

CIGFARO *m*SCOA WORKSHOP

ITEM 10.2

Population of Cashflow Tables

PRESENTED BY:

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA




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NATIONAL TREASURY
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Cash Flow Tables

Problem Statement

Municipalities are failing to populate the cash flow schedules from the data strings.

- Municipalities are not utilising the *m*SCOA Item and Fund segments correctly, to populate their cash flow information
- Municipalities are not mapping from the data strings to the cash flow schedules correctly
- Municipalities are not practising Balance Sheet budgeting resulting in no movement accounting, thus incorrect figures reported in the cash flow schedules e.g., Budgeting Assets and Liabilities
- Municipalities are not budgeting, transacting and reporting directly in or from their core financial systems
- Balance sheet budgeting and Movement Accounting are not utilised in compiling the budget data strings
- Transacting and reporting must follow these data strings.

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NATIONAL TREASURY

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Data strings – Cash receipts

Cash receipts by Source – Item Bank Deposits and Fund

<div>Bank Account(IA-001-001-001-001)</div> <div>Specify (replace with account description)(IA-001-001-001-001-001)</div> <div>Opening Balance(IA-001-001-001-001-001)</div> <div>Deposits(IA-001-001-001-001-002)</div> <div>Withdrawals(IA-001-001-001-001-003)</div> <div>Interest Earned(IA-001-001-001-001-004)</div> <div>Charges(IA-001-001-001-001-005)</div>	<div>Service Charges(FD-001-001-001-008)</div> <div>Electricity(FD-001-001-001-008-001)</div> <div>Unspecified(FD-001-001-001-008-002)</div> <div>Waste(FD-001-001-001-008-003)</div> <div>Waste Water(FD-001-001-001-008-004)</div> <div>Water(FD-001-001-001-008-005)</div>
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3

NATIONAL TREASURY

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Data strings – Cash receipts

Cash payments by Type – Item Liabilities linked to Fund

<div>Trade and Other Payable Exchange Transactions(IL-001-006-001)</div> <div> <div>+</div> <div>Affiliates, Related Parties and Associated Companies(IL-001-006-002)</div> </div> <div> <div>+</div> <div>Accrued Interest(IL-001-006-002)</div> </div> <div> <div>+</div> <div>Advance Payments(IL-001-006-003)</div> </div> <div> <div>+</div> <div>Control, Clearing and Interface Accounts(IL-001-006-004)</div> </div> <div> <div>+</div> <div>Leave Accrual(IL-001-006-005)</div> </div> <div> <div>+</div> <div>Retentions(IL-001-006-006)</div> </div> <div> <div>+</div> <div>Dividends Declared not Paid(IL-001-006-007)</div> </div> <div> <div>+</div> <div>Electricity Bulk Purchase(IL-001-006-008)</div> </div> <div> <div>+</div> <div>Long Service Award(IL-001-006-009)</div> </div> <div> <div>+</div> <div>Auditor-General of South Africa(IL-001-006-010)</div> </div> <div> <div>+</div> <div>Payables and Accruals(IL-001-006-011)</div> </div> <div> <div>+</div> <div>Pension and Retirement Contributions(IL-001-006-012)</div> </div> <div> <div>+</div> <div>PAYE Deductions(IL-001-006-013)</div> </div>	<div>Payables and Accruals(IL-001-006-011)</div> <div>Opening Balance(IL-001-006-011-001)</div> <div>Deposits(IL-001-006-011-002)</div> <div>Withdrawals(IL-001-006-011-003)</div> <div> <div>Fund(FD)</div> <div> <div>+</div> <div>Operational(FD-001)</div> </div> </div>
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NATIONAL TREASURY		5
<h2>Data strings – Capital Assets</h2>		
Other Cash Flows		
Capital Assets – PC + IA +FD002		
<div> <div> <div>– Capital(PC)</div> <div> <div>– Infrastructure(PC-001)</div> <div> <div>+ Existing(PC-001-001)</div> <div>– New(PC-001-002)</div> <div>+ Electrical Infrastructure(PC-001-002-001)</div> </div> </div> <div>– Bank Account(IA-001-001-001-001)</div> <div> <div>– Specify (replace with account description)(IA-001-001-001-001-001)</div> <div>Opening Balance(IA-001-001-001-001-001-001)</div> <div>Deposits(IA-001-001-001-001-001-002)</div> <div>Withdrawals(IA-001-001-001-001-001-003)</div> </div> </div> </div> <div> <div>– Fund(FD)</div> <div> <div>+ Operational(FD-001)</div> <div>+ Capital(FD-002)</div> </div> </div>		

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NATIONAL TREASURY		6
<h2>Data strings – Repayment of borrowings</h2>		
Repayment of borrowing - IL001003003, 4 and 5 Withdrawals and Fund		
<div> <div> <div>– Borrowings(IL-002-003-005)</div> <div> <div>– Annuity and Bullet Loans(IL-002-003-005-001)</div> <div> <div>+ General Public(IL-002-003-005-001-001)</div> <div>+ Banks(IL-002-003-005-001-002)</div> <div>– Development Bank of South Africa(IL-002-003-005-001-003)</div> <div>– Specify(IL-002-003-005-001-003-001)</div> <div>Opening Balance(IL-002-003-005-001-003-001-001)</div> <div>Advances(IL-002-003-005-001-003-001-002)</div> <div>Repayments(IL-002-003-005-001-003-001-003)</div> <div>Interest(IL-002-003-005-001-003-001-004)</div> <div>Other Changes(IL-002-003-005-001-003-001-005)</div> <div>Transferred to Current Liabilities(IL-002-003-005-001-003-001-006)</div> </div> </div> </div> <div> <div> <div>+ Short-term Borrowings(IL-001-003-003)</div> <div>– Current portion of Non-current Borrowings(IL-001-003-004)</div> <div>– Annuity and Bullet Loans(IL-001-003-004-001)</div> <div> <div>+ General Public(IL-001-003-004-001-001)</div> <div>+ Banks(IL-001-003-004-001-002)</div> <div>– Development Bank of South Africa(IL-001-003-004-001-003)</div> <div>– Specify (Financial Institution and Account Number)(IL-001-003-004-001-003-001)</div> <div>Opening Balance(IL-001-003-004-001-003-001-001)</div> <div>Deposits(IL-001-003-004-001-003-001-002)</div> <div>Withdrawals(IL-001-003-004-001-003-001-003)</div> </div> </div> <div> <div>– Fund(FD)</div> <div> <div>+ Operational(FD-001)</div> <div>+ Capital(FD-002)</div> </div> </div> </div> </div>		

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Investigations revealed...

- Some challenges on the linking was identified by various sources and items were outstanding.
- Guidance on Fund segment was investigated and clarity was provided in Circular 11
- ✓ Main rule – If data string contains Non-Funding in the fund segment the **Cash flow will not populate**



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Unresolved issues with solution (1)

Clarification of unresolved Cash Flow issues:

- Unallocated Deposits

Receipts of unidentified monies that was deposited in the bank will be picked from (IA001)

Credit side must be:

Item: Liability: Current liabilities: Unallocated deposits: Deposits

Fund: Operational: Revenue: General Revenue: Service Charges: Unspecified

This linkage will populate the cashflow

- VAT should be setup to pay the full amount
- When the receipt is identified the VAT must be corrected in the Billing sub-system.
- Capital Assets payment will populate the Cash flow
 - Linking : Project: Project Capital
 - Item: Bank Withdrawals and Fund: FD002 only

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Unresolved issues with solution (2)

- Construction work in Progress
 - Linking :
 - The use of project segment and Fund Capital will pick up the CWIP
- Advance payments and Retention
 - Cash flow effect only when payment becomes due.
 - Accrual no cash flow >> Cash flow only when payment is made
- Additions to the Trade and other payables (Chart version 6.5)
 - Inventory and Contracted Services was created as new posting levels to populate the SA30
- Income Tax and VAT
 - These items are now linked to the Cash flow.

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Movement Accounting and Fund

- Introduction of movement accounting in *m*SCOA chart version 6.2 created additional capability to the design principles of the Fund segment
- Cash flow is derived from **Item Segment in combination with the Fund segment.**
- Movement accounting and balance sheet budgeting requires that all transactions start with budgeting on the *m*SCOA segments at the lowest levels.
- Fund segment **must be** populated with an **operational fund** or **capital fund** to ensure the cash flow is populated on all transactions > **FD001 & FD002.**
- The intent of the Funding segment is to assist municipalities in the management of available funds to be used in running of the municipalities (working capital), capital expansion, maintenance programmes and operational projects intended for the benefit of the community

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Cash flow linkages – Circular No. 11 (1)

Budgeted Monthly Cash Flow: Table SA30

Cash Receipts By Source

Property rates	FD0010010010090010000000000000000000	AND	IA001001 - "DEPOSITS"	
Service charges - electricity revenue	FD0010010010080010000000000000000000	AND	IA001001 - "DEPOSITS"	
Service charges - water revenue	FD0010010010080050000000000000000000	AND	IA001001 - "DEPOSITS"	
Service charges - sanitation revenue	FD0010010010080040000000000000000000	AND	IA001001 - "DEPOSITS"	
Service charges - refuse revenue	FD0010010010080030000000000000000000	AND	IA001001 - "DEPOSITS"	
Rental of facilities and equipment	FD0010010010060000000000000000000000	AND	IA001001 - "DEPOSITS"	Rental from fixed assets
	FD0010010010040030000000000000000000	AND	IA001001 - "DEPOSITS"	Rent on land
Interest earned - external investments	FD0010010010040010020000000000000000	AND	IA001001 - "INTEREST EARNED"	Bank and other financial assets
Interest earned - outstanding debtors	Non-Cash Flow			
Dividends received	FD0010010010040020000000000000000000	AND	IA001001 - "DEPOSITS"	
Fines, penalties and forfeits	FD0010010010030000000000000000000000	AND	IA001001 - "DEPOSITS"	
Licences and permits	FD0010010010050000000000000000000000	AND	IA001001 - "DEPOSITS"	
Agency services	FD0010010010070000000000000000000000	AND	IA001001 - "DEPOSITS"	
Transfer receipts - operational	FD0010010010020000000000000000000000	AND	IA001001 - "DEPOSITS"	Equitable share
	FD0010020020000000000000000000000000	AND	IA001001 - "DEPOSITS"	Grants and subsidies
Other revenue	FD0010010010090020000000000000000000	AND	IA001001 - "DEPOSITS"	Taxes and surcharges
	FD0010010010010000000000000000000000	AND	IA001001 - "DEPOSITS"	Operational Revenue
	FD0010010010011000000000000000000000	AND	IA001001 - "DEPOSITS"	Sales of goods and rendering of services
	FD0010010010012000000000000000000000	AND	IA001001 - "DEPOSITS"	Fuel Levy
	FD0010010010013000000000000000000000	AND	IA001001 - "DEPOSITS"	Transfers as subsidies
	FD0010010020000000000000000000000000	AND	IA001001 - "DEPOSITS"	Commercial Services
	FD0010010010080020000000000000000000	AND	IA001001 - "DEPOSITS"	Service charges - unspecified

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Cash flow linkages (2)

Budgeted Monthly Cash Flow: Table SA30

Cash Receipts by Source

Other Cash Flows by Source

Transfer receipts - capital	FD002002 (National Government, Provincial Government and District Municipalities)	AND	IA001001 - "DEPOSITS"	Monitory allocations
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	FD002002002	AND	IA001001 - "DEPOSITS"	
Proceeds on disposal of PPE	FD0010010010010000000000000000000000	AND	IA001001 - "DEPOSITS"	
Short term loans	FD0010030000000000000000000000000000	AND	IA001001 - "DEPOSITS"	
Borrowing long term refinancing	FD0020030000000000000000000000000000	AND	IA001001 - "DEPOSITS"	
Increase (decrease) in consumer deposits	IL001002		Take tbal and compare with previous period	
Decrease (Increase) in non-current debtors (not used)				
Decrease (increase) in non-current receivables	IA002011, IA002012		Take tbal and compare with previous period	
Decrease (increase) in non-current investments	IA002010		Take tbal and compare with previous period	
Total Cash Receipts by Source				

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Cash flow linkages (3)

Budgeted Monthly Cash Flow: Table SA30

Cash Payments by Type

Employee related costs

FD001	AND	IL001006004001 withdrawals	
		IL001006004001001003	Salary Control - withdrawals
		IL001006004001002003	Travel Control - withdrawals
		IL001006004001003003	Leave Control - withdrawals
		IL001006004001004003	Tax Control - withdrawals
		IL001006004001005003	UIF Control - withdrawals
		IL001006004001006003	Skills Control - withdrawals
		IL001006004001007003	Pension Control - withdrawals
		IL001006004001008003	Medical Aid Control - withdrawals
		IL001006004001009003	Group life Control - withdrawals
		IL001006004001001003	Unions Control - withdrawals
		IL001006004001011003	Employee deductions FICS - withdrawals
		IL001006004001011003	Employee net Pay and Bond Payments - withdrawals
		IL001006004001013003	Garnishee Payment - withdrawals
		IL001006005003	Leave accrual - withdrawals

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Cash flow linkages (4)

Budgeted Monthly Cash Flow: Table SA30

Cash Payments by Type

Employee related costs

FD001	AND	IL001006004001 withdrawals	
		IL001006003003	Long service awards - withdrawals
		IL001006012003	Pension and retirement contributions - withdrawals
		IL001006013003	PAYE deductions - withdrawals
		IL001006017003	Bonus - withdrawals
		IL001006021003	Overtime - withdrawals
		IL001006022003	Standby - withdrawals
		IL001013001004	Current Defined benefit obligations - medical - actual employer benefit payment
		IL001013002004	Current Defined benefit obligations - pension - actual employer benefit payment
		IL002002001004	Non -Current Defined benefit obligations - medical - actual employer benefit payment
Remuneration of councillors		IL002002002004	Non-Current Defined benefit obligations - pension - actual employer benefit payment

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Cash flow linkages (5)

Budgeted Monthly Cash Flow: Table SA30

Finance charges	FD001	AND	IL001006002003	
Bulk purchases - Electricity	FD001	AND	IL001006008003 Withdrawals	
Acquisitions - water and other inventory	FD001	AND	IL001006023003	Payables and accruals Inventory - withdrawals
Contracted services	FD001	AND	IL001006024003	Payables and accruals Contracted Services - withdrawals
Transfers and grants - other municipalities	FD001, FD002	AND	IL001007001001002 and IL001007001002002	
Transfers and grants - other	FD001, FD002	AND	IL001007001001002 and IL001007001002002 with Transferred to Revenue/Capital Expenditure	
Other expenditure	FD001	AND	IL001006011003 IL001006010003, IL001006019003 IL001007002001002 IL001007002002002 IA001001001 IA001001002	Payables and Accruals General - withdrawals Auditor-General - withdrawals Compensation Commissioner - withdrawals Transfer and subsidies unspent - operational Transfer and subsidies unspent - capital Cash Equivalents: Cash at Bank: Bank Account Specify (replace with account description):Charges) Charges (Assets: Current Assets: Cash and Cash Equivalents: Call Deposits and Investments: Special Deposit for the Payment of Interest: Specify (replace with account

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Cash flow linkages (6)

Budgeted Monthly Cash Flow: Table SA30

Cash Payments by Type				
Other Cash Flows/Payments by Type				
Capital assets	FD002			
	PC00000000000000000000	AND	IA001001 - "WITHDRAWALS"	
	IL001003003, IL001003004,			
Repayment of borrowing	IL001003005		"WITHDRAWALS"	Short term Borrowings etc.
Other Cash Inflows/Payments	FD001		IL001006001 IL001006006003 IL001004003 IA001008003 IL001006007003 IL001008003 IA001011004004 IL001006016003	Affiliates, Related Parties and Associate Companies Retentions - withdrawals Income tax payable Income tax receivable - refunds Dividends declared - withdrawals Vat Control (payments) Vat Control (receipts) Intercompany Parent/subsidiary transactions
Total Cash Payments by Type				
NET INCREASE/(DECREASE) IN CASH				
Cash/cash equivalents at the month/year beg: IA001001, IL001001 - "OPENING BALANCE"				
Cash/cash equivalents at the month/year end:				

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Cash Flow – Way Forward

Municipalities must:

- Ensure that the data strings are correctly mapped to the A,B and C schedules.
- Correct funding sources to be allocated (FD003 Non-Funding Transactions would not populate the receipts and payments of the cash flow schedules
- Ensure Cash flow closing balances MUST agree to the cash and cash equivalents in the statement of financial position.
- Scrutinize the section 71 schedules prior to uploading into the GoMuni Portal.

PT's must:

- Scrutinise the funding source allocation in the data strings in the Fund segment
- Inspect the SC30 and C7 schedules to ensure that they are correctly populated from the data strings
- Ensure that the closing balances in the SC30 and C7 agree to the cash and cash equivalents in the statement of financial position.

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THANK YOU



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www.municipalmoney.gov.za

open local government budget data portal

Explore easy-to-understand, verified financial information for every single municipality in South Africa in one place.

For information on local government finances, please visit: <https://municipalmoney.gov.za>



national treasury

Department:
National Treasury

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