with us on our social network pages, Facebook and Twitter, and if you are old fashioned like me, simply write us an email, we would love to hear from you. ☺

Kind Regards.

IRA KOTZE
ACTING CEO

Making Risk Appetite Stick In the Public Sector Environment - Applying Analytics *by Sidwell Mofokeng – Vice President General, IMFO*



Whilst most financial institutions have completed formal ‘first generation’ exercises to establish Risk Appetite Statements, and some have adopted more sophisticated next generation capabilities to manage a firm’s tolerance and capacity for risk-taking. The Public Sector has not even fully understood and grapples with the concept of risk management and its significance in managing the business of government.

This is more evident in the state owned and municipal owned entities that are unable to fully sustain themselves without the intervention of the parent (Shareholder)

Despite the key strides taken by most private institutions particularly the financial institutions there still remains a lot to be done. Entities and institutions still need to fully operationalize and embed risk appetite within their organizations, while others need to leverage data and analytics available to determine the correct level of appetite.

The public sector has made significant progress with regards the financial management and reporting reforms; the standard chart of account (SCoA) has been successfully implemented over the past four years in government.

The introduction of the standard chart of account (MsCoA) in the municipal environment is a significant step towards consolidating the public sector financial management and report framework. Whilst local government is struggling to put basic systems in

place to comply with the MsCoA the process is well underway.

Similarly the public sector will require far reaching and intense application of risk management across government. Local government, municipalities and their entities will have to take the challenge and first embed risk management in the process and take to the next level by determine risk appetite and make it stick. What are the essential steps: -

- Develop and communicate a Risk Appetite Statement in line with the organization’s strategic goals
- Leverage analytics to manage future uncertainty in earnings, provisions, and risk tolerance

Risk appetite statement:

Risk appetite statement is the articulation in written form of the aggregate level and types of risk that a municipality or its entity is willing to accept, or to avoid, in order to achieve its business objectives.

Risk appetite and tolerance

Risk appetite can be defined as ‘the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Organisations will have different risk appetites depending on their sector, culture and objectives. A range of appetites exists for different risks and these may change over time.

Risk appetite and tolerance need to be high on any senior management executive committee / mayoral committee and council agenda and is a core consideration of an enterprise risk management approach. IMFO is in the process of developing guidance provides practical, advice and information on how to deal with it.

While risk appetite will always mean different things to different people, a properly communicated, appropriate risk appetite statement can actively help the Municipality and its entities achieve goals and support sustainability and viability

"The risk appetite statement is generally considered the hardest part of any enterprise risk management implementation. However, without clearly defined, measurable tolerances the whole risk cycle and any risk framework is arguably at a halt". Jill Douglas, Head of Risk, Charterhouse Risk Management

Risk appetite and performance

While risk appetite is about the pursuit of risk, risk tolerance is about what an organisation can actually cope with.

Organisations have to take some risks and avoid others. To do so, they need to be clear about what successful performance looks like. This question may be easier to answer for a commercial organisation than for a government department, but can usefully be asked by boards and accounting authorities in all sectors.

Risk appetite to go beyond a “mere tick-box activity” in order to influence Management and Council decisions.

Operational Risk Appetite

At a basic level, operational risk appetites statements can provide management with greater clarity on the quantity and type of operational risks that the organisation is willing to accept and a better understanding of the trade-offs between risk and returns. The process of defining risk appetite and monitoring adherence to it can help drive more informed decisions about capital allocation and ensure that strategic business decisions are made with a complete understanding of the risks and the capacity to manage those risks.

Furthermore, operational risk appetite statements can provide a linkage between the strategy and the daily operations of the business, and so guide more effective business decisions. For this to work, operational risk appetite needs to be an integral part of the operational risk framework, and linked to granular measures and indicators that can be tracked by entities.

Finally, a detailed operational risk appetite framework including statements that cascade from the top of the house to the operational decision-making levels in the entity, can guide decisions on what is the right level of control across the organisation. These can help management determine the required systems and controls that are commensurate with the level of operational risk that the entity is willing to accept.

Risk Appetite or Risk Analytics What comes first, risk appetite or risk analytics? Do you look at what keeps you up at night and then analyze the options for protecting yourself? Or do you first analyze all the potential exposures you face and, based on the result, seek solutions?

Put another way, does your risk appetite drive your risk analytics, or do your analytics drive your risk appetite? The question is one of syntax, because the risk management process always involves both appetite and analytics in a cycle that, if properly understood, can help clear the way to better risk assessment and management.

A clear articulation of your organization's risk appetite and sound, objective analytics are essential for ongoing risk management performance measurement, which is crucial to ultimate risk management success, and ultimately achieving your organ

Methods of Risk Analysis

The analysis of risk can often be managed more effectively with a strategic performance measurement system (PMS). PMS is a management tool combining financial and nonfinancial performance measures to evaluate entity's performance against organizational strategy and goals.

PMS helps draw a link between enterprise risk management (ERM), performance measurement, strategic objectives and entity's performance. SPMS users tend to report that their entity's performance is better than others. The users of these systems tend to agree that the systems improve their ability to better understand their responsibilities in attaining entity's objectives.

Sophisticated Risk Analytics

A number of risk management analytic tools can help a CRO better measure uncertainty and make more objective decisions regarding risk management exposure.

Analytics can provide statistically sound objective evidence to suggest the most effective structure for an organization's insurance program. Starting with the quantification of risk based on the entity's current losses, due to none payment, theft of electricity and water, data and any relevant public domain information.

Making Risk Appetite stick

"All successful Organisations and entities need to be clear about their willingness to accept risk in pursuit of their goals"

- Part 2 of the article will be published in the next journal edition
- “Risk management the Missing Link” [❶](#)

SMART PLANNING towards 2016 elections

What is Municipal Planning?

Municipal Planning is a function assigned to municipalities in terms of section 156 of the Constitution of the Republic of South Africa read with Part B of Schedule 4 and in terms of which municipalities have both executive authority and a right to administer to the extent set out in Section 155.

What is the legal framework under which planning operates in Municipalities?

- a) The Constitution of the Republic of South Africa, Act 108 of 1996 --- the primary role being the assigning of municipal planning responsibility to municipalities.
- b) Municipal Systems Act No 32 of 2000---Chapter 2 sets the requirement for newly elected councils to prepare and adopt an integrated development plan (IDP) for their respective municipalities and provide for annual revision thereof
- c) Municipal Finance Management Act, 56 of 2003 (MFMA) ---Chapter 4 sets the requirement for municipal council to approve annual budget before the beginning of the financial year and preparation of Budget process time schedule 10 months before the start of the budget year.

Planning process is no longer seasonal in Municipality, but a 12 months process hence the time schedules for the planning process in preparation for the new planning cycle are already approved by councils. They have direct effects on the planning for the new council term and it clearly tells that we are expected to work on the plans despite not knowing the expectations of the coming elected political leaders.

Can the incoming political leaders trust that we will develop good plans for them based on the history? The following points are important:

- We have developed good plans since 2000 to date as our promises to our communities but fail to deliver 90% of them.
- We have been given exorbitant grants (Funds) by national departments and never utilized them (Majority of them were returned to Treasury).
- Despite the non-performances we never bordered to check where did we go wrong to adequately resource our municipalities to ensure achievements of the set goals

Indeed as municipalities we made mistakes which led to the unnecessary community protests and loss of confidence by our communities. Qoute" Success does not consist in never making mistakes but in never making the same one a second time".

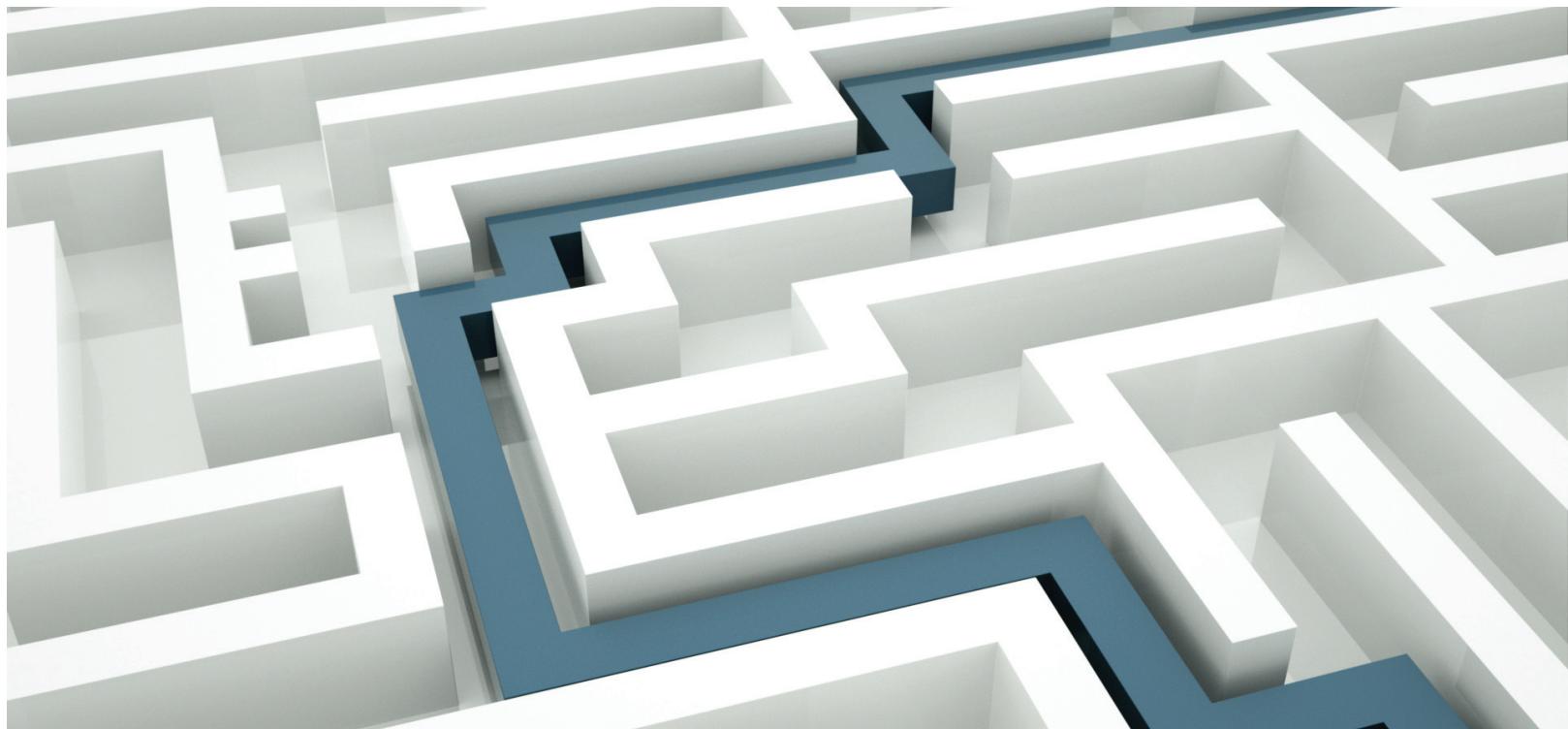
George Bernard Shaw. George through his quote gives us an assurance that there is still a chance for us to succeed by not repeating the same mistakes. Instead let's use them as lessons and baseline for planning for success.

QUOTE "A man must be big enough to admit his mistakes, smart enough to profit from them, and strong enough to correct them". John C. Maxwell. Let's take John Maxwell's advice by correcting our mistakes when planning for 2016/17 forward and help our municipalities benefit from them. It starts with admitting that mistakes were made. How best can we do that without compromising compliance and clean governance?

By only asking ourselves the following key questions during our planning process:

- Where are we now? (Do a review report for performance of the outgoing council)
- Where do we want to go? (New government agenda and community needs will guide you)
- Why do we want to go there? (Outcomes and Impact to be made)
- Is it feasible for us to get there? (Assess current systems, human capital and financial resources)
- What is the purpose of our organisation? (Service delivery- Constitutional mandate)
- How are we going to achieve this? (Develop strategy to achieve the set objectives)
- What is our culture and leadership style? (Do organisational culture survey)
- What value do we add? Where? Why? How? (Know your communities better (Consultations))
- How can we respond to changing environmental and living conditions? (Assess the impact of Technology and climate change demands in our communities and plan around that)
- What has worked **and** What has not worked (Do trend analysis and benchmarking with other municipalities)

According to Alan Lake "Planning is bringing the future into the present so that you can do something about it now". Is it possible to be realistic estimating for the coming 5 years? What gives us guidance when thinking about the future so that our planning can be realistic? The mistake we have always done was to believe that the actual achievement or performance of the preceding year is the only baseline to guide our forward planning to meet our community's needs. It is a good baseline because it shows you what was doable at that time but conditions changes as years goes, due to both internal and external factors which some of them you don't have control over.



“Expect the best, plan for the worst, and prepare to be surprised.” Denis Waitley.

QUOTE “Expect the best, plan for the worst, and prepare to be surprised.” Denis Waitley. Indeed the results of our plans are always surprises to us. No one plans for failure but it just happen. But a realistic plan is closer to the truth and the margin of its surprises is very low.

When planning for the next council term let's try to consider the following to bring back the confidence we lost from our communities by achieving all the set objectives as communicated to them:

- How big or small is the occurrence of the need that the target is set to address?
- Comparison of the resource availability against what can be delivered. Whether the available resources are capable of delivering to the required quality and quantity of the set target (NB: bearing in mind technology has reduced the workload for some employees. E.g. in some instances three men's job can be done by one operator now with reduced four hours.)
- How did we perform on the same issue over the last financial years or quarter of the financial year preceding the time upon which the target is set
- What are those things experienced, observed or learned in the execution of or conducting activities to deliver on the targets set the last time.
- What affected performance in the last financial years and what may still affect delivering the required or targeted extent (quantity and quality) either positively or negatively (Risk assessments) .
- Whether there are any external dependencies that may

impede the attainment of the full concrete target intended (Environmental analysis). How should these dependencies be accommodated in the process of setting targets

- Clear identification of the administrative processes, systems and persons responsible for the achievement of the target set. Capability assessment should be done to assess whether the municipality have adequate systems, processes and skills to carry the mandate planned which includes availability of funds for co-sourcing or out-sourcing where necessary.

I know the expectation was a list of legislative requirements and advise on the implementation of those legislation to ensure a realistic plan. The legislations set parameters for municipal operations and enforce control but you are employed to be innovative. Use that innovation to ensure compliance and realistic planning. All the time when you are developing the plan you knew that is impossible to achieve that but decided to do it for compliance at the community's expenses because that raises their hopes. That is not the reason why we are part of local government. As public servants we are there to be agents of change and ensure that our communities' lives improve form yesterday.

“Beware”, local government is everybody's business for it is closer to real life. Your unrealistic plans affect many people which may even lead to job losses. Those investors utilize your plans to take decisions and your annual performance report informs their final resolutions. [❶](#)

What would landfill management practices have to do with the chief financial officer and other municipal finance officers? Isn't that something for the waste management section that usually resides under the Social Services department in the municipality? This article will illustrate that municipal finance officers have a direct interest in how municipal landfills are managed. This may for example have to do with compliance management, budgeting, performance management, accounting and auditing.



BACKGROUND

Following a spate of audit findings issued to municipalities in 2010 for not disclosing a financial provision for the final rehabilitation and closure of the landfills under their control, most municipalities, if they had not done so yet, started to disclose and annually review such provision. This, in turn, also led to an increased interest of auditors in these provisions.

Since 2011, the General Landfill Closure Costing Model (GLCCM), which was developed by Environmental & Sustainability Solutions (ESS) has been used for 135 landfill closure determinations for 59 landfills for 24 municipalities. The table below shows a summary of the results for the 46 determinations conducted in 2015.

	AVERAGE	AVERAGE %	RANGE	RANGE %
Planning for closure costs	Rm 2.57	28	Rm 1.31 – Rm 4.11	5 – 81
Rehabilitation and closure costs	Rm 8.59	52	Rm 0.25 – Rm 44.69	7 – 82
Post-closure monitoring and maintenance costs	Rm 2.45	20	Rm 0.42 – Rm 7.09	7 – 41
Total closure costs	Rm 13.62	100	Rm 3.53 – Rm 54.47	

Table 1. Overview of closure costs for 46 landfills that were estimated during 2015

GOVERNANCE

Waste management governance encompasses the legal framework and institutions involved in waste management. The main players are the national Departments of Environmental Affairs and Co-operative Governance and Traditional Affairs, the various provincial departments responsible for environmental affairs and local government including metropolitan, district and local municipalities. The provincial departments usually issue landfill licenses and, therefore, act as competent authority.

Waste management in South Africa is governed by the National Environmental Management: Waste Act (Act 59 of 2009) and various subsequent regulations. At landfill level this governance is operationalised in a waste management license – for operation or for closure of the landfill.

IMPLICATIONS FOR CFOS AND OTHER MUNICIPAL FINANCE OFFICERS

Quite a number of factors affect the determination of the landfill closure costs.

COMPLIANCE

Every landfill must be licensed. Operating an unlicensed landfill is unlawful and may lead to the closure of the landfill until a license has been granted. Even in the case of a licensed landfill where the conditions of the license are not adhered to, the competent authority has been known to order the temporary closure of a landfill. Any temporary closure of a landfill has severe financial implications for a municipality. In addition, when a landfill is about to be fully utilised the municipality must take steps to obtain a closure license. A fully utilised landfill cannot just be left unrehabilitated. Both situations may lead to a non-compliance finding by the auditors. Of the 46 landfills that we assessed in 2015, 10 did not have a license (6 operating licenses and 4 closure licenses).

PLANNING DOCUMENTATION

In order to obtain a closure license, a number of specialist studies and reports are required, including geotechnical, geohydrological, and hydrological studies, and an end-use report and closure design. The first three studies would normally have been conducted during the original license application process. These reports should be filed carefully as their content is used again during the application for the closure license. A problem is often that these studies are conducted by consultants and that the municipalities do not always obtain and keep a copy

thereof. If that is the case, these specialist studies may have to be repeated at great cost. CFOs would do well to help see to it that copies of specialist studies and reports that are conducted by consultants are obtained and properly filed at the municipality for future use.

DAY TO DAY MANAGEMENT

The quality of day-to-day management practices at landfills has a significant impact on the closure costs. Poor practices by municipal landfill staff or service providers appointed to manage the landfill have both short and long term implications. Strict contract management with landfill service providers is, therefore, critical for a municipality.

Waste that is deposited at a landfill must be compacted daily in order to reduce the volume of waste, increase the life of the landfill and ensure a solid waste body for future closure. This requires specialised equipment (compactors), something that is often lacking at landfills or not in an operational condition due to breakdowns and lack of maintenance. In addition, all waste deposited must be covered with a 15 cm layer of cover material in order to avoid further pollution of the area and prevent unhealthy conditions to develop. This also requires the availability of cover material and the necessary operational equipment. Finances are required for this equipment and the maintenance thereof.

Finally, the closure cost is calculated based on the area that has already been used for dumping of waste, not on the final size of the landfill. This is based on the present obligation principle. Therefore, landfill operators should keep the operational area of the landfill that is actively used as small as possible. Widespread dumping of waste has a dramatic impact on closure costs, something we have witnessed at several landfills.

WASTE DIVERSION, RECLAMATION AND RECYCLING

The remaining life of a landfill is determined by the remaining available airspace and the rate at which waste is deposited at the landfill. Many landfills are nearing the end of their useful life. Space for new landfills is limited and developing new landfills is expensive.

Therefore, it is in the municipality's interest to reduce the amount of waste entering the landfill. This can be done in several ways. The most effective and preferable way is to prevent waste from entering the landfill. This is achieved by reducing the amount of waste generated (which is out of control of a municipality)

Landfill Management

by Seakle Godschalk (Pr Sci Nat, GIMFO)

but also by separation of waste at source and ensuring that all recyclable waste is diverted to the recycling industry. In this regard the municipality has an enormous – primarily facilitating – role.

It is – and will remain for a time to go – a fact that a lot of recyclable material lies on landfills and enters landfills on a daily basis. This should be removed and also diverted to the recycling industry. The main role of the municipality would be to facilitate a structured waste reclamation operation at landfills by the private sector. Apart from achieving cost savings, the finance department also plays an important part in contracting for these structured reclamation projects.

RECORD KEEPING, MONITORING, AND ENVIRONMENTAL IMPACTS

The National Waste Information System (SAWIS) as introduced by the Waste Act is intended to provide a centralised data bank for waste management in South Africa. It standardises the recording of waste data and ensures that accurate and reliable data is easily available.

In terms of these regulations every landfill must be registered on the SAWIS – another source of a potential non-compliance finding if this is not complied with. Monthly information regarding the types and quantities of waste deposited at and reclaimed from the landfill must be submitted online on the SAWIS. This information is also needed for determining the rate of waste deposition which affects the remaining life of the landfill. In most cases this information is gathered by means of very crude estimates at the gate or not at all. This is barely sufficient for proper monitoring, submission and planning. What is needed is a weighbridge or a smaller weigh pad which can accurately measure the quantities of waste entering the landfill. Although this is an initial expense it will enable the municipality to do more efficient planning and also save on the costs for the assessment of the remaining life of the landfill (see below).

Surface water, ground water and gas monitoring are the three most important elements of an integrated landfill monitoring system. This usually requires the appointment of specialist service providers to conduct the monitoring activities at the required intervals and submit monitoring reports. The main purpose of these monitoring activities is to determine if the landfill has any negative impact on surface water, ground water

and air quality. If an impact is detected the necessary steps can be taken to rectify the situation and prevent re-occurrence. In most cases we have found that landfill monitoring is not taking place. The result is that an additional loading on the closure cost is applied on the assumption that negative impacts may occur. If monitoring had taken place, and no negative impacts had been detected, the closure cost provision would have been lower.

AUDITING

Compliance and performance auditing of landfills can be done by different stakeholders, each serving a specific purpose.

Internal inspections should be conducted frequently (at least quarterly) and should include a role-player from the municipality that is not directly responsible for landfill management in order to ensure independence of the inspection. It is important that this should be a formal activity that should result in a formal inspection report. The report should identify non-compliances and recommend corrective actions. Implementation of these recommendations should be actively managed and monitored. The municipality does not have control over landfill inspections by the district municipality or the provincial department. However, the municipality should insist on receiving a formal inspection report, something that is often not provided.

For large landfills or if the permit/license specifically requires it, an independent external landfill auditor must be contracted for at least an annual audit. The auditor must submit a full report including findings and recommendations for corrective actions where necessary. The implementation of the corrective actions must be formally managed and monitored. The external audit report must also be submitted to the competent authority. Even if it is not required, conducting an external audit is highly recommended as it provides independent feedback to management on the level of compliance and areas where improvement can take place.

A landfill monitoring committee (LMC) must include the key interested and affected parties, including neighbouring landowners and communities. The LMC should meet regularly and formally and minutes must be kept of its proceedings. The establishment of a LMC is not always obligatory but highly recommendable. The existence of a well-functioning LMC will reduce the closure cost provision, because stakeholder consultation during the planning process for the closure of

the landfill will be easier and less costly as all the affected stakeholders are already involved in monitoring the landfill.

The purpose of these various forms of inspections and audits is to gauge the level of performance in landfill management practices and audit compliance with all the conditions in the license and all other relevant legal requirements. The external audit is also an important mechanism to assess the environmental impact of the landfill based on the monitoring reports.

CLOSURE MATERIAL

The availability of material for final rehabilitation and closure also has an impact on the final closure cost provision. This entails two elements – covering and vegetative material for final closure and specific clay material used as capping material to seal the waste body to prevent rain water from entering the waste body and causing pollution.

If covering and vegetative material for final closure is available at the landfill, it should be carefully managed so that its properties for final use are maintained. If specialist clay material is available within 20km of the landfill, future availability of and access to this material should be negotiated and contracted as soon as possible. If this material would in future not be available anymore, alternative synthetic, more expensive, capping material will have to be used during the final rehabilitation process. It requires a specialist study to determine the availability of suitable materials for final closure.

EXPECTED REMAINING USEFUL LIFE

The discounting of the closure cost provision is based solely on the expected remaining useful life of the landfill. This is one of the aspects of the landfill closure provision on which frequent audit findings are received by municipalities. The remaining useful life of a landfill is basically determined by:

- The remaining airspace
- The rate at which waste is deposited
- The degree to which waste is compacted

During the license application process a planned useful life of the landfill is determined based on landfill design and waste generation projections, and based on the assumption that waste will be properly compacted. The initial estimate of the useful life of the landfill is based on these projections. However,



Landfill Management

by Seakle Godschalk (Pr Sci Nat, GIMFO)

reality seldom agrees with planning and projections. Therefore, the remaining life of a landfill should be regularly updated – this is a requirement expressed frequently by the auditors. This requires a specialist service provider.

Currently, the remaining landfill life used for the discounting calculations is very seldom based on a license condition, sometimes based on an expert investigation and mostly based on a “management estimate” by municipal landfill management staff (usually a guess!). We recommend that a proper investigation into the remaining life of a landfill be conducted every three to five years.

WASTE COLLECTION TARIFFS

It is important that municipalities must be able to calculate the actual cost associated with waste management (from collection to disposal – including the full costs of landfill management and

closure) to inform the tariffs being charged. Transparency in determining tariffs combined with reliable services will encourage payment for services.

CONCLUSION

The above discourse clearly shows that the CFO and his staff in the finance department have a direct interest in the management of landfills. Poor landfill management could result in non-compliance findings by the auditors. Many landfill management practices have a direct impact on the quantum of the landfill closure provision that is disclosed in the annual financial statements. Proper landfill management requires human and financial resources – which has budgetary implications. This article has only addressed those aspects of landfill management that have a direct bearing on the landfill closure provision, however, many other aspects should also be provided for. [①](#)

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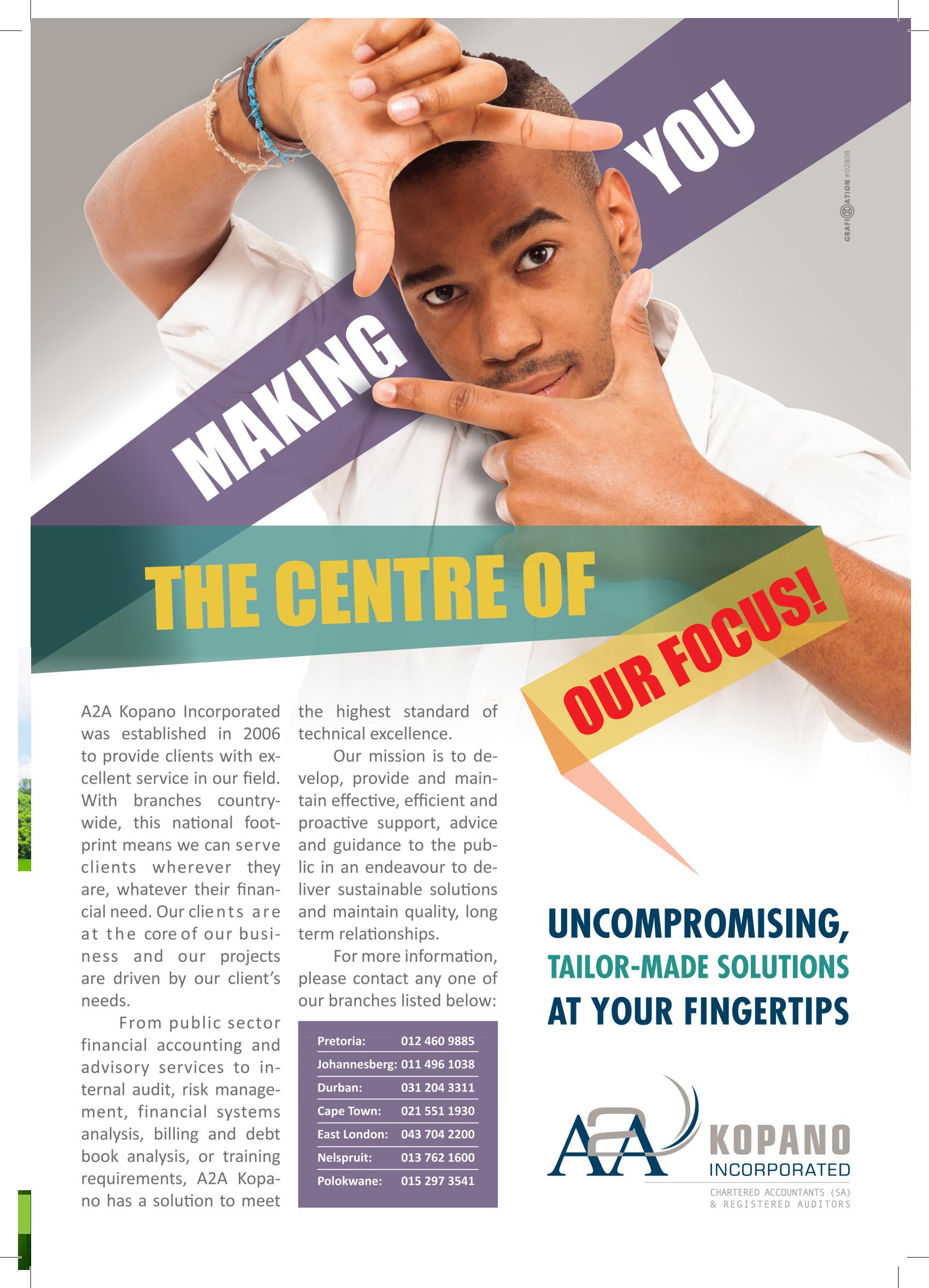
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IMFO Women Leadership Seminar

7 – 8 March 2016

Sustaining Quality Service Deliver through Prudent Financial Management



We, the delegates of the IMFO Women in Leadership Seminar, on International Women's Day, reiterate the greater participation of women as one of the necessary conditions for Sustaining Quality Service Delivery through Prudent Financial Management.

We, noting the Economic challenges faced by South Africa at the moment, acknowledge that:

- Women make up a large percentage of the poor, particularly in rural areas;
- Women can make a difference in Sustaining Quality Service Delivery by implementing prudent and frugal methods of managing the Public purse;
- Exceptional managers apply the bulk of available resources to the critical success factors and divert resources from less valuable areas;
- Women need to become quality and change leaders in order to sustain quality service delivery;
- We believe that improving gender equity across the local government sphere in particular and in the public sector in general, in both elected and appointed roles, will provide positive results in sustaining service delivery;
- Each one of us is needed—in our countries, communities, organizations, governments and in the United Nations—to ensure decisive, visible and measurable actions are taken under the banner: **Planet 50-50: Step It Up for Gender Equality**;
- To arrive at the future we want, we cannot leave anyone behind. We have to start with those who are the least regarded. These are largely women and girls, even those in poor and troubled areas;
- IMFO is uniquely positioned to provide, within the statutory framework, effective financial accounting advice, as well as setting and maintaining high financial standards and controls in public finance and governance, to all levels of government and stakeholders, to benefit the community.

While we acknowledge progress made by the South African Government, we remain concerned about the low representation of women:

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

In honour of International Women's Day and the related theme "#PledgeforParity", the delegates of the IMFO Women Leadership Seminar for 2016 therefore address this declaration to government, statutory bodies within the local government sphere and organisations and individuals who are responsible for ensuring equity within the public sector.

In specific we call on:

- * **IMFO to heed the call for empowerment from delegates, who are eager to provide service excellence, with specific emphasis on:**
 - Spearheading the implementation of mSCOA through the recently signed MOU with National Treasury on the mSCOA project in all the municipalities;
 - All aspects of Supply Chain Management Process within the local government sphere;
 - All aspects of Risk Management;
 - All aspects of Integrated reporting; and
 - The Training, mentoring and coaching – of both women and men – to create awareness of gender equity.
- * **COGTA:**
 - o to promote the concept of equity targets within the political and administrative sectors of the public sector and to monitor progress towards gender equity in the public sector;
 - o to monitor and support effective service delivery for all marginalized communities in the country.
- * **SALGA**
 - to promote the importance of equity at senior leadership levels within both the political and administrative spheres of local government and to monitor progress towards gender equity in the local government sphere as a whole;
 - to remain accountable and to report through all structures on the progress made to ensure the following on behalf of municipalities:
 - o the conclusion of service level agreements (SLA) between the relevant department and the municipality for all Mandates currently being performed within the local government sphere but allocated to another sphere;
 - o the evaluation of capacity and devolution of functions only in instances where municipalities have sufficient capacity to undertake the service responsibility;
 - o the equitable allocation of funds where functions that are competencies of provincial and national departments legislatively are carried out by local government.
- * **All Delegates in their respective areas of influence to advance the following:**
 - o The expansion of public employment to provide work for the unemployed, with a specific focus on youth and women;
 - o The transformation of the economy involving the active participation and empowerment of women.
 - o The active support of the role of women as leaders in all sectors of society;
 - o The elimination of social, cultural, religious and educational barriers to women entering the job market.

Concrete measures should be put in place to ensure the adequate addressing of the above points, the clear implementation with relevant timeframes, where the results are evaluated over time.

“The focus is on adding lasting value to the communities we serve”

Speech by Jane Masite President of IMFO

at The Women In Public Sector Seminar Conference Durban 7 March 2016

Thank you Program Director

IMFO Vice President, Chairperson of Social and Ethics Committee, Board members present, Honourable Mayors, Speakers, Councillors, Municipal Managers, CFO's Senior Managers and other Municipal Officials, SALGA's PEO's distinguished delegates, Ladies and Gentlemen, all protocol observed - it is my pleasure and privilege to welcome you to our historic 4th Women in Public Sector Seminar in one of the economic hubs of the country.

Program Director allow me to extend my gratitude to the Chairperson of the committee Louise Muller for her opening message.

This seminar comes at the time where the country faces serious economic challenges, hence our theme "**Sustaining quality service delivery through prudent financial management.**"

As we gather here our objectives are to learn from each other on how can we continue to provide quality service delivery under the financial challenges that are facing our country and the world as a whole.

Program Director allow me to echo the **Message by UN Women Executive Director Phumzile Mlambo-Ngcuka on International Women's Day**

"This year's celebration of International Women's Day is the first within the new 2030 Agenda for Sustainable Development. Gender equality and the empowerment of women and girls are confidently asserted in that Agenda as intrinsic to progress.

The new Agenda's Sustainable Development Goals include a specific goal to achieve gender equality, which aims to end discrimination and violence against women and girls and ensure equal participation and opportunities in all spheres of life. Important provisions for women's empowerment are also included in most of the other goals."

In conjunction with the adoption of the 2030 Agenda, more than 90 Governments have answered UN Women's call for action to "Step It Up for Gender Equality". Heads of State and Government have pledged concrete and measurable actions to crack some of the fundamental barriers to the achievement of gender equality in their countries.

With these unprecedented expressions of political will, the countdown to substantive gender equality by 2030 must begin, accompanied and underpinned by monitoring of accountability and evaluation of progress.

The strength is drawn from this solidarity as facing the world events such as severe population displacement, extreme violence against women and girls, and extensive instability and crises in many regions.

To arrive at the future we want, we cannot leave anyone behind. We have to start with those who are the least regarded. These are largely women and girls, although in poor and troubled areas, they can also include boys and men.

On International Women's Day, we reiterate the greater participation of women as one of the necessary conditions for an inclusive Agenda 2030. Their leadership is insufficiently recognized but must emerge with greater participation in decision-making bodies. Each one of us is needed — in our countries, communities, organizations, governments and in the United Nations — to ensure decisive, visible and measurable actions are taken under the banner: Planet 50-50: Step It Up for Gender Equality.

Ladies and gentlemen, as IMFO we are rallying behind the United Nations in the Planet representation on 50-50: 'Step It Up for Gender Equality' when you look at our IMFO Board composition and Staff complement, we have already reached the 50-50 representation the issue here is maintaining this standard.

Ladies and Gentlemen I think it is important to flag on what IMFO's Vision and Mission is

Which is to be recognised as a professional body for the development and promotion of municipal finance and governance practitioners in the public sector, IMFO is here to create a platform for you to network and interact with your fellow women colleagues, in order to make change in your area of work....

This reminds me of Inspirational words of Oprah Winfrey
"The big secret in life is that there is no big secret. Whatever your goal, you can get there if you're willing to work."

Program Director it is also important to reflect on our Mission which is

To provide, within the statutory framework, effective financial accounting advice, as well as setting and maintaining high financial standards and controls in public finance and governance, to all levels of government and stakeholders, to benefit the community.

Remember "Life has no remote, let's get up and change it ourselves."

We need to become quality and change leaders in order to sustain quality service delivery! "Change will not come if we wait for some other person or some other time, we are the ones we've been waiting for. We are the change that we seek" Barack Obama

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Speech by Jane Masite President of IMFO

at The Women In Public Sector Seminar Conference Durban 7 March 2016

Ladies and gentlemen let me give you some food for thought. Let's bring change by:

- **1st - Developing a clear vision of our goals**

Exceptional managers build a mental blueprint that becomes the guiding vision, Born from instinct, it is simple, logically grounded and benefit-based. The focus is on adding lasting value to the communities we serve. Building the vision that enhances existing technologies and corporate strengths.

- **2nd - Identifying critical success factors**

Exceptional managers focus on the vital factors that maintain their desired competitive stance. They evaluate specifics: What systems and technologies are needed to prevent negative outcomes and ensure that key benefits are produced for the municipality and the customer.

- **3rd - Implementing objective self-assessment**

Exceptional managers apply the bulk of available resources to the critical success factors and divert resources from less valuable areas. They also ruthlessly evaluate their own capacity to contribute directly and actively to these factors. They rely on the expertise of others to supplement their shortcomings.

- **4th - Selecting champions to drive the critical success factors**

Exceptional managers select a few key champions to manage existing systems and develop future ones. Their purpose is to guarantee the critical factors.

- **5th - Establishing monitoring and follow up systems**

Exceptional managers do not rely completely on staff or data input as the sole barometer of progress. Monitoring systems are as simple as the “walk around” check.

- **6th - Leadership focus**

Exceptional managers communicate goals, directions and ideas clearly and concisely throughout the organization, repeatedly and consistently. In the words of John Maxwell, “A leader is one who knows the way, goes the way and shows the way”.

Ladies and Gentleman, this is also an opportunity for IMFO to play an important role in respect of capacitating public sector officers to meet their new challenges and in assisting municipalities realise their strategic priorities outlined in legislation.

Furthermore IMFO has recently signed an MOU with National Treasury on the Mscoa project, this will allow IMFO to spearhead the mSCOA project in all the municipalities.

As IMFO we want to challenge you to ask yourself: What is your vision? How do you contribute? Are you working towards leaving a lasting legacy? How do you want to remembered? Are

you the light or darkness in your organisation? What glory have you come to manifest?

Finally. I will always remember the words of our Tata Madiba when he said, “*It always seems impossible until it's done*” And I am sure that we can rise to the occasion and shine brightly.

To our partner PWC we wouldn't have made it if you were not there with us from the beginning when we held our first Women in Local Government Finance Seminar. To this day and going forward you are still here with us. Thank you so very much for your continuous support. To our delegates thank you for your continuous participation, in the seminar we have reached our highest number of 200 distinguished women in attendance.

I also want to thank our sponsors namely, ARMS Audit, Auditor General, E4 Legal Studio and South African Institute of Learning.... **thank you for all your continuous support. It is greatly appreciated.**

Last but not least I would like to sincerely thank the Key note speakers Mme Nomasondo Mazibuko and Mme Nomusa Dube, MEC' for Local Governance and Traditional Affairs in KZN for have taken their valuable time from their busy schedules to be here with us - as IMFO we feel so much humbled and honoured.

In conclusion, I would like to thank a small team of our staff in the IMFO Office especially the Acting CEO Ira Kotze. The Vice President, as the oversee of this committee, Chairperson and Members of SCE. To all of you, I sincerely appreciate your work.

Ladies and Gentlemen as we will be engaging for the two days let's think about these quotes-

“Don't wait for the perfect moment, take the moment and make it perfect”. Zoey Sayward

“If you can't fly, then run, if you can't run, then walk, if you can't walk, then crawl, but whatever you do, you have to keep moving forward.” These were the words of the great leader- “Martin Luther King JR “

With these few words, I declare the Women Seminar officially open and wish you success in these two days. We must learn and network as far as possible, learning is a continuous process, you never cease learning so long as you live. That's my approach to life. ①

Thank you, Dankie, Siyabonga and enjoy the Seminar.
Jane Masite - IMFO President



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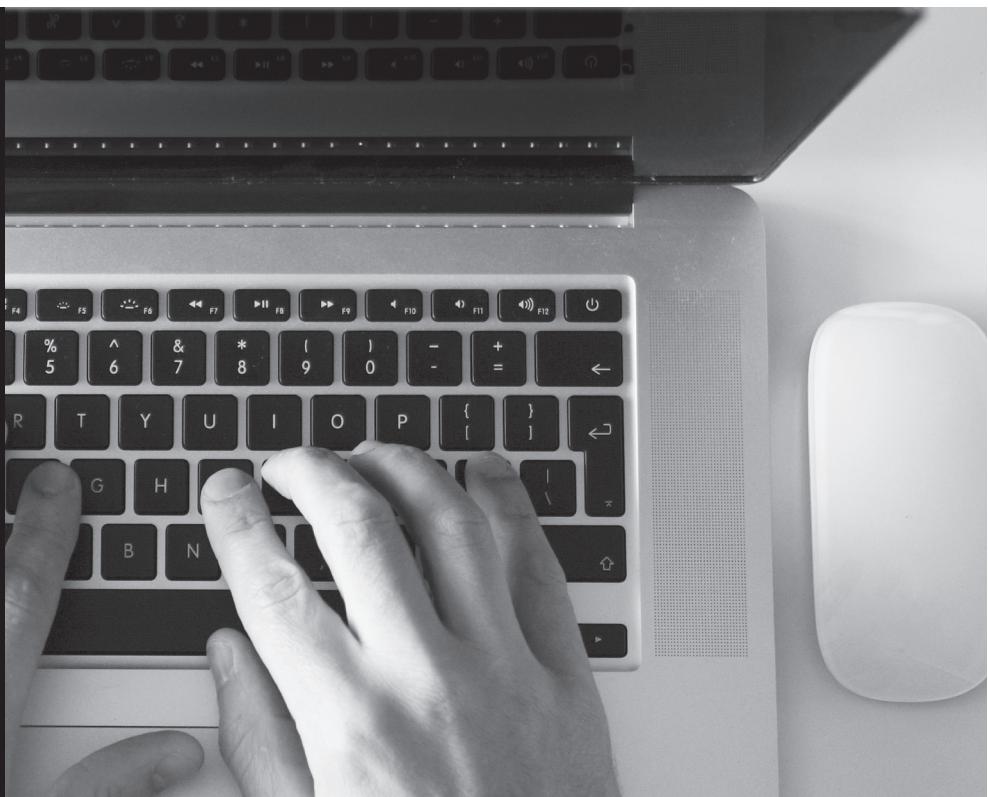
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The Challenge of Cost Reflective Tariffs

by Nelisiwe Ntlholo

Tariff



A tax or duty that a government charges on goods coming into or going out of their country

What is a Tariff?

Tariff means any surcharge or any charge raised by the municipality. The Municipal Systems Act, section 11 (3) permits municipalities to impose and recover rates, taxes, levies, service fees and surcharges on fees, including setting and implementing tariff, rates, and tax and debt collection processes. Tariffs for trading services should be determined in relation to the cost of providing such services. The Municipal Systems Act states that municipalities must “ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amounts due”.

The primary responsibility of a municipality is to deliver services; this is what the municipality’s “business” is about. Section 75A of the Municipal Systems Act allows municipalities to levy and recover fees, charges or tariffs in respect of municipal service delivery functions and to recover collection charges and interest on outstanding amounts.

What makes a good tariff?

- Revenue sufficiency: tariffs must generate sufficient revenue that a service can be operated sustainably;
- Economic efficiency: tariffs must be an accurate signal of costs;
- Equity: people that are the same are treated the same; people that are different are treated differently;
- Fairness: mostly interpreted to mean that tariffs must be affordable;

- Simple and easy to understand: consumers must easily be able to calculate the size of the bill that they will receive;
- Revenue stability: if use of service changes, revenue and expenditure must change by similar amounts;
- Easy to implement: should not require complex billing procedures or administration.

Legislative Background

- Municipal Systems Act (Act No. 32 of 2000) states that a municipality may levy and recover fees, charges or tariffs in respect of any function or service (clause 75A (1)(a))
- It requires a municipality to have a tariff policy and by-laws to give effect to this policy (clauses 74 and 75)
- It sets out some principles with which the tariff policy must comply (clause 74)
- A large number of other Acts, Policies, Regulations and Guidelines are also relevant to tariff setting. These include (among others)
 - * Municipal Financial Management Act (Act no. 58 of 2003)
 - * Water Services Act (Act no. 36 of 1998)
 - * National Environmental Management Act (NEMA) (1998)
 - * Electricity Act (1987)
 - * Electricity Pricing Policy (2008)

Tariff Goals

- Financial sustainability;
- Affordability;
- Promote local economic development;
- Discourage wasteful use of services

Tariff setting is a balancing act

- Financial sustainability vs affordability
- Cost reflectiveness vs transparency/ simplicity

The Challenge

Most municipalities cannot recover its cost or break-even on services such as water and electricity as they are charging consumers lower rates and in turn not able to meet its financial obligations. On the other hand high tariffs may leads to non-affordability as consumers cannot afford to pay for the services rendered by the Municipalities due to excessive tariffs, and this leads to the following challenges:

- Extended collection periods result in cash flow problems, adversely effecting operational management.
- Excessive debt write-offs.
- None collected revenue negatively impacting on the capital reserves of a Municipality or Municipal entity.
- Less cash available for reinvestment in capital infrastructure, results in a declining level of consistent quality service delivery.

There is also a risk in implementing tariff structures without phasing it in gradually, this can lead to non-payment due to resistance from the consumers and community uprisings if not phase in gradually.

The high increase of the tariff can also destroy potential emerging businesses and the existing businesses that are needed for additional funding on capital projects and to create employment.

When the tariff is not structured correctly or below what it should be, Municipalities will continue to operate on a deficit and that will also harm the service delivery levels.

Tariff principles

- Cost reflective: Tariff must reflect cost of providing service
- Financial Sustainability: Tariff generates enough revenue to ensure financial sustainability
- Equity: Customers that are the same are treated in the same manner
- Access: No one is denied access to at least a basic level of service
- Proportionality: Users pay in proportion to amount consumed
- Transparency: Easy to understand
- Implementability: Possible to implement administratively and technically

Issues of cross subsidization

- Low income households often cannot afford to pay for the full cost of providing them a service.
- Grants and subsidies are often not enough to fill the gap.
- Gap is filled through cross-subsidisation from other customer types.
- Municipal Systems Act (Act No. 32 of 2000) Clause 74(2) (f): provision may be made in appropriate circumstances for a surcharge on the tariff for a service.
- Clause 74(2) (i): the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

Types of Tariff:

- Single Tariff: This tariff consist of a fixed cost per unit consumed.
- Cost related two part tariff: This tariff consist of two parts.
- Inclining block tariff: This tariff is based on consumption levels being categorised into blocks it increases as consumption levels increase.
- Declining block tariff: This tariff is based on consumption levels being categorised into blocks and it decreases as consumption levels increase.
- Availability Charge: Payable in respect of availability of access to the municipality's infrastructure.

Tariff setting Process

- Step 1: Define customer categories and understand demand
- Step 2: Determine what it costs to provide a service
- Step 3: Allocate grants and subsidies between services and customer categories
- Step 4: Calculate the tariff revenue required
- Step 5: Select a tariff structure
- Step 6: Calculate the tariff
- Step 7: Test affordability
- Step 8: Revise strategic decisions

Sound financial health is imperative to ensuring the effective operation of Local Government. Implementing sound tariff structure will provide Municipalities with good financial health and that will assist municipalities deliver proper services for the foreseeable future. Taking action through cost reflective tariffs to address weaknesses and strengthen financial health will ensure that resources are available to fund the level and quality of services expected by Households. **①**

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IMFO - Women Seminar



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Jane Masite, IMFO President



Nomasonto Mazibuko, Gender Commissioner and Louise Muller, IMFO Past President



Day 1: Morning Session Speakers (Nelisiwe Ntlholo, IMFO - Jane Masite, IMFO President
- Nomasonto Mazibuko, Gender Commissioner - Louise Muller, IMFO Past President and Mathilda Fourie, HalfTime)



Delegates in Plenary



Day 1: Afternoon Session Speakers (Nomfundo Kakaza, UKZ- Nkuli Swana, Arms Audit - Vanuja Maharaj, AGSA- Dihapilwe Letooane, SALGA)



Khali Jamnda, PwC - Mathilda Fourie, HalfTime



IMFO - Women Seminar



Bharthie Ranchoddas, IMFO - Silma Koekemoer, National Treasury



Delegates



Exhibitors



Exhibitors



IMFO Board of Directors, Speakers, Main Sponsors and Platinum Sponsors

GALA DINNER



Delegates on arrival



Louise Muller, IMFO



Mthokozisi Duze, DDG and Head of Ministry KZN COGTA



Delegates



Delegates



Jane Masite, IMFO President and
Meriam Matshevha, CAE Thulamela Municipality



Award Recipients of the night

IMFO - Breakfast Seminar



Lucky Leseane, PEO, SALGA GP



Registration



Wendy Fanoe, NATIONAL TREASURY and Winnie Kunene, Money Psychologist



Wendy Fanoe, NATIONAL TREASURY - Annette van Schalkwyk, IMFO board member - David Masimini, CITY OF TSHWANE



IMFO Gauteng Branch Committee



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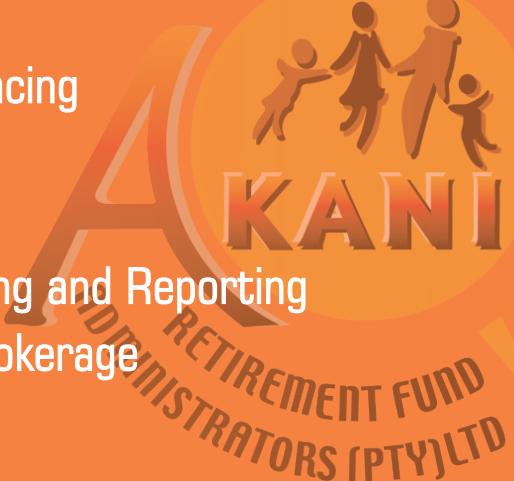
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BASICS OF ACCOUNTING

INTRODUCTION

The purpose of this training is to provide Municipal Officials with a basic understanding of all aspects of accounting and the impact on their responsibilities in their relevant Departments.

OVERVIEW OF THE TRAINING

The training programme is aimed at giving officials exposure to the fundamental accounting principles, processes and systems, as well as terminology to prepare and support them in their various roles in the municipal environment. The training will: -

- Provide the background on what accounting is;
- Explain the Accounting Cycle;
- Introduce the fundamental rules of accounting, the double-entry principle and how the resulting information is used to produce the financial statements;
- Develop an understanding of the relationship between the accounting equation and double-entry bookkeeping;
- Explain the purpose of Accounting / Financial Systems and where Sub-systems fit in;
- Clarify different types of accounts (asset, liability, net assets, income and expense) and accounting systems, including payroll, fixed assets, procurement and many more;
- Guide the participants to record transactions in the appropriate ledger accounts using the double-entry bookkeeping system;
- Teach participants how to balance off ledger accounts at the end of an accounting period; and
- Teach participants how to transfer the information from the ledger accounts to prepare a trial balance, and from the trial balance to prepare a Statement of Financial Position (balance sheet) and a Statement of Financial Performance (income statement).

PARTICIPANTS THAT SHOULD ATTEND

The training course is targeted at all officials, both financial and non-financial officials, requiring knowledge of the basics of accounting in the municipal environment.

COURSE DURATION

The course will be held over 2 days.

THE FACILITATORS

Johan Viljoen (CIMA) will be the facilitator. The facilitator has extensive practical experience in the municipal environment and has assisted various municipalities with the compilation of GRAP-compliant Annual Financial Statements. He also has many years of experience in training in the public and private sector, with a specialisation in public sector finance.

DATES:

PROVINCE	VENUE	DATES
Mpumalanga	Middelburg	31 March -01 April 2016
Eastern Cape	East London	11-12 April 2016
Gauteng	Kempton Park	14-15 April 2016
Free State	Bloemfontein	18-19 April 2016
Limpopo	Polokwane	21-22 April 2016
Western Cape	George	25-26 April 2016
Kwa-Zulu Natal	Durban	28-29 April 2016

COST

The cost of the training course is R4 150.00, including VAT for IMFO members and R4 450.00, including VAT, for non-IMFO members. This includes a training manual, lunch and light refreshments. Traveling and accommodation costs are for participants' own account. For more information contact Getrude Nkhoma at Getrude@imfo.co.za



Legal Corner

DIVISION OF REVENUE AMENDMENT ACT 15 OF 2015 (Government Gazette 39755 of 26 February 2016)

This Act amends Schedules 1 to 6 inclusive to the Division of Revenue Act 1 of 2015. An additional amount of approximately R1,5 billion was allocated to various municipalities as part of the equitable share.

STOPPING OF ALLOCATION IN RESPECT OF CONDITIONAL ALLOCATIONS MADE TO PROVINCES AND RE-ALLOCATION OF STOPPED CONDITIONAL ALLOCATIONS TO CERTAIN PROVINCES PUBLISHED (GN 195 in Government Gazette 39746 and 39752 of 26 February 2016)

The stopping and reallocation of municipal grants was published.

THE DIVISION OF REVENUE BILL FOR 2016/17 FINANCIAL YEAR

(Explanatory Summary in GN 187 in Government Gazette 39707 of 18 February 2016)

The Bill proposes to provide for—

- the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2016/17 financial year;
- the determination of each province's equitable share of the provincial share of that revenue;
- any other allocations to provinces, local government or municipalities from the national government's share of that revenue, and conditions on which those allocations may be made; and
- matters connected therewith.

A copy of the Bill (296 pages) is available from the Department's website at http://www.treasury.gov.za/legislation/bills/2016/bills2016_bill02-2016.pdf

DETERMINATION OF THE DAILY AMOUNT IN RESPECT OF MEALS AND INCIDENTAL COSTS FOR PURPOSES OF SECTION 8(1) OF THE INCOME TAX ACT, 1962 (ACT NO. 58 OF 1962) (GN 191 in Government Gazette 39724 of 24 February 2016)

The Commissioner for the South African Revenue Service has published the amounts which shall be deemed to have been actually expended by a person in respect of meals and incidental costs for the purposes of section 8(1)(a)(i)(bb) of The Income Tax Act. The amounts determined are applicable for the assessment year starting on 1 March 2016.

The following amounts will be deemed to have been actually

expended by a recipient to whom an allowance or advance has been granted or paid—

- (a) where the accommodation, to which that allowance or advance relates, is in the Republic and that allowance or advance is paid or granted to defray—
(i) incidental costs only, an amount equal to R115.00 per day; or
(ii) the cost of meals and incidental costs, an amount equal to R372.00 per day; or

(b) where the accommodation, to which that allowance or advance relates, is outside the Republic and that allowance or advance is paid or granted to defray the cost of meals and incidental costs, an amount per day is determined in accordance with a published table for the country in which that accommodation is located. This table in the notice includes the amounts of:

- Daily allowance for United Kingdom of 102 British Pounds (£102)
- Daily allowance for USA of 146 US Dollars (\$146)

The allowance for any countries not listed in the 6 page table amounts to a daily allowance equivalent to 215 US Dollars (US \$ 215).

FIXING OF RATE PER KILOMETRE IN RESPECT OF MOTOR VEHICLES FOR THE PURPOSES OF SECTION 8(1)(b)(ii) AND (iii) OF THE INCOME TAX ACT, 1962 (GN 192 published in Government Gazette 39724 of 24 February 2016)

The Minister of Finance has published the new rate per kilometre in respect of motor vehicles for the purposes of s. 8 (1) (b) (ii) and (iii) of the Income Tax Act. The Schedule is as follows:

WHERE THE VALUE OF THE VEHICLE	Fixed Cost R	Fuel Cost c/km	Maintenance Cost c/km
Does not exceed R80 000	26 675	82.4	30.8
Exceeds R80 000 but does not exceed R160 000	47 644	92.0	38.6
Exceeds R160 000 but does not exceed R240 000	68 684	100.0	42.5
Exceeds R240 000 but does not exceed R320 000	87 223	107.5	46.4
Exceeds R320 000 but does not exceed R400 000	105 822	115.0	54.5
Exceeds R400 000 but does not exceed R480 000	125 303	132.0	64.0
Exceeds R480 000 but does not exceed R560 000	144 784	136.5	79.5
Exceeds R560 000	144 784	136.5	79.5

A simplified method, for distances less than 8 000 kilometres, has been published where—

- (a) the provisions of section 8(1)(b)(iii) are applicable in respect of the recipient of an allowance or advance;
- (b) the distance travelled in the vehicle for business purposes during the year of assessment does not exceed 8 000 kilometres, or where more than one vehicle has been used during the year of assessment the total distance travelled in those vehicles for business purposes does not exceed 8 000 kilometres; and
- (c) no other compensation in the form of a further allowance or reimbursement (other than for parking or toll fees) is payable by the employer to that recipient, that rate per kilometre is, at the option of the recipient, equal to 329 cents per kilometre.

The rate per kilometre determined in terms of this legislation is applicable in respect of the year of assessment commencing on or after 1 March 2016.

PRESCRIBED RATE OF INTEREST IN RESPECT OF ACT 55 OF 1975 (SECTION 1 OF THE PRESCRIBED RATE OF INTEREST ACT, 1975)

(GN 226 in Government Gazette 39785 of 4 March 2016)

The Rate of interest for the purposes of s. 1 (1) prescribed and GN R554 in Government Gazette 37831 of 18 July 2014 was withdrawn with effect from 1 March 2016.

The new rate of interest applicable from 1 March 2016 is 10,25 percent per annum for the purposes of section 1(1) of the Prescribed Rate of Interest Act.

REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 1998 (ACT NO. 20 OF 1998) DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS

(GN 1271 published in Government Gazette 39548 of 21 December 2015)

The Minister for Cooperative Governance and Traditional Affairs determined the upper limits of the salaries, allowances and benefits of the different members of municipal councils.

The salary and allowances of a member of a municipal council is determined by that municipal council by resolution of a supporting vote of a majority of its members, in consultation with the member of the executive council responsible for local government in the province concerned, having regard to the upper limits as set out in the legislation, the financial year of municipal councils, and the affordability of municipal councils to pay within the different levels of remuneration to councillors.

For purposes of implementing this Government Notice, “in consultation with” means that municipalities must obtain concurrence of the member of the executive council responsible for local government in the province concerned before implementing the provisions contained in the legislation, including the tools of trade.

GRADE	MAYOR OR EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE, WHIP OR CHAIRPERSON OF A SUBCOUNCIL	CHAIRPERSON OF A SECTION 79 COMMITTEE
	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE
6	1 242 409	1 003 393	940 680	877 968
5	921 912	737 529	691 433	645 339
4	787 061	629 647	590 296	550 942
3	758 012	606 410	568 510	530 608
2	709 765	567 812	532 323	496 835
1	689 087	551 266	516 811	482 357

The mayor of a plenary type municipality should be remunerated according to the total remuneration package column of mayor/executive mayor.

If the amount received by a chairperson of a section 79 committee during the 2014/15 financial year is more than the upper limit of the 2015/16 financial year, as set out in this table, the chairperson will retain the higher amount, until such time that the amount received is less than the upper limit determined in the Notice.



Legal Corner

The upper limits of the annual total remuneration packages of part-time councillors are as follows:

GRADE	MAYOR OR EXECUTIVE MAYOR	SPEAKER, DEPUTY MAYOR OR DEPUTY EXECUTIVE MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE	CHAIRPERSON OF SECTION 79 COMMITTEE	OTHER PART-TIME MEMBERS
	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE	TOTAL REMUNERATION PACKAGE
6	693 101	586 335	519 826	485 172	441 064
5	509 454	407 564	382 091	356 618	277 883
4	434 935	347 947	326 201	304 454	237 236
3	418 883	335 106	314 168	293 217	228 481
2	392 221	313 776	294 166	274 555	213 939
1	380 791	304 632	285 594	266 553	207 455

The mayor of a plenary type municipality should be remunerated according to the total remuneration package column if mayor/executive mayor.

Allocation of number of points for total municipal income

The number of points allocated for the total municipal income of a municipality is as

The determination of the grade of municipal council is done through determining:

- (1)the number of points based on the total municipal income, and adding
- (2)The number of points allocated for the total population within a municipality.

The Act also prescribes:

- Out of pocket expenses
- Upper limits of cell phone allowance for councillors
- Upper limits of mobile data bundles for councillors
- Upper limits of pension fund contributions and medical aid benefits of
- Councillors
- Special risk cover
- Tools of trade – and the conditions of the provision of such tools.
- Capacity building

REMUNERATION OF PUBLIC OFFICE BEARERS ACT 20 OF 1998

(GN 326 published in Government Gazette 39829 of 17 March 2016)

The determination of salaries and allowances of Traditional Leaders and Members of the National and Provincial Houses of Traditional Leaders was published on 17 March 2016 and Proclamation 14 in Government Gazette 38568 of 13 March 2015 was repealed, with effect from 1 April 2016.

DETERMINATION UNDER SECTION 34(1) OF THE ELECTRICITY REGULATION ACT 4 OF 2006 - PART A

(GN 1268 published in Government Gazette 39541 of 21 December 2015)

The Minister of Energy (“the Minister”), in consultation with the National Energy Regulator of South Africa (NERSA”), acting under section 34(1) of the Electricity Regulation Act 4 of 2006 (as amended) (the “ERA”) has determined as follows:

1. that energy generation capacity needs to be procured to contribute towards energy security and to facilitate achievement of the greenhouse gas emission targets for the Republic of South Africa, accordingly, 9 600 megawatts (MW) should be procured to be generated from nuclear energy (“nuclear programme”), which is in accordance with the capacity allocated under the Integrated Resource Plan for Electricity 2010-2030 (published as GN 400 of 06 May 2011 in Government Gazette No, 34263) (“IRP 2010-2030” or as updated);

2. electricity produced from the new generation capacity (“the electricity”), shall be procured through tendering procedures which are fair, equitable, transparent, competitive and cost effective;
3. the nuclear programme shall target connection to the Grid as outlined in the IRP2010-2030 (or as updated), taking into account all relevant factors including the time required for procurement;
4. the electricity may only be sold to the entity designated as the buyer in paragraph 7 below, and only in accordance with the power purchase agreements and other project agreements to be concluded in the course of the procurement programmes;
5. the procurement agency in respect of the nuclear programme will be the Department of Energy;
6. the role of the procurement agency will be to conduct the procurement process, including preparing any requests for qualification, requests for proposals and/or all related and associated documentation, negotiating the power purchase agreements, facilitating the conclusion of the other project agreements, and facilitating the satisfaction of any conditions precedent to financial close which are within its control;
7. the electricity must be purchased by Eskom Holdings SOC Limited or by any successor entity to be designated by the Minister of Energy, as buyer (off-taker); and
8. the electricity must be purchased from the special purpose vehicle(s) set up for the purpose of developing the nuclear programme.

169 Compensation for Occupational Injuries and Diseases Act, 1993: Increase of Maximum Amount of Earnings on which the Assessment of an Employer shall be calculated 39683 COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT, ACT 130 OF 1993
(GN 169 published in Government Gazette 39 683 of 12 February 2016)

The Minister plans on increasing the annual earnings threshold for COID to R377 097 with effect from 1 April 2016.

230 White Paper on the Rights of Persons with Disabilities: Official Publication and Gazetting of the White Paper on the Rights of Persons with Disabilities 39792

WHITE PAPER ON THE RIGHTS OF PERSONS WITH DISABILITIES OFFICIAL PUBLICATION AND GAZETTING OF THE WHITE PAPER ON THE RIGHTS OF PERSONS WITH DISABILITIES
(GN 230 published in Government Gazette 39 792 of 9 March 2016)

Government's revised White Paper on the rights of people with disabilities has been gazetted. It provides clarity on the development of standard operating procedures for mainstreaming disability; sets out the norms and standards in terms of which discriminatory barriers should be removed; and broadly outlines stakeholder responsibilities. Legislation to complete the domestication of the UN convention on the rights of people with disabilities is expected to follow.

The White Paper introductions states that, “in line with the National Development Plan, the White Paper specifically prioritises actions that require more than one government department or entity to work together as many of the barriers that persons with disabilities experience span different government entities. The White Paper is a call to action for government, civil society and the private sector to work together to ensure the socio-economic inclusion of persons with disabilities. We therefore seek to create a caring and inclusive society that protects and develops the human potential of its children, a society for all where persons with disabilities enjoy the same rights as their fellow citizens, and where all citizens and institutions share equal responsibility for building such a society.

This White Paper is intended to accelerate transformation and redress with regard to full inclusion, integration and equality for persons with disabilities. We believe that the WPRPD and its Implementation Matrix will offer both the public, private and civil society sectors a tangible platform to do things differently to expedite the process of improving the quality of life of persons with disabilities and their families.

We are currently seized with the task of investing in early learning opportunities for children with disabilities to ensure that children and young people with disabilities are empowered to meet the needs of the 21st century.”

The White Paper on the proposed National Health Insurance has also been published for comment. It is in Government Gazette 39 506 of 11 December 2015, Government Notice 1230.

RECENT NATIONAL TREASURY CIRCULARS

MUNICIPAL BUDGET CIRCULAR FOR THE 2016/17 MTREF- CIRCULAR 79 OF 7 MARCH 2016

The budget circular is compiled annually to guide municipalities on how to prepare their budget inputs. This circular is a follow-up to the MFMA Budget Circular No.78



Legal Corner

that focused on the preparation of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF). This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR). The key focus of this circular is the impact of the date of the 2016 Local Government Elections on municipalities affected by redemarcations and the changes to the local government grant allocations.

MUNICIPAL FINANCIAL SYSTEMS AND PROCESSES REQUIREMENTS IN SUPPORT OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (mSCOA) – CIRCULAR 80 OF 8 MARCH 2016

This is a follow-up Circular to MFMA Circular No. 57 that replaces MFMA Circular 57 (financial systems and processes) and updates municipalities and municipal entities on the review of local government financial systems and business processes subsequent to the 'piloting' of the mSCOA classification framework. It is important to read this Circular in conjunction with MFMA Circular No. 57, all the Municipal SCOAs Circulars, and all documentation posted on the National Treasury website as it relates to mSCOA (i.e. project summary document, presentations of the mSCOA Integrated Consultative Forum etc.).

This MFMA Circular therefore provides municipalities with guidance relating to:

- Accountability as it relates to mSCOA implementation;
- Outcome of the research into financial management and internal control systems;
- Minimum business processes and system requirements to ensure mSCOA compliancy and address business process requirements across the entire local government financial management accountability cycle; and
- The issuing of a request for proposals (RFP) for the appointment of service providers for an integrated financial management and internal control system for local government.

WEB BASED CENTRAL SUPPLIER DATABASE (CSD) – CIRCULAR 81 OF 18 MARCH 2016

The purpose of this Circular is to inform municipalities and municipal entities of the web based Central Supplier Database (CSD) for the registration of prospective suppliers to assist in performing validation functions of key supplier information. This Circular furthermore aims to raise awareness of the CSD solution which was launched on 01 September 2015.

The system will become fully effective on 1 April 2016 for all national departments and public entities listed in Schedule 2 and 3 of the Public Finance Management Act.

The transitional period for local government is from 1 April 2016 to 30 June 2016. The CSD will therefore be fully effective for municipalities and municipal entities from 1 July 2016.

OTHER MATTERS OF INTEREST:

RELEASE OF KING IV REPORT FOR PUBLIC COMMENT

On 15 March 2016, the Institute of Directors of South Africa (IoDSA) released the long-awaited draft King IV Report on Corporate Governance for South Africa, for public comment. One of the key differences between the King III Code (King III) and the draft King IV Code (King IV) is that 75 principles in King III have been replaced with 16 principles in King IV. The legal status of King IV remains, as was the case with its predecessors, that of a set of voluntary principles and good practices. However, one of the key differences between King III and King IV is the requirement to "apply and explain", as opposed to "apply or explain". King IV assumes application or adoption by companies of the principles set out in King IV. Companies are therefore required to disclose how they have applied the principles set out in King IV. Under King III, companies had to make a positive statement about how the principles recommended by King III had been applied or provide an explanation as to why they did not apply them. King IV introduces a higher threshold by requiring high level disclosure of the practices that have been implemented and the progress made towards giving effect to each principle. Limited consultation has already taken place during the drafting process and public comment is now sought to ensure thorough consideration of diverse input before finalisation. The public comment process will take place in two phases, the first of which invites comment on the entire King IV Report,

except the Sector Supplements. The Sector Supplements provide specific guidance on corporate governance to SMEs, non-profit organisations, public sector organisations, municipalities and pension funds. The Sector Supplements will be subjected to public comment during phase 2.

The first phase of the comment period runs from 15 March to 15 May 2016. Comment on the Sector Supplements will be opened at a later date on invitation and will also run for a two month period. It is expected that phase 2 will start mid-April 2016. Comments must be submitted to the IoDSA via their online platform.

DEBT COLLECTORS AMENDMENT DRAFT BILL

The Department of Justice and Constitutional Development has published the Debt Collectors Amendment Draft Bill. The Bill marks a departure from the current position in that it seeks to subject attorneys who do debt collection to the jurisdiction of the Council for Debt Collectors in terms of the Debt Collectors Act (No 114 of 1998).

The Bill seeks to amend the Debt Collectors Act 1998, so as to:

- amend and insert certain definitions; to make the Act applicable to attorneys;
- make provision for the registration and regulation of debt collectors interns;
- provide that the list of registered debt collectors may be submitted to Parliament electronically;
- further regulate the processes dealing with improper conduct of debt collectors;
- provide for the payment of admission of guilt fines by debt collectors in respect of certain cases of improper conduct;
- provide for the appointment of inspectors to assist the Council for Debt Collectors with investigations of complaints against debt collectors;
- empower the Council for Debt Collectors to tax or assess any account or statement of costs;
- further regulate the administration of trust accounts of debt collectors;
- extend the matters in respect of which regulations may be made;
- empower the Council for Debt Collectors to delegate certain of its powers and functions;
- empower the Council for Debt Collectors to exempt debt collectors from certain requirements of the Act; to require

the Rules Board for Courts of Law and the Council for Debt Collectors to make recommendations to the Minister on fees and expenses payable in respect of debt collection.

WEB-BASED SYSTEM THAT WILL BETTER FORECAST AND MONITOR WATER SUPPLY IN REAL TIME

The Department of Water and Sanitation (DWS) has launched the National Integrated Water Information System (NIWIS) project. This aims to provide South Africans with a single extensive, integrated, accessible water information system. Consumers, businesses, water management institutions and municipalities can now use the national integrated water information system in order to check water status and quality in their area. Designers hope that this will help end-users to make good decisions about water use, and also assist those doing analysis and reporting on the water sector.

The system would be monitoring not only the water reserves in dams and surface water, but also the groundwater levels. The NIWIS will monitor water use licence applications and waste water treatment authorisations. The new system is expected to facilitate faster, more efficient decision-making and improve service delivery.

ENERGY: GAZETTING OF RENEWABLE ENERGY ZONES BY CABINET

Cabinet has approved the gazetting of renewable energy development zones (REDZ) to help address the country's electricity shortage. Minister in the Presidency Jeff Radebe announced the gazetting, promising government will streamline the regulatory process, identify geographical areas where wind and solar photovoltaic technologies can be incentivised and where deep grid expansion can be directed. These REDZ will ensure a transition to a low carbon economy, accelerate infrastructure development and contribute to a more coherent and predictable regulatory framework. Alternative mechanisms that could have been implemented are a comprehensive system of tax cuts and subsidies, which have been proven to work, rather than yet more high risk development zones. The performance of these zones will be monitored closely. [①](#)



KZN gets 20 Clean Audits



THE MEC for the Department of Co-operative Governance and Traditional Affairs in KwaZulu-Natal, Nomusa Dube-Ncube, yesterday welcomed the Auditor General's announcement of the 2013-14 Audit Outcomes, which saw KZN's municipalities get a "ground-breaking" 20 clean audits.

While uMgungundlovu emerged as a shining star with a clean audit, Msunduzi was rapped over the knuckles for being one of the main contributors in the province to the increase in the irregular expenditure balance and received an unqualified audit with findings.

Dube-Ncube said in a statement the 20 clean audits was the highest amount recorded by any province, with the Western Cape getting 18 and Gauteng 11.

"The announcement by the AG is encouraging for us as a province, since our municipalities have been constantly showing us that they prioritise the proper management of public funds which they are entrusted with.

"The strengthening and enforcement of competency requirements for senior officials in our municipalities ensures that key positions in local government are filled by the right people that will take our institutions forward," said Dube-Ncube.

Commenting on the KZN findings, the AG said there was a steady increase in the quality of the annual performance reports, but warned that uncompetitive and unfair procurement processes, -inadequate contract management and missing tender documentation required attention, among other things.

The AG found there was an increase in unauthorised, irregular and fruitless and wasteful expenditure "most notably in the auditees with unqualified audit opinions with findings, and those with qualified audit opinions".

Forty-one auditees (57%) received unqualified audit opinions with findings, eight (11%) received qualified opinions and three (four percent) were disclaimed.

The AG found that unauthorised expenditure increased from R633 million of the previous year by 68% to R1,06 billion in 2013-14.

"A total of R550 million (52%) of the total expenditure incurred was initially disclosed by the municipalities; however, a further R512 million (48%) was identified by the auditors.

"Of the R1,06 billion of the unauthorised expenditure incurred in 2013-14, R571 million (54%) arose from overspending of municipal budgets, while the other R491 million (46%) was incurred due to the auditee incurring expenditure on an allocation other than for its intended purpose.

"Included in the above total unauthorised expenditure is an amount of R337 million contributed by Amajuba District Municipality ... due to an impairment loss in an investment company that was not budgeted for.

"The remaining balance of R725 million is spread amongst various other municipalities."

The AG found that at five municipalities (eight percent), the unauthorised expenditure reported on in the previous year was not investigated to determine whether any officials could be held liable.

Irregular expenditure increased by 30% from R1,78 billion in the previous year to R2,31 billion in 2013-14.

"At R2,31 billion, it amounts to four percent of the budgets of the local government sector in the province. It is evident that systems and controls to detect irregular expenditure were either absent or not effective as R1,48 billion (64%) was identified during the auditing process while only R838 million (36%) was initially identified and disclosed by the auditees."

uMkhanyakude, Msunduzi and uMzinyathi municipalities were main contributors to the increase in the irregular expenditure balance, making up R934 million (40%).

The AG was "concerned that many municipalities still cannot submit credible and reliable financial statements for auditing, as 34 auditees (83%) would have been qualified if the financial statement errors were not corrected.

"This indicates that their leadership has not addressed the skills gap and significant weaknesses in internal controls, resulting in the extensive use of consultants without a positive impact on the audit outcomes.

"The province could, in future, experience a regression in audit outcomes should these risks remain unattended," the AG said.

The AG also expressed concern that the financial viability of many municipalities in the province is at risk due to "poor debt-collection practices, extended supplier payment periods as well as underspending on capital budgets".

"The underspending on capital budgets leads to the failure to regularly maintain core service delivery assets, which results in excessive losses from unexpected breakdowns."

For more information, visit:

<http://www.news24.com/SouthAfrica/News/KZN-gets-20-clean-audits-20150603>

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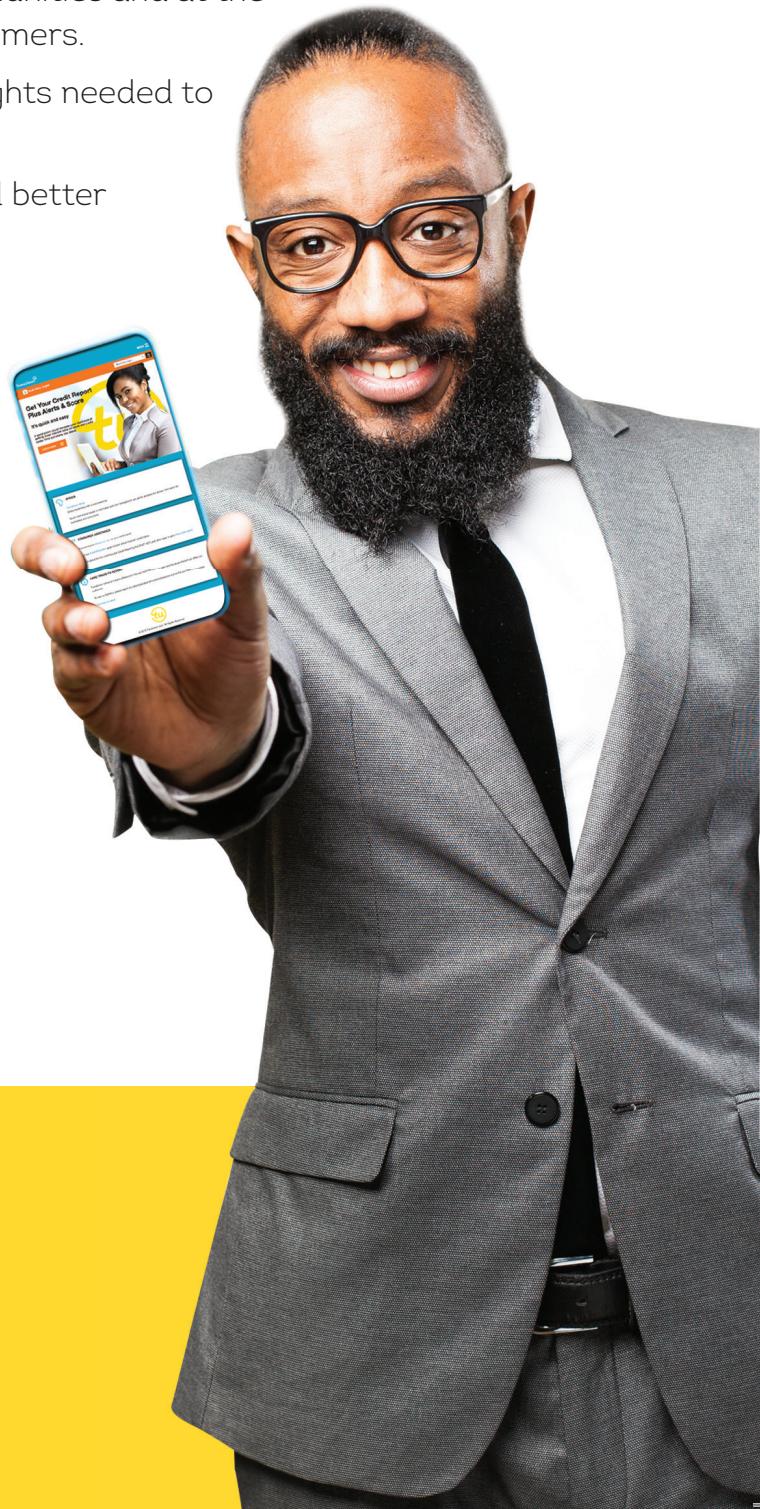
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mcmailbox@transunion.co.za



New Members

STUDENT MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
KZN	Mr	LI	Roman	Student	Mangosuthu University Technology
KZN	Mr	N	Manquma	Student	Mangosuthu University Technology
KZN	Mr	ST	Khumalo	Student	Mangosuthu University Technology
NW	Mr	SM	Molelekwa	Student	Tshwane University of Technology
KZN	Mr	SH	Ngwana	Student	Mangosuthu University Technology
KZN	Ms	T	Mlambo	Student	Mangosuthu University Technology
KZN	Ms	NR	Ntuli	Student	Mangosuthu University Technology
NW	Mrs	GE	Phalane	Student	Vaal University of Technology

GENERAL MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
LP	Mrs	TC	Mametja	Joint CEO	Action IT

JUNIOR MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
MP	Ms	MD	Dolamo	Acting Revenue Accountant	Thaba Chweu Municipality
KZN	Mr	SK	Ndebele	Finance Intern	Endumeni Municipality
MP	Ms	NR	Mkhonto	Finance Intern	Thaba Chweu Municipality
NC	Ms	JP	Jack	Accountant: Budget Control	Pixley Ka Seme Municipality
MP	Mr	KME	Shadung	Finance Intern	Thaba Chweu Municipality
MP	Mr	FA	Mkondwane	Clerk: Salaries	Gert Sibande Municipality
MP	Ms	MJ	Mhlanga	Assistant Accountant	Thaba Chweu Municipality
KZN	Ms	NZ	Ncalane	Finance Intern	Ilembe Municipality
KZN	Mr	M	Mpungose	Finance Intern	Ilembe Municipality
KZN	Mr	J	Biyela	Finance Intern	Ntambanana Municipality
KZN	Mr	M	Rubushe	Accountant	Ethekwini Municipality

LICENTIATE MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
KZN	Mr	MZ	Dlani	SCM Practitioner	Sisonke Development Agency
KZN	Mrs	S	Buthelizi	Financial Officer	eThekwini Municipality
KZN	Ms	NM	Mkhize	Acting Manager: SCM	Ugu District Municipality
KZN	Ms	NM	Ndlovu	Accountant	eThekwini Municipality
KZN	Mr	SH	Mbatha	Finance Officer	uMhlosiinga Development Agency
KZN	Ms	NSS	Xaba	Revenue Officer	eDumbe Municipality
LP	Mrs	MM	Mogasho	Accountant Expenditure	Makhuduthamaga Municipality

ASSOCIATE MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
KZN	Mrs	TSP	Khuzwayo	Senior Manager	Ethekwini Municipality
KZN	Mrs	SP	Mhlongo	Risk Officer	Ethekwini Municipality
GP	Mrs	MD	Moloto	Internal Auditor	Emfuleni Municipality

SENIOR ASSOCIATE MEMBERS					
Province	Title	Initials	Surname	Designation	Employer
KZN	Ms	MM	Mashiteng	Deputy Municipal Manager	Uthungulu Municipality

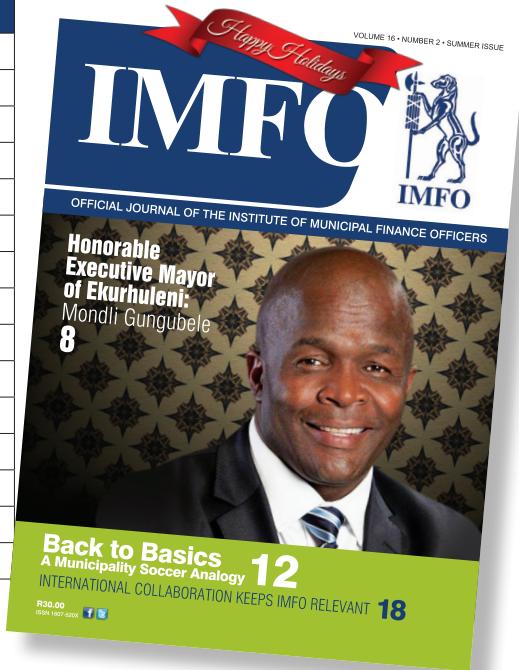
Membership Details Update



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

POSTAL ADDRESS:
PO Box 4003, Kempton Park, 1620

PHYSICAL ADDRESS:
22 Thistle Road, Kempton Park, Johannesburg, 1620, Tel: +27-11-394-0879, Fax: +27-11-394-0886/+27-11-975-8487
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MFMA Reporting Requirements

Reporting Requirements

Reporting Requirements (Local Government Finance)

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

JUNE (4TH QUARTER OF FINANCIAL YEAR)

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

MFMA Reporting Requirements

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