

CIGFARO / MSCOA WORKSHOP -

ROLE OF MSCOA STEERING COMMITTEE

AND OTHER GOVERNANCE STRUCTURES

IN mSCOA

Topic 4

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Date 17 Nov 2021





national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



NDP
2030



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NATIONAL TREASURY **2**

mSCOA implementation oversight Contents

- Background
- The Project Steering Committee
- Audit value chain
- Municipal councillors
- National and Provincial Treasuries
- Municipal Money Website

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mSCOA implementation oversight

Background

- The effective implementation of *mSCOA* at a municipal level depends largely on the efficiency of the oversight structures in place to oversee and report on the implementation.
- In a *mSCOA* environment, these governance structures include:
 - The Project Steering Committee
 - Audit value chain
 - Municipal councillors
 - National and Provincial Treasuries
- Governance in a *mSCOA* environment involves the oversight and alignment of



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mSCOA implementation oversight *mSCOA Project Steering Committee*

- Each municipality should establish a *mSCOA* Project Steering Committee (PSC) that considers the progress and challenges with *mSCOA* implementation at the municipality. This oversight committee must:
 - Meet at least quarterly, unless the municipality is experiencing implementation challenges in which case they should meet more often;
 - Must be chaired by the Accounting Officer or his/her delegated representative; and
 - Must consist of representatives from all business units as *mSCOA* is organisation and not financial reform.
- Feedback on *mSCOA* implementation and issues raised at the PSC meeting should be reported on at regular Executive Committee (EXCO) meetings and *mSCOA* should be a standing item on the agenda of the EXCO and Council.

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ROLE OF THE AUDIT VALUE CHAIN IN *m*SCOA

*m*SCOA implementation oversight *Legislative requirement*

- Section 62(1)(c) of the MFMA requires that the accounting officer of a municipality must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent systems of internal audit.
- MFMA Section 165(1) further provides that each municipality and each municipal entity must have an internal audit unit.
- The internal audit unit of a municipality or municipal entity must:
 - a) Prepare a risk-based plan and internal audit program for each year; and
 - b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit; internal controls; accounting procedures and practices; risk and risk management; performance management; loss control; and compliance with any applicable legislation.
- A municipality must address any issues raised by the Auditor-General in an audit report.

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*m*SCOA implementation oversight *Role of the Audit Value Chain in mSCOA*

- The Audit Value Chain consist of:
 - The internal audit function;
 - The risk management function;
 - An audit committee that serves as an independent advisory body to the council on financial accountability and oversight; and
 - External audit process by the Auditor-General of South Africa (AGSA).
- The two questions most commonly asked of the Audit Value Chain by senior management, Council and other stakeholders are:
 - Are we doing the right things?
 - Are we doing them in the right way?

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mSCOA implementation oversight Role of the Audit Value Chain in mSCOA

Internal Audit

- Review policies, procedures and controls to ensure it is aligned to *mSCOA*;
- Ensure that due diligence and project management were followed when financial system was changed;
- Ensure that the ICT environment is maintained to ensure continued *mSCOA* compliance;
- Ensure that proper contract management between vendors and municipalities was maintained and that corrective action have been taken if milestones have not been met;
- Review if planning, budgeting, transacting and reporting is being done directly in and from the financial system;
- Provide assurance on the credibility of the data on the financial system that are submitted to management, council and the National Treasury Upload portal; and
- Evaluate and report on the adequacy and effectiveness of *mSCOA* project risk process.

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mSCOA implementation oversight Role of the Audit Value Chain in mSCOA

Risk Management

- Manage *mSCOA* project risk as part of the normal risk management process.

Audit Committee

- Oversee and provide advise on risk management matters;
- Ensure that a comprehensive risk management framework is in place; and
- Ensure that a sound and effective approach has been followed in developing a strategic risk management plan for the implementation of *mSCOA*.

External Audit

- Data conversion will be a risk during system conversion;
- *mSCOA* does not impact on GRAP reporting requirements – it enables it; and
- *mSCOA* will not have an impact on audit opinion unless the data on the financial system is not credible and the audit trail is eliminated during the system conversion or system re-implementation.

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mSCOA implementation oversight

What is pro-active auditing?

- Pro-active auditing is a technique to identify and manage risks and challenging processes in a timely manner.
- A municipality does not have to wait for new systems to be implemented before Internal Audit provides insight on whether the resulting controls will be adequate.
- The types of pro-active audits are:
 - Continuous audit - ongoing risk and control assessments, enabled by technology. This type of audit significantly increases efficiency and must be coordinated with continuous monitoring programs in the organization and management's oversight functions.
 - Probity audits - an independent scrutiny of a procurement process to determine if the prescribed probity requirements have been adhered to. This type of audit encourages better accountability, integrity and compliance with processes.
 - Spot audits - an examination of an activity or process to make sure that rules are being adhered to, without warning the people involved that this is going to happen. Spot check reviews give assurance to management on the adherence to policies.
- The use of these pro-active audits will depend on the risks and the maturity of the organization.

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mSCOA implementation oversight

Oversight of Council

- **The Executive Mayor must:**
 - Provide political guidance and leadership over the fiscal and financial affairs, budget process and priorities of the municipality (including the implementation of *mSCOA*); and
 - Monitor and oversee the Municipal Manager and Chief Financial Officer in exercising their responsibilities in terms of the MFMA (MFMA legislation directs the *mSCOA* Regulations).

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mSCOA implementation oversight Oversight of Council

- **Council must** oversee the implementation of all MFMA reforms, including *mSCOA*, for their respective municipality and its entities by ensuring that :
 - A *mSCOA* Steering Committee is in place and functional;
 - The *mSCOA* steering committee is reporting all pertinent issues to Council;
 - A *mSCOA* Road Map is implemented effectively and milestones are reached within the set time frames;
 - Resources are availed to ensure that the municipality has acquired, upgraded and maintain the hardware, software and licenses required to be and remain *mSCOA* compliant;
 - The correct procedures were followed to change the financial system where applicable;
 - Contractual obligations of service providers are managed properly; and
 - Budgets, monthly reporting and the AFS are prepared in terms of *mSCOA* and directly from the financial system.

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mSCOA implementation oversight Oversight role of National and Provincial Treasuries

As part of their Constitutional oversight role and as the custodian of the MFMA, the National and Provincial Treasuries must oversee the implementation of *mSCOA* by all municipalities.

Towards this end, National and Provincial Treasuries must:

- Follow-up on the submission of *mSCOA* data strings within the legislated timeframes;
- Analysed the credibility of the data strings submitted and inform municipalities of errors in the recording of *mSCOA* data strings as required in terms of the *mSCOA* chart and seven *mSCOA* segments;
- Provide guidance, training and support to municipalities to correct their *mSCOA* data;

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mSCOA implementation oversight

Oversight role of National and Provincial Treasuries

- Take action against non-complying municipalities (including issuing of non-compliance letters, meeting with municipalities to discuss non-compliance, withholding conditional grants and equitable share until compliance has been reached);
- Verify system functionality in terms of the minimum business processes and system specifications;
- Verify if municipalities are budgeting, transacting and reporting directly in and from the financial system;
- Verified that municipalities are using the modules available on the financial system and that 3rd party sub-systems are integrating to the core financial system; and
- Consider and issue annual chart changes.

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Municipal Money

- Municipal Money is a website that was developed by the National Treasury to share extensive municipal financial data over several years with the public
- It was developed to inform citizens how their respective municipality spend their money to deliver services.
- The information is updated quarterly and the mSCOA data strings are used for this purpose
- The website can be accessed at <https://municipalmoney.gov.za/>
- All information relevant to the municipality can be accessed in the site:
 - Audit outcomes
 - Cash balance
 - Cash coverage
 - Spending of the: (operational and capital budget, repairs and maintenance)
 - Fruitless and wasteful expenditure
 - Income of the municipality
 - Ratios (Current ratio, liquidity ratio, debtors' collection ratio)
 - Household bills
 - Resources

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THANK YOU



vulekamali
SA Online Budget Data

For additional information on national and provincial budgets, please visit our new budget data portal: <https://vulekamali.gov.za>

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.




national treasury
Department:
National Treasury

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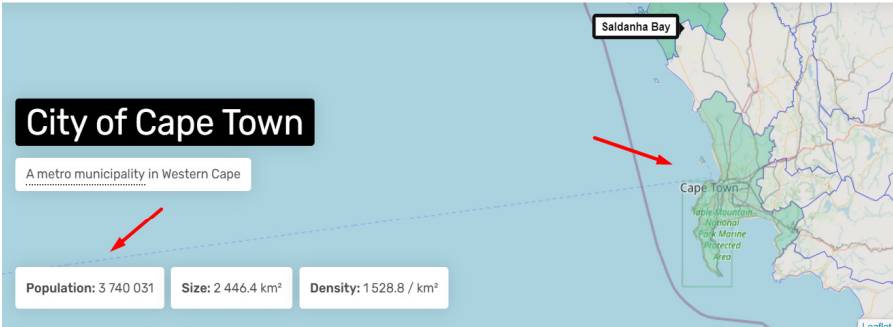
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Municipal Money – Navigation screen



Municipal Money

[Home](#)
[Help centre](#)



City of Cape Town

A metro municipality in Western Cape

Population: 3 740 031

Size: 2 446.4 km²

Density: 1528.8 / km²


Financial Performance

Income

Spending

Household Bills

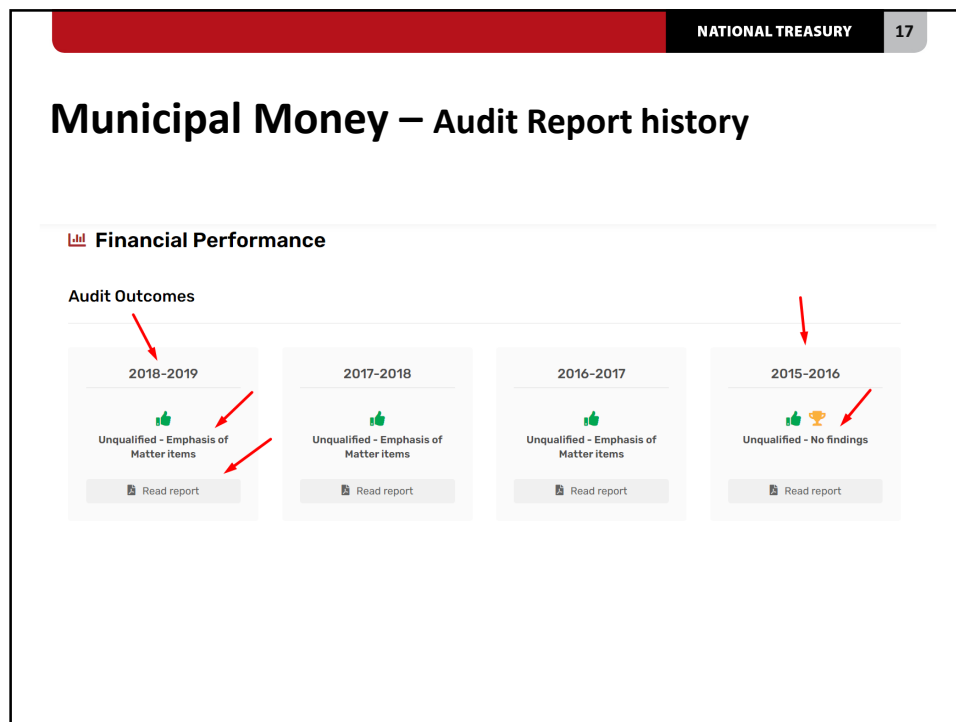
Resources



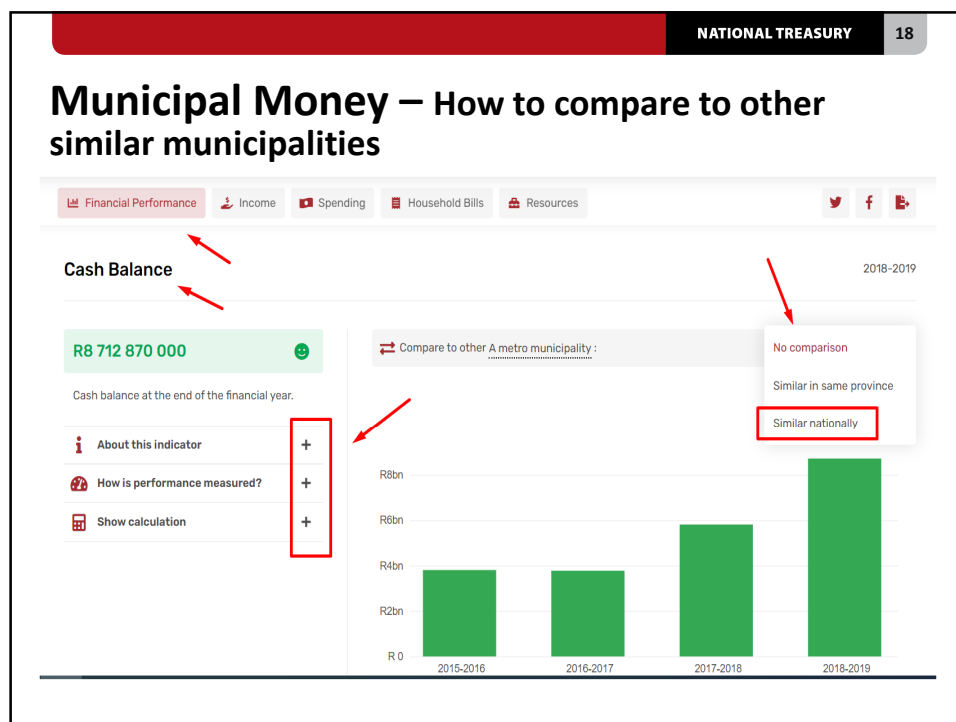
Contacts

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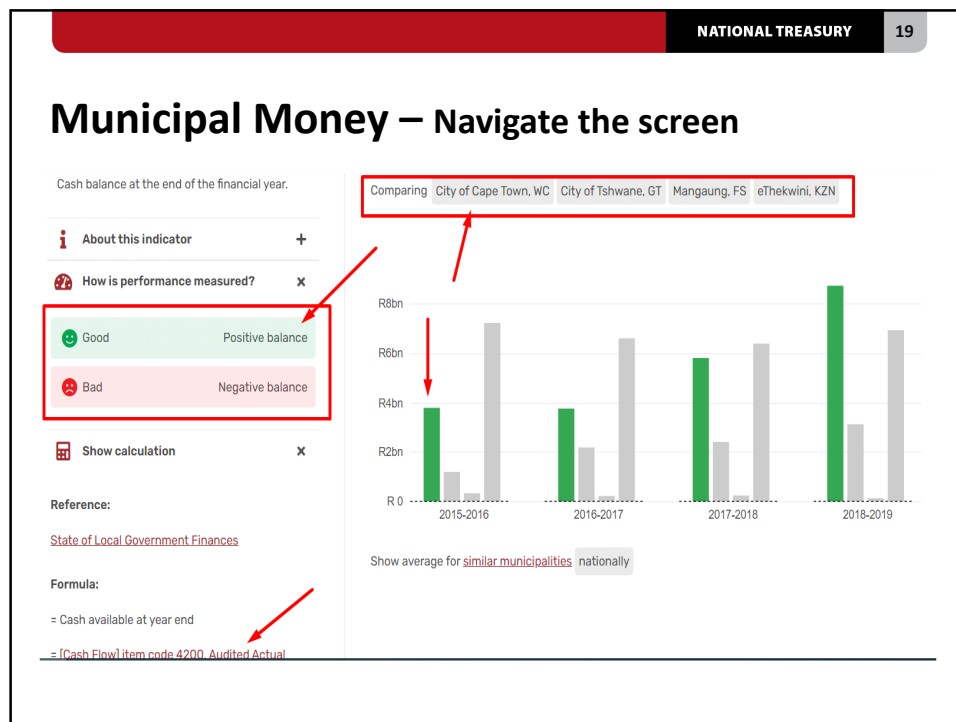
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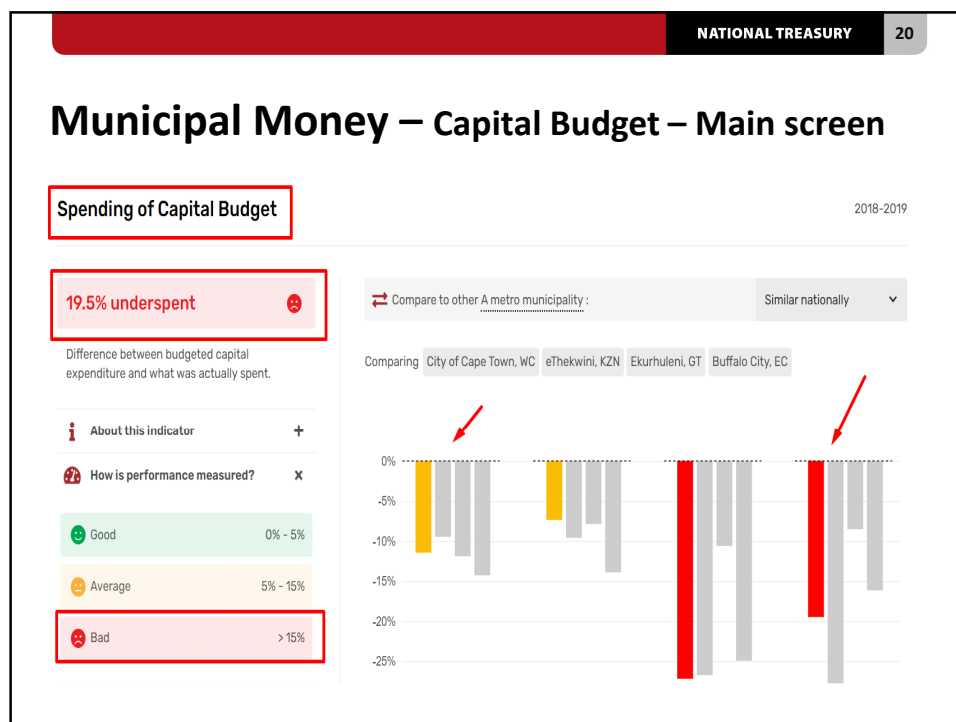
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Municipal Money – Capital Budget: Projects

Spending on Capital Projects 2019-2020

i About this indicator +

Project description	Budget
Zandvliet WWTW: Prim Treatment & Sludge	R283 598 269 →
Meter Replacement Programme FY20	R270 000 000 →
Cape Flats Aquifer	R250 000 000 →
Table Mountain Group Aquifer	R250 000 000 →
Fire Vehicles: Replacement FY20	R209 000 000 →

Showing 5 of 1435

[See more for this municipality](#)

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Municipal Money – Capital Budget: Specific Project

Municipal Infrastructure Projects

SEARCH FOR A SPECIFIC PROJECT:

FILTER BY PROVINCE:

All Provinces

FILTER BY MUNICIPALITY:

City of Cape Town

FILTER BY PROJECT TYPE:

All Project Types

FILTER BY PROJECT FUNCTION:

All Functions

🔍 Search

Clear all filters

FILTERED PROJECTS:

1,435

TOTAL FULL YEAR FORECAST:

R8.4

BILLION

PROJECT TYPE SUMMARY:

PROJECT FUNCTION SUMMARY:

MAP OF FILTERED PROJECTS:

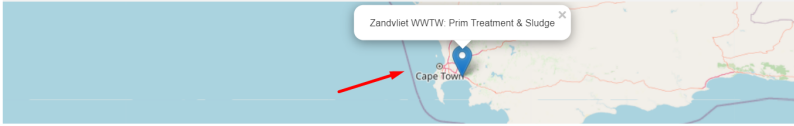
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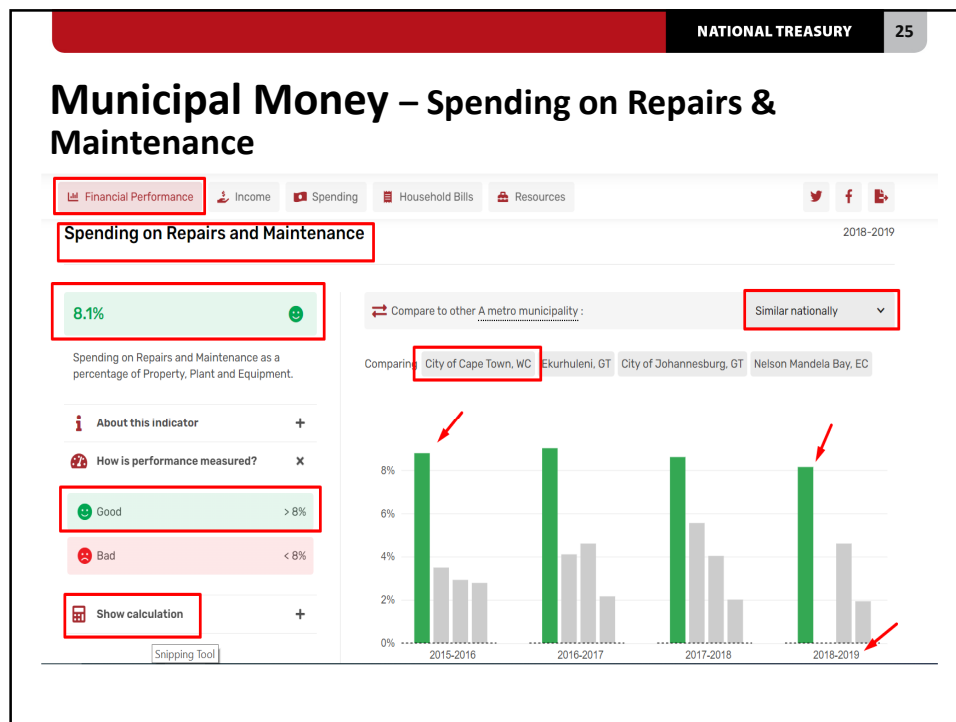
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Municipal Money – Capital Budget: Project List				
Project list		Sorting by: Value (Descending)	Download Projects	
PROJECT NAME	FUNCTION	PROJECT TYPE	BUDGET TOTAL	
Zandvliet WWTW: Prim Treatment & Sludge	WASTE WATER TREATMENT	UPGRADING	R283.60 Million	
Meter Replacement Programme FY20	WATER DISTRIBUTION	NEW	R270.00 Million	
Table Mountain Group Aquifer	WATER DISTRIBUTION	NEW	R250.00 Million	
Cape Flats Aquifer	WATER DISTRIBUTION	NEW	R250.00 Million	
Fire Vehicles: Replacement FY20	FIRE FIGHTING AND PROTECTION	NEW	R209.00 Million	
IRT Phase 2A	ROADS	NEW	R191.67 Million	
Atlantis Aquifer	WATER DISTRIBUTION	NEW	R160.00 Million	
Zandvliet WWTW: Prim Treatment & Sludge	WASTE WATER TREATMENT	UPGRADING	R141.90 Million	
FS Fleet Replacement FY20	FLEET MANAGEMENT	NEW	R122.94 Million	
Cape Flats WWTW-Refurbish various struct	WASTE WATER TREATMENT	RENEWAL	R115.00 Million	
Wesfleur WWTW-Capacity Extension	WASTE WATER TREATMENT	UPGRADING	R90.00 Million	
IRT - Jan Smuts	ROADS	NEW	R80.00 Million	

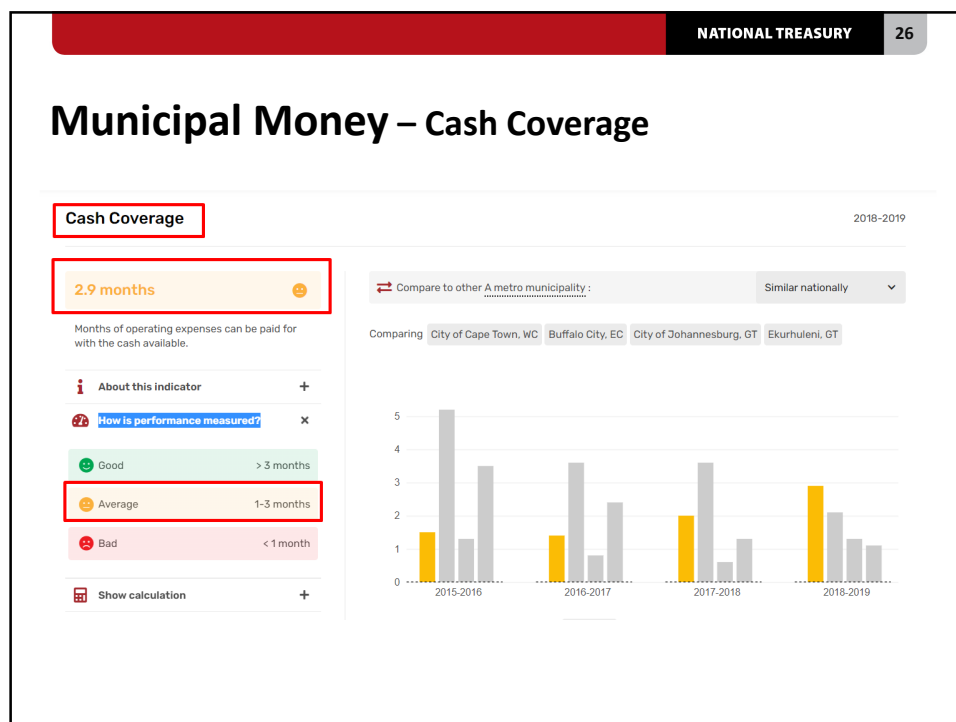
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Municipal Money – Capital Budget: Specific Project				
Municipal Infrastructure Western Cape City of Cape Town				
Zandvliet WWTW: Prim Treatment & Sludge				
PROJECT NUMBER: PC001001002005003_06561				
				
Project Details				
<div> <div></div> <div>Hover or tap on a value to learn more</div> </div>				
CLASSIFICATION	LOCATION	BUDGET & EXPENDITURE		
ASSET CLASS / SUB-CLASS	PROVINCE	FULL YEAR FORECAST 2018/2019		
Sanitation Infrastructure (Waste Water Treatment Works)	Western Cape	Not available		
FUNCTION	MUNICIPALITY	BUDGET YEAR 2019/2020		
Waste Water Treatment	City of Cape Town	R283.60 Million		
MTSF SERVICE OUTCOME	WARD LOCATION	BUDGET YEAR 2020/2021		
An efficient, competitive and responsive economic	Multi-ward projects within Solomon Mahlangu	R283.60 Million		

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