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4 KRISH KUMAR
VALUE FOR MONEY

Happy Holidays!

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Chartered Institute of
Government Finance, Audit & Risk Officers
IMFO

At this time of the year, many of you are exhausted and are surely looking forward to the festive season. This will be a time when families get together and enjoy the beautiful summer season which in different provinces brings rain and sunshine. It is therefore important to take a moment in our busy schedule to reflect on the year 2016 and to count our blessings one by one.

The annual conference which recently took place at the Durban ICC, hosted by the City of eThekwini and proudly sponsored by CCG Systems was enjoyed by all who attended and 88.9% of our delegates promised to attend the next conference in Cape Town in 2017! Hosting such a conference is not an easy task but the newly appointed CEO mentioned in his closing speech "CIGFARO staff! The Deputy Minister said ***"get a lot from the little you have"***. The exact situation is that, you are very few but your output is tantamount to that of a fully staffed Government Department." Therefore the lesson here is to do more with less and if you really want to learn more on this I urge you to read the foreword of the President Mr Krish Kumar, who writes about Value for Money!(read on page 4) The Institute's president further reassures members that CIGFARO is committed to helping you achieve value for money.

This issue highlights the objectives of the Institute and continues to ensure that our members are at the heart of this organisation. This is evident through the CIGFARO and CIPFA collaboration where a Memorandum of Understanding (MoU) was signed to help deliver strong Public Financial Management in South Africa. (Read more on page 8). This indeed calls for an exciting time for our Institute and I hope that our members will continue to help the Institute grow from strength to strength.

Do not forget to visit our social media pages:

- Twitter: @CIGFARO_editor
- Facebook: Chartered Institute of Government Finance, Audit & Risk Officers - Cigfaro
- www.cigfaro.co.za

Ciao! Happy Holidays to you all!

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FOREWORD FROM THE PRESIDENT

VALUE FOR MONEY

Every month consumers get a bill from their municipality. It tells consumers how much in service charges and property rates she is going to have to pay for the relevant month. The consumer can then go online if she wants more detail in terms of where the money goes to. So the consumer can see, for instance, that, at just over R12bn, electricity services are the biggest single budget item for her council this year. All very transparent. But what if she wants to know how well her council is using that money? If she wants to check whether her council is, let's say, spending twice as much on refuse collection as a similar-sized council somewhere else, there is no easy way to do it. In other words, she can see what her council spends, but it's difficult to assess whether those services are good value for money.

In the public sector we are a monopoly and regrettably taxpayers cannot go to an alternate service provider for their goods and services. Accordingly, if we want to be more accountable and ensure that we are providing value for money to our citizens we serve, we must ensure that we are providing them with best value. Our Minister of Finance also stated that government in general pays more than necessary for goods and services and that the 10% to 30% that municipalities pay to debt collectors to collect rates and taxes is too much. Why is this the case? The key issue is that there is a lack of benchmarking of the prices of goods and services at a national level that could help municipalities ensure that they are not paying too much for equivalent goods and services. A national set of standards would also help such benchmarking and like-for-like comparisons.

We also need to maximise the use of technology in ensuring the sharing of information, benchmarking and value for money. The internet was conceived as a knowledge-sharing platform which is today aided by tools such as Google and Wikipedia. However, local government has not fully benefitted from the rapid development of such tools for our industry, and most information sharing still occurs offline, over email, or at meetings and conferences. Tools designed specifically for local government data will allow municipalities to embrace the inherent knowledge-sharing infrastructure of the internet. When this happens, municipalities will not only be able to share information, but services as well. We can also have national transversal tenders where we can enjoy greater discounts. In the current system, suppliers and service providers benefit from an information asymmetry. Only they know how much they charge other municipalities for their goods and services. When we can see into other municipalities' and public entities' expenses, it will level the playing field. It will also ensure greater transparency and accountability to our ratepayers. Moreover, we will be able to negotiate for better prices on the goods and services we procure and ensure value for money through more effective spending.

In view of the aforegoing, benchmarking and ensuring value for money is going to be one the key focuses of my term as CIGFARO President. Whilst I appreciate that National Treasury is working on this, I believe that CIGFARO and CFO's have an important role to play in driving and implementing this.

The above relates to effectiveness. The next element of value for money is efficiency. The key focus for me with regard to efficiency is enhancing productivity. In the current economic climate it is key that we optimize the use of resources and sweat our assets. Filling of all vacancies must be fully motivated including the measurement of the productivity of existing staff. Productivity must be measured and interventions implemented to improve productivity. Sick leave is a key productivity issue and a programme must be in place to address this issue. You can also look at using ISO 9001 standards to improve your business process and ensure improved turnaround times and productivity.

The third element of value for money is economy. In this regard, cost saving and austerity measures are key. There are several initiatives that you can introduce, such as interrogating your Top 10 items of expenditure on a monthly basis as this makes up about 80% of your total expenditure; reviewing all existing outsourcing of services to see if it can't be done more economically in-house; closely monitoring overtime, security costs, replacement of printers and computer equipment, as well as stationery costs; standardizing vehicles to reduce maintenance costs in terms of less training required and volume discounts on parts; undertaking a fleet rationalization project by looking at the usage of each vehicle; employing professional and effective project management to avoid delays and achieving savings in time and money; looking at smart technologies, such lighting, metering, ticketing and energy savings; and, using digital technology, such as sending out bills via email and SMS. In the current economic climate we should also be strongly looking at budget cuts.

Cost-benefit and return on investment (ROI) are the two principles that underpin the concept of value for money. In everything that we do, we need to ensure that our decisions are supported by these principles. For example, we need to explore partnerships, such as PPP's, however, the cost-benefit must be clear; there must be a cost benefit analysis done when deciding to replace versus repair an asset; and, the return on investment or payback period of any project must be assessed upfront as part of a detailed business case.

Value for money is not an annual consideration - only when the budget is being done. It needs to become engrained in our culture and thinking. It needs to be part of our day-to day operations and influence everything that we do. It certainly helps make the cliché of "doing more with less" more tangible and practical. At the end of the day it is all about giving our consumers more bang for their buck. We need to make sure that the consumer I spoke about earlier is convinced that the municipality is operating efficiently, effectively and economically and that she is getting best value for money.

In conclusion, I would like to leave you with this quote from our Minister of Finance, "At the end of the day, we need to remember that we are public servants with a public administration; we are not here to serve ourselves but to serve South Africans from all sorts of backgrounds with all sorts of needs with a huge purse of a trillion rand. You are very important guardians of the future and the well-being of these South Africans. Each of us needs to apply our minds to how we spend the money, how we make decisions, and how we ensure that the values in our Constitution are promoted every single day."

CIGFARO is committed to helping you achieve value for money. We are a country in a developmental state with huge backlogs and in order to improve the quality of life of all our citizens, we need to maximise our spend by deriving value for money and best value.

My next foreword will be based on sustainability. C

KRISH KUMAR
CIGFARO PRESIDENT

SAVE THE DATE
FUTURE EVENTS

2017
WOMEN IN LEADERSHIP SEMINAR
9-11 MARCH - DURBAN

2017
AUDIT & RISK INDABA
3-5 APRIL - CAPE TOWN

2017
CIGFARO/IMFO ANNUAL CONFERENCE
9-11 OCTOBER - CAPE TOWN ICC

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MESSAGE FROM THE CEO

We are heading towards the dawn of 2016 calendar year. It is the time of the year when fatigue introduces itself to people who have exerted all their efforts and energy to their maximum limits.

Our extra ordinary efforts of expanding our area of focus from Local Government level to cover the rest of the Public Service inclusive of Public Entities has stretched our mental capacity. We have worked hard with extra hours of planning for this transition to reach greater heights.

The successful hosting of our popular Annual Conference in Durban from Monday 2nd October to Wednesday 5th October 2016, just a few months after the Local Government elections, was also a mammoth task.

We have emerged victoriously from all the pressures faced. It is a given that **"behind every successful organisation, there are supporting, reliable stakeholders."**

This is an opportune time to express our appreciation and thanks to all CIGFARO Members, Sponsors and Supporters for having being on our side when we most needed that support.

The CIGFARO Board members and Staff have excelled in ensuring that we attain all the positive results during this calendar year. It is now time for all of us to rest and give our families the full attention they dearly missed. It is time to detoxicate work pressures.

We wish all a Merry Xmas and a prosperous 2017!

Please drive safely, Speed Kills!!

ABBEY TLALETSI
CIGFARO CEO

Strengthening Public Financial Management in South Africa

by CIPFA and CIGFARO

ABOUT CIGFARO

CIGFARO is a professional body which promotes the professional status of municipal officials which include CFO'S as well finance officers, internal auditors, risk managers and performance mangers in the public sector currently mainly in the municipal environment. CIGFARO'S portfolio of qualifications is aligned to the National Treasury's Competency level requirements which are legislated. CIGFARO has been accredited by the Local Government Sector Education Authority. CIGFARO plays a leading role in the municipal environment to professionalise public finance management and good governance.

ABOUT CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the only professional body exclusively for people in public finance. CIPFA champions high performance in public services around the world. Our members lead the way in public financial management and work throughout a range of sectors and organisations where public money needs to be effectively managed. CIPFA's mission is firmly focused on the specialist and complex needs of finance professionals within public services industry, providing them with the expertise to excel in their roles. The CIPFA qualification's are internationally recognised by governments, donors and public finance professionals seeking to advance public financial management and deliver better outcomes for public services.

COLLABORATION

CIGFARO and CIPFA are delighted to have signed a Memorandum of Understanding (MoU) to help deliver strong public financial management in South Africa. The collaboration will ensure both institutes work together to advance high quality public financial management within South Africa, through capacity building and professional development opportunities for members. As leading professional accountancy bodies both CIGFARO and CIPFA are committed to building confidence, capacity and improving governance processes in public sector institutions, as well as share skills, expertise and experience to further the cause of good public financial management.

WHY PUBLIC FINANCIAL MANAGEMENT MATTERS

Effective Public Financial Management (PFM), service delivery and governance has the power to transform the lives of individuals and communities around the world. Public finance is more than accountancy, it is integral to the well-being, security and prosperity of society.

All public sector organisations face the constant challenge of adapting their PFM capacity to respond to changes in their environment. All public sector organisations must continually demonstrate a commitment to value for money, cost control and effective systems of internal control. Having staff who are trained as specialists in PFM is vital. CIPFA develops finance staff at the heart of the innovation required to maintain and improve public services seeking to deliver greater efficiency and effectiveness, a constant challenge for all organisations.

THE CIPFA DIFFERENCE

CIPFA is the global expert in public finance. We have a long and proven history of delivering real, measurable impact across public services through unrivalled specialist experience and knowledge.

CIPFA leads the way in setting financial reporting standards and influencing policy. Our specialised training and qualifications are highly respected globally. Our unique public service 'Whole System Approach' provides a model of PFM that defines the measures and controls to promote wise spending, tackle corruption and contribute to sustainable economic growth and long-term stability. Whatever the level of a country's development, its citizens will rightly keep raising their expectations of public service delivery. CIPFA provides the tools, skills and knowledge to help public finance professionals develop the necessary policies, training programmes and procedures to meet those expectations.

CIPFA GLOBAL PFM QUALIFICATIONS

The international landscape for public services is constantly evolving. The CIPFA suite of global professional qualifications reflects this by focusing on the wide range of commercial skills needed by public finance practitioners. Gaining a CIPFA qualification helps develop skills relevant to both public service and private sector roles.

CIPFA's professional qualifications provide the right skills to deliver high performance in public services, wherever you are in the world. The qualifications include:

CIPFA International Public Financial Management qualifications

The CIPFA International Public Financial Management (IPFM) suite consists of four qualifications. Each provides a specific range of knowledge, help develop the skills and competences relevant to the organisation and employee's learning objectives.

- **The Certificate in International Public Financial Management (Cert IPFM)** The Certificate provides an introduction to the fundamentals of PFM, Financial

Accounting and Management Accounting, skills to prepare accounting records according to international standards.

- **The Diploma in International Public Financial Management (Dip IPFM)** Learning is focused on Audit and Assurance, Public Sector Financial Reporting, Managing Finance and Managing Organisations in a public sector context and the skills acquired are of value in a variety of organisational settings.
- **The Advanced Diploma in International Public Financial Management (Adv Dip IPFM)** Students will explore what governance means for a public sector organisation, how it relates to public policy, and drives PFM, where government gets its money from, and ways in which strategy in the public sector differs from the private sector.
- **The Professional Qualification in International Public Financial Management (PQ IPFM)** Testing at this stage is based on knowledge and skills gained up to this point, focused on the application and understanding of knowledge gained.

CIPFA Certificate and Diploma in International Public Sector Accounting Standards

Across the world public sector organisations are recognising the benefits that International Public Sector Accounting Standards (IPSAS) bring and, are making preparations to adopt them. CIPFA is the leading global professional accountancy body in the implementation and training for IPSAS worldwide. To support organisations preparing for the adoption of IPSAS, CIPFA has developed the CIPFA Certificate in IPSAS and the CIPFA Diploma in IPSAS. The CIPFA IPSAS qualification covers the IPSAS standards in detail to help match the demands by acquiring a greater level of knowledge and skills than a short course could offer. Our IPSAS training is a flexible distance, learning qualification, and assessment is via an online examination.

CIPFA IPFM SYLLABUS

MEMBER OFFER AND BENEFITS

CIPFA members proudly carry the globally respected Chartered Public Finance Accountant (CPFA) designation, and throughout their career they have access to a wide range of practical resources and support to help them in their professional development and everyday challenges. CIPFA members excel within their field and promote excellence in public financial management.

CIPFA's Royal Charter enables us to offer dual membership to accountants qualified with other professional accounting bodies, in good standing, in the public sector. CIPFA and CIGFARO have developed a unique opportunity to enhance your career to become a member of CIPFA. CIPFA membership will complement your existing professionals status, by providing additional relevant services and support to help build upon existing knowledge and expertise, some of which include:

- **Public Finance International** – a bi-weekly email alert with news from across the public sector world, take a look at www.publicfinanceinternational.com
- **On-line library** of research reports, papers and journals on topical, international public finance issues.
- Access to **Management Direct** an online knowledge and resource support tool covering e-learning modules, checklists, e-journal articles and books on management.
- A robust **Continuing Professional Development** (CPD) programme that helps to develop and maintain public finance skills and knowledge, providing up-to-date practical skills
- **CIPFA Masterclasses** available soon introducing interactive sessions delivered online by experts, offering members the opportunity to share knowledge and gain valuable insight across a range of public financial management topics.

DIRECT ROUTE TO CIPFA MEMBERSHIP

CIPFA membership for the Institute of Municipal Finance Officers

Becoming a CIPFA member gives you global recognition as a leader in public financial management and offers a range of benefits to support your continuing professional development. Being a member of CIPFA will increase your professional status, respecting the relationship you have with CIGFARO and provide additional services and support specifically for your work in the public services.

Eligibility for CIPFA membership

As a member of CIGFARO you are eligible to apply for the direct route to CIPFA membership. In order to apply you must be a member of CIGFARO, in good standing and with relevant work experience in the public sector, as outlined below:

EXPERIENCE IN PUBLIC SECTOR	MEMBERSHIP LEVEL
Five or more years experience and hold a professional accountancy qualification	Chartered Public Finance Accountant (CPFA)
Fewer than five years experience	Affiliate member of CIPFA (CIPFA Affil)*

APPLY NOW

To apply for CIPFA membership simply complete the online application form at **www.cipfa.org/cigfaro** and attach your up to date CV to the form. The annual membership fee for Affiliate membership is GBP 40, for full CPFA membership the fee is GBP 155. Once we have all relevant information we will verify your application with CIGFARO, assess the application and confirm your membership status. For any further information email **membership@cipfa.org** Or visit **www.cipfa.org/cigfaro**

Tips to Non-Financial Managers on how to read Financial Statements and Audit Reports

by Annette van Schalkwyk - Midvaal Local Municipality

Financial Statements can be daunting to understand if you are not a financial manager. This article will highlight a few simple tips to understand when financial statements and annual reports are due, what to look for when looking at financial statements and how to understand audit opinions.

TIMING OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

The Annual Financial Statements (AFS) must be prepared in accordance with Section 126 of the Municipal Finance Management Act (MFMA) and the Annual Report in terms of Section 127 of the MFMA. Section 129 of the MFMA deals with the oversight report.

The AFS and draft Annual Report must be completed and submitted to the Auditor General on the 31st August annually. Section 127 requires that the Annual Report must be submitted to Council within seven months after the financial year-end (i.e. January of each year). Oversight reports must be considered by Council by no later than two months from the date on which the Annual Report was tabled in Council being end March of each year.

MFMA Circular 63 issued in September 2012 aims to tighten the process and recommends that the following process be followed:

- The municipality must prepare an annual performance report which must form part of the Annual Report. The SDBIP pre-determined objectives and actual performance against those objectives will form the basis of the annual performance report. This report (as required by Section 52(d) of the MFMA) must be tabled to Council before 30 July annually.
- The draft AFS and draft Annual Report must be submitted to the Audit Committee prior to submission to the Auditor General to allow them the opportunity to review and to provide independent specialist advice on the financial and non-financial performance.
- The draft AFS and draft Annual Report must be submitted to Council by the end of August.
- The un-audited financial statements and draft Annual Report (performance report) must be submitted to the Municipal Public Accounts Committee by end August to perform its oversight function and community consultation function and to report to Council.
- The Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the municipality by end November of each year.
- The Mayor tables audited Annual Report and financial statements to Council during November or December.
- Audited Annual Report is made public, e.g. posted on municipality's website in December.
- Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December.

Whilst the timeframes recommended in Circular 63 is encouraged, it may not always be practically possible. In cases where municipalities can't meet the timeframes as per Circular 63, the deadlines as required by sections 127 and 129 of the MFMA are non-negotiable.

CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS

The AFS comprises 4 main statements:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Net Assets
- Cash Flow Statement

Statement of Financial Performance

The purpose of the Statement of Financial Performance is to give an account of the results of the municipality's operations for the period under review. These transactions result from the operating budget of Council. The result is expressed as being either a surplus of a deficit (being the difference between revenue and expenditure). A surplus is indicative of revenue being more than expenditure and a deficit of expenditure being more than revenue. This surplus of deficit is known as the accounting surplus / deficit and is not an indicator of the cash generated during the period under review.

Statement of Changes in Net Assets

The Statement of Changes in Net Assets reflects the movement on the accumulated surplus as well as the ring-fenced accounts within the surplus. This statement is also not an indication of the cash available in the municipality. Accumulated surplus is based on accruals and not cash movements.

Statement of Financial Position

The purpose of the Statement of Financial Position is to give an account of the assets and liabilities of the municipality at the end of the financial period.

Net assets are shown as the difference between the assets and the liabilities. If the municipality has a net deficit, it is indicative that the municipality has more liabilities than assets, which could be interpreted as being insolvent.

Important items not mentioned will be consumer debtors, cash and cash equivalents and fixed assets. If the consumer debtors increase on a year on year basis, consider whether the increase is only as a result of the increase in tariffs or whether collections reduced from year to year. If the consumer debtors decreased, firstly look at the amount of debt written off before concluding that collections improved – it is possible for the outstanding debtors to reduce even if the collection rate decreased (as a result of debt write-offs).

Cash and cash equivalents should always be considered in line with the outstanding debtors and creditors lines. It is possible for cash to increase substantially with a corresponding increase in creditors – or a decline in cash with a corresponding decline in creditors. Whilst it may appear that the municipality with the increased cash is in a better financial position, it may not necessarily be the case (in one scenario the actual payments were just processed before year end and in the other the payments will be processed after year end – but the results are primarily the same).

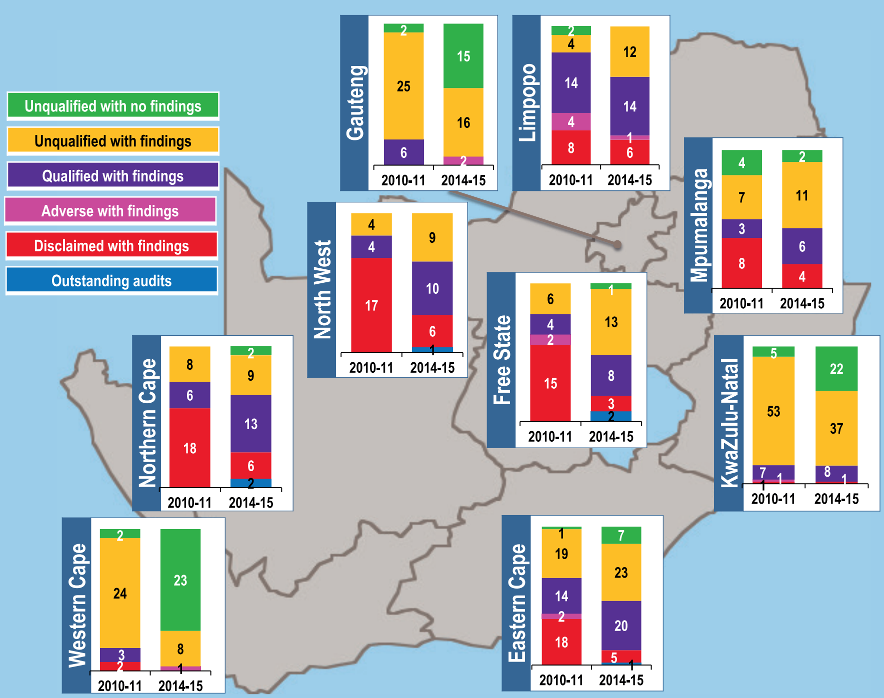
Fixed assets should ideally increase on an annual basis. If the fixed assets line decreases it is indicative of the assets depreciating faster than it is being refurbished or replaced – a municipality will need an increasing asset base to continue to grow.

Cash Flow Statement

The cash flow statement shows the net CASH result. Here, accruals are not applicable as the focus is on cash movements. Technically the statement starts with the accounting surplus as per the Statement of Financial Performance which gets adjusted for all non-cash transactions. All other cash transactions not resulting from the Statement of Financial Performance are recorded. These items can be referenced back to both the capital budget as well as the items reported as part of the quarterly Section 11 withdrawals reports submitted to Council.

There are three main categories:

Net cash resulting from operating activities – this section shows the result of the operations of Council in cash terms. It includes the rendering of municipal services, purchasing of inventory kept in stores, debtors and creditors transactions, grants received and interest paid and received (as a few examples). -



Tips to Non-Financial Managers on how to read Financial Statements and Audit Reports

by Annette van Schalkwyk - Midvaal Local Municipality

Net cash resulting from investing activities – this section shows the result from amounts invested (either in assets through the capital budget or as cash investments) as well as investments withdrawn.
Net cash resulting from financing activities – this section shows the result from financing activities, being mainly external loans taken up or redeemed.

A healthy financial situation is one where the municipality has a net cash surplus resulting from operations as main source of revenue rather than from financing activities. A second important measure is to look for a correlation between cash generated from financing activities and investing activities which shows that funds borrowed were invested in capital infrastructure and not used for operations.

A very dangerous situation would be where there is a net cash deficit from operations, no or limited cash invested but cash received from financing activities. That would be indicative of a municipality utilising borrowings to fund operations instead of infrastructure assets.

BASIC EXPLANATION OF VARIOUS AUDIT OPINIONS

UNQUALIFIED - The opinion expressed by the auditor when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. This means there are no material errors in the financial statements.

QUALIFIED - The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements – also called "except for" - financial statements are accurate except for certain matters

DISCLAIMER - When the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive (i.e. very serious / chaos).

ADVERSE - The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements i.e the statements are inaccurate.

What a financial audit opinion says – in other words, what does it mean to have an unqualified audit opinion?
The purpose of the annual audit of the financial statement is to provide the users thereof with an opinion on whether the financial statements fairly present, in all material respects the financial position and results of an auditee's financial performance and cash flow for the reporting period, in accordance with the applicable financial reporting framework and the requirements of the applicable legislation. It further provides users with reasonable assurance on the degree to which the financial statements are reliable and credible.

If the opinion is unqualified, it therefore basically says that the financial statements are reliable and credible – it does not say that there are no mistakes in the financial statements.

What is Materiality?
An amount determined by the AG that is deemed to be big enough to cause a misstatement – an opinion based on findings that are material in value and impacts on opinion

What are Significant matters?
Regardless of the materiality amount, certain items are deemed to be material due to the nature of the item, such as disclosure requirements.

What is a "Clean Audit"?
A clean audit is an audit opinion that is:

- Financially unqualified
- Has no findings on Pre-Determined Objectives
- Has no findings on Compliance Matters

CONCLUSION

It is important for non-financial managers (including councillors) to have a basic understanding of financial statements and audit reports. This article does not provide sufficient information to undertake a thorough analysis of financial statements, but provides a few key issues that may assist you to identify red flags. Also refer to MFMA Circular 71 for additional information on financial ratios and norms that will assist you in evaluating the financial statements.

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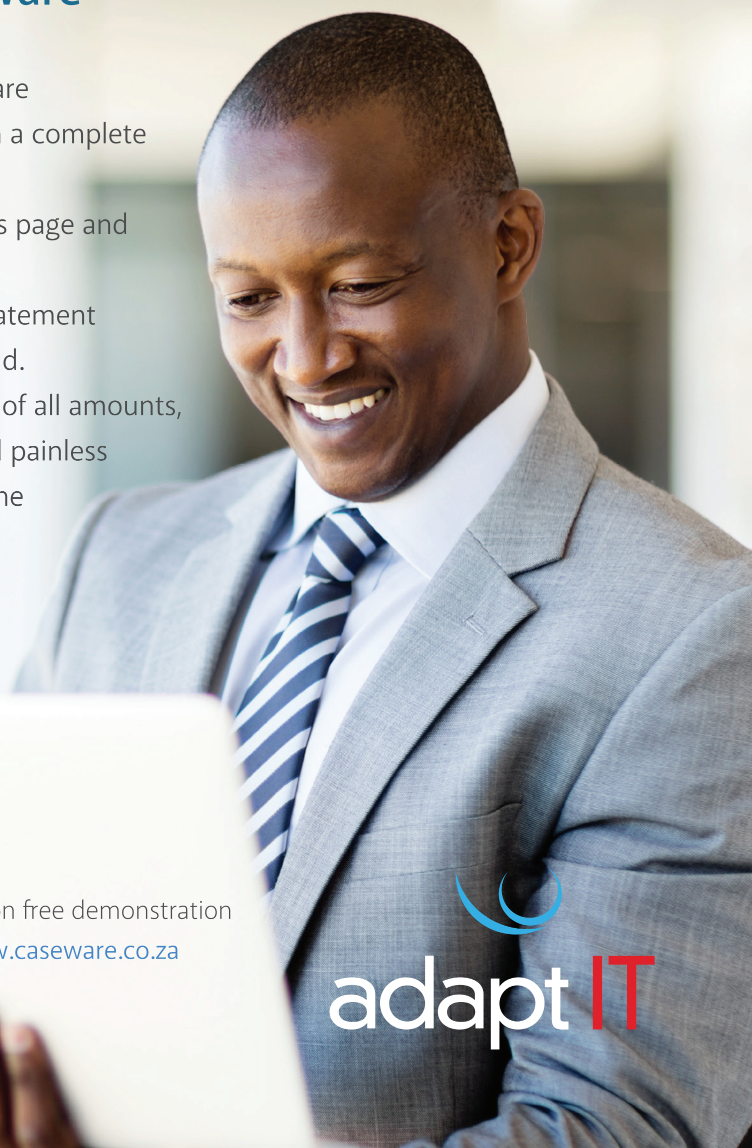

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20 Years of Democratic Local Government

by Lucky Leseane - SALGA GP

ODE TO 20 YEARS OF DEMOCRATIC LOCAL GOVERNMENT IN SA

South African Municipalities are in their first 100 days in Council, the rocking political changes that took place post the August 2016 Local Government Elections are still reverberating in our body politic. Hard questions abound, will the new administrations undo or continue with the initial pioneering work undertaken in the past 18 years or so, this question is more pertinent in the metropolitan municipalities such as Tshwane, Johannesburg, Nelson Mandela, and Rustenburg Municipality to name but a few. Whilst new questions may come in their multitudes, the challenges facing SA municipalities remain largely unchanged, there is still growing inequality, rapid urbanizatio and limited financial resources against raising service delivery demands etc.

SOUTH AFRICA & URBANIZATION

On this occasion of 20 years of Democratic Local Government whose originators involved luminaries such as the late Dr Frederick Van Zyl Slabbert, Cas Coovadia, Isaac Mogase, Collin Matjila, Kenny Fihla and the convenor of the 1988 Local Government White Paper, the late Gladstone Tshepiso Mashinini amongst others, it is opportune to look back and reflect on the journey travelled thus far.

2 decades later, South African cities, like their counterparts across the world are urbanising at an accelerating pace. The cities are facing a rising number of population which is manifest by the never ending presence of informal settlements in most urban centres around the country. This rapid urbanization was unleashed by the demise of the draconian apartheid Group Areas Act and forced settlements post 1994. Since 1994 the rural-urban migration has accelerated as restrictions on population movement was outlawed and people moved to seek employment and better services in urban areas.

Urban Towns and Cities are faced with a gargantuan task of providing services to accommodate the increased demands brought by the rise in urbanization. The challenge of urbanization also adds to the historical legacy of apartheid which left the majority of urban dwellers without adequate levels of services being provided to them. So a typical South African city has to contend with these realities.

SA CITIES 20 YEARS ON

Despite an inauspicious start post 1994, South African Municipalities governance, management and performance over the period seems to provide prima facie evidence that Local Government has managed the transition process well enough, notwithstanding areas of well-known weaknesses such as lack of skills, poor performance and incidents of maladministration and or corruption.

2016 SACN STATE OF THE CITIES REPORT

In a recent State of the Cities Report (Published by the South African Cities Network SACN:2016) the following observation was made:

- The development and growth of cities is important to the economy;
- Cities have been at the forefront of driving growth, generating two-thirds of the country's economic activity and contribute to just over half of national employment;
- Cities have also significantly improved their service delivery and generally have good strategies in place to facilitate economic growth and social development.

In proofing the truism that all development is local in nature, cities have ensured the delivery of day to day basic services such as water, sanitation, refuse removal, roads, housing, transport, environmental health, public health services, early child development ...and hold on, the roll-out of free Wifi services as well as free on-line universities to communities. Of course, not all Municipalities are able to undertake all these tasks due to resource constraints.

The achievements are somehow dwarfed by the concomitant challenges that come with city life and urbanization. The most central challenge being that whilst the cities are associated with promises and opportunity they also lead to un-paralleled exclusion of many people from participating in the economy and accessing opportunities in a number of ways. The second challenge is the growing migration from the rural areas and in the region and across the continent and other parts of the world. This puts an immense pressure on the available formal employment opportunities. All these results in increased competition, increased poverty in the city, unemployment, overcrowding social tensions and the lack of social cohesion.

In spite of these challenges, South African cities have fared generally well in the development stakes and what this points out to is the fact that cities are well positioned to take a leading role in the economic recovery of the country. But for that to happen, a number of factors needs to be addressed as we focus on the incoming 20 year horizon.

WHAT NEXT FOR CITIES

South African Cities are therefore required to adopt a more pragmatic approach to ensure optimal resource utilisation in areas across sectors such as energy, water, waste, food and

South African Cities are therefore required to adopt a more pragmatic approach to ensure optimal resource utilisation in areas across sectors such as energy, water, waste, food and transport. This means that cities must develop sustainable growth paths and priorities and ensure the existence of systems to monitor their performance.

transport. This means that cities must develop sustainable growth paths and priorities and ensure the existence of systems to monitor their performance.

Spatial transformation is also critical for the growth and development of a typical South African city to become more productive, inclusive and sustainable. This means riding the planning narrative of cities to consciously move away from apartheid spatial settlements, which manifests itself by the propensity to locate poor households in the periphery of the margin away from areas of employment and other amenities.

However, in order for the cities to do all these tasks, there must be an improvement in city governance, revenue collection and financing for local government. The need for improved municipal financial capacity at the subnational level must be the first and uppermost task in the minds of the new political administration of municipalities across the country.

CITY FINANCING

The issue on how cities will finance new infrastructure and maintain existing ones is part of the agenda that has been started in the past 3 years and there is a need to start practicalizing these numerous initiatives. South African Municipalities have a very limited budget on their own and there is a need to speed up the regulatory framework in line with the current initiatives by National Treasury to investigate the introduction of municipal bonds, pooled financing mechanisms as well as the establishment of sector specific Finance Facilities or Municipal Funding Agency.

Any progress in the coming 20 year horizon will depend largely on Municipalities growing their budgets and expanding their infrastructure funding sources by including and involving the private sector in the overall budget mix.

Managing Risk Accounting

by Oliver Guenda - Academic Paper

Violent service delivery protest on the rise, municipalities hear Eskom's threat and pay up, municipality being placed under administration, these are some of the discomfort that reveal the shortcoming of the current risk management state which is reactive to yesterday's news. Such socio-political and economic uncertainties that leads to supply chain vulnerabilities has caused boards of directors, Mayors, Municipal Managers and other c-suite executives to become increasingly concerned with risk and its potential to trigger material unexpected losses which, as some recent events have demonstrated, can severely impact or even rupture an entity existence. Therefore, risk management that simply reacts to yesterday's news and events is not risk management at all.

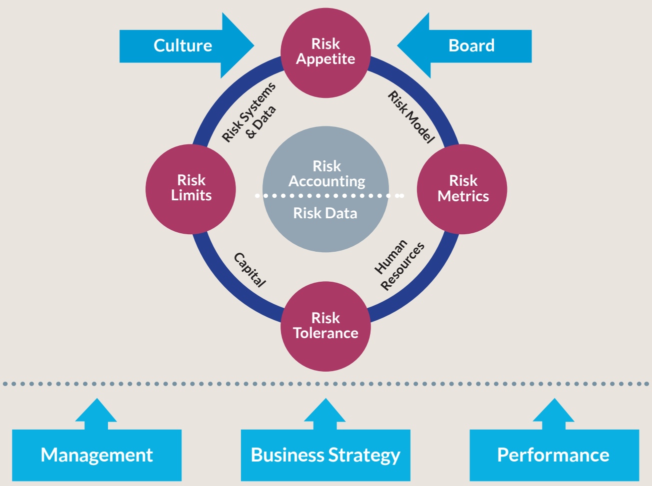
The general void between enterprise risk measurement (ERM) potential and performance is quite wide as the amazing number of business scandal, market failures, manned disasters, and natural disasters in the last couple years can attest to that fact. There is no question that many municipal entities need to look for and implement better methods of identifying, quantifying, measuring and monitoring the build-up of risk exposures, so as to provide management with means to mitigate such exposures before they become losses. This gap poses a substantial vulnerability, not only to the well-being of individual municipal institutions, but to the entire foundation of the social, political and economy local system and the national economy.

In the absence of standardised and clearly quantified ERM methodologies, municipal operating risk and performance management tools will be dysfunctional. For example where balanced scorecards are used they are inconsistent in their structure, devoid of any consistent and comparable basis of measurement and excessively dependent on subjective assessments. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), Risk assessment guidelines (RAGs), risk and control self-assessment (RCSA), and key risk indicators (KRIs) share similar limitations. Nevertheless, a review of Annual Financial Statement revealed a high degree of reliance being placed by Municipalities in such management tools to assess, record and report the conditions of operating performance, risks and controls.

The major shortcoming of conventional ERM system is that they are generally assessment based instead of measurement centred and, consequently, they typically report results through an assessment metric often built on three colours: red, yellow, and green. RAGs, RCSAs, and KRIs are assessment metric that do not permit aggregation and comparison of colours – "colours cannot be aggregated to support important management techniques such as trend analysis, benchmarking, ranking and the comparison of actual usage against operating limits". This leaves a room for risk control innovations such as risk accounting. **So what is risk accounting?**

Risk Accounting is a convergence of the best features from the 'T' accounts, IFRS/GRAP accounting, and the statistical elements such as loss distribution models, extreme value theories, copulas among other statistical inventions, within a common control and reporting framework to accurately identify and quantify risk exposure.

Enterprise Risk Management Ecosystem



Risk accounting measures and monitors the build-up of risk exposures, providing a means to mitigate such exposures before they become losses as per management decision, business strategy, and entity performance.

Now let us look into the ERM riddle from an accounting perspective.

Accounting involves the recording of all transactions upon their approval in the accounting systems. Upon recording of each transaction, each transaction is tagged with codes that are used by the manual or automated system to ensure that it follows predefined aggregation paths. From the codes tagged on to transaction they can be aggregated to give the various balances of the different class of transactions such assets, liabilities, expenditures, and so on. We also capture transaction values on recording which can be for example historic cost, nominal value, fair value, market-to-market, and other values. That means every time we take different count of account data for cost of services provided we can use aggregation transaction values as population control to tell us whether the data we have used is complete and accurate. Almost by instinct, accountants embed control totals based on transaction values throughout their financial reporting processes to ensure that they are complete and accurate. All accounting data, generally tied back to a single authoritative source which is the chart of accounts in the general ledger. Thus when we think of risk data aggregation in accounting context, we start to think whether we can tag a new transaction value on to each transaction, its exposure to risk.

If we tag transactions with risk codes that can be used in a standardised calculation of each transaction's exposure to risk, we can use the same controls, trusted data sources and aggregation paths for risk data that already exists for accounting data.

Accounting standards have evolved for more than a century and are now framed in IFRS/GRAP. They are highly prescriptive and ensure that only one acceptable transaction value can be used for accounting purposes, which means that accounting systems are monovalent. Existing accounting systems are primarily monovalent, that is, a single accounting value is attributed to a specific object or purpose. By contrast, risk and uncertainty are formally characterised by a whole range of possible values connected to an object.

Accountants have learnt a long time ago that only through a monovalent system it is possible to achieve the kind of risk quantification and qualification the relevant and useful ERM can be achieved. Similarly, ERM needs a monovalent system if it wants to embed controls in operating infrastructure through techniques such as reconciliation and substantiation, effectively aggregate data, achieve direct comparability of output, create single authoritative source of control data, and create firm-wide operating limits that can be effectively monitored. That set of concepts in finance we refer to budgets, in risk we refer to risk appetite. In principle they have the same purpose which is tracking actual usage against predetermined limits.

Risk accounting if fully aligned to enterprise architecture we identify the business components that comprise the entity organisation and assign the components that are involved in the approval processing, accounting and reporting of transaction of each category component.

Unfortunately, there are no equivalent standards that apply to risk. Putting it differently, an entity's stakeholders — government, regulators, customers, and auditors — receive little or no information on *the risks entities accept absolutely or in comparison to others in order to create public value.*

The misalignment between finance and risk reporting is what "risk accounting" has set out to resolve through their codification of the new accounting like technique. Risk accounting begins with the assertion that effective ERM must operate within a standardized system of risk measurement using a common risk metric that expresses all forms of risk.

Risk accounting can thus provide a valuable solution to the problems of risk identification, risk quantification, risk aggregation, and measurement of risk exposures. Risk accounting builds risk data from within the firm and computes risk measures based on the fundamental aspects of its activities.

As an illustration, dependence on such dysfunctional management practices could be equated to a hypothetical absence of reliable financial accounting leading to business managers self-assessing their own profitability. In this scenario, the summation of individual business managers' self-assessed profits would almost certainly exceed the total profitability of the enterprise. It follows that a process of risk accounting must transcend any dependency on risk management tools that are excessively subjective.

Reports originated by such mechanisms typically use an assessment based metric, for example, 'traffic light' reports comprising red, yellow and green indicators rather than a common and standardised system of value or measurement based metrics. Consequently, such reports are not capable of consolidation and aggregation thereby limiting their comparison, analysis and interpretation across the enterprise. The element of subjectivity and lack of such consolidation and aggregation invariably inhibits effective management oversight, audit and regulation.

The overriding objective of risk management should be to establish entity stability. The state of current risk management practice is particular inadequate, due to its insufficient capabilities to aggregate risk exposures and to identify risk concentrations quickly and accurately, at entity level and across business lines and functions. The adoption of risk accounting can help provide strong foundations for entity's resolvability, improve governance, improve business control, enhance strategic decision making and, ultimately, increase public value.

THERE ARE THREE PRIMARY REASONS FOR AGGREGATING RISK DATA:

1. To narrow the gap between ERM potential and ERM performance
2. Enable measurement of portfolio performance against risk tolerances
3. Enable the analysis of a firm's risk data whether its sorting it, merging it, slicing it or dicing it

Those are the three high level purposes for why an entity would bring risk data in a consolidated fashion into an aggregation platform.

RISK AGGREGATION THEMES FOR SUCCESS

For Risk Accounting to achieve its desirable result the following four different themes should be observed in the architecture and implementation stages:

Theme 1: Completeness. Any time you are looking at your risk data it must always be complete with respect to your operation, position and risk factors. This will address the challenge for totality risk reporting, as there are challenges to resolve issues of missing data before risk figures are computed.

Theme 2: Timeliness. When there are events occurring in real time, those events and the impact of those events on your risk exposures must be promptly reflected within the aggregated data. This also means the ability to compute risk valuations and aggregate risk numbers in a reasonable time. Timeliness has become a critical factor in fast paced environment.

Theme 3: Accuracy. This can mean a number of things. In this context it is related to reference data, to make sure a single reference data point associated with multiple events to the same entity. Accuracy is mandatory so that you can aggregate your situation. Whether in political or economic position, positions and risk should all appear associated to the correct events, products, services, etc. The source of data, and the accuracy of models used in computing risk is very important when you are aggregating risk data. Risk aggregation requires similar input parameters — you cannot aggregate apple and oranges — thus accuracy of the underlying reference data is critical.

Theme 4: Adaptability. This means the ability to source risk information from various systems in an organization. Those systems, some of which are legacy, some of them may be strategic, some of them could be developed by individual groups. The risk aggregation platform must be able to adapt to these sources in order to bring the aggregation together.

REASON OF DEFICIENT RISK APPETITE DEMARCATION

The fundamental reason why most risk management functions don't seem to be effective and relevant on many public sector entities in general and to municipalities in particular is the costly myth that postulates that certain things can't be measured. This widely held belief is a significant drain on the economy, public welfare, and value creation endeavours. "Intangibles" such as the value of quality, employee morale, or even the economic impact of cleaner water are frequently part of some critical business or government policy decision. Often an important decision requires better knowledge of the alleged intangible, but when an executive believes something to be immeasurable, attempts to measure it will not even be considered.

As a result, decisions are less informed than they could be. The chance of error increases. Resources wasted or misallocated, good ideas are rejected, and bad ideas are accepted. In some cases life and health are put in jeopardy. *The belief that some things—even very important things— might be impossible to measure is sand in the gears of the entire economy.*

You may have run into one or more of these real-life examples of so-called intangibles:

- Management effectiveness
- The forecasted revenues of services and rates
- The public impact of a new municipality policy
- The service delivery
- The value of information
- The risk of financial stress
- The chance of a given political party winning election
- The risk of failure of an information technology (IT) project
- Quality
- Entity public image

Each of these examples can very well be relevant to some major decision an entity must make. It could even be the single most important impact of an expensive new initiative in government policy. Yet in most entities, because the specific "intangible" was assumed to be immeasurable, the decision was not nearly as informed as it could have been.

KEY FEATURES OF RISK ACCOUNTING

- **Simple:** there is no reliance on complex quantitative modelling techniques; the tables and templates are the product of expert input and validation, which means that the knowledge and intellect of staff and management become embedded in the actual fabric of the risk measurement system.

- **Timely:** report production is timely since calculations of exposure to risk in RUs are performed
upon transaction capture and consequently can be reported in real time
- **Representative:** calculations of risk exposure and sensitive and representative of the risks
actually accepted
- **Aggregatable:** the outputs in risk units (RUs) and risk mitigation index (RMIs) aggregatable,
and can be validly aggregated by various categories such as organisation, risk type, location,
customer, product etc.
- **Comparable:** outputs are directly comparable within and between financial firms provided
standardised tables and templates are applied.
- **Auditable:** the outputs are auditable as the method uses a standardised measurement based
metric, tied to the financials of the firm its outputs are fully auditable
- **Risk Culture:** the group RMIs is the de facto measure of an enterprise risk culture as it blends all of the risks attributes across the all enterprise in a single metric.

WHAT ARE THE SHORTCOMINGS OF MOST MUNICIPALITIES' CURRENT ERM RECORD-TO-REPORTING PROCESS?

A cursory review of risk management disclosure in the face of most municipalities Annual Financial Statements, one observes a recurring and prevalent disclosure of item such as liquidity risk, market risk, interest rate risk, price risk, and credit risk. These disclosures are at best irrelevant, and at worst misdirected, because on the non-trading nature of activities and the way in which municipalities are financed, the minimal degree of exposure to financial risk.

In general, almost all municipalities are not affected by the so called "financial risks". Unlike a private company that will experience liquidation or bankruptcy in the event of liquidity stress, liquidity risk of a municipality has a negligible residual risk because in the event of liquidity strain, the national treasury will always intercede and play the role of lender of last resort. *As matter of functionality, almost all municipalities don't operate neither generate most of their income in the financial market (from stock, security, bonds, and commodities), therefore the performance and volatility of the market will not affect their potential source of income.*

As per the movement of inflation, interest rate, and price they always benefit the municipality since and upward movement symbolises a dynamic and performing economy and the down side represents a propensity for savings and investment. Municipalities are never involved in the business of lending and funding, consequently they should not have borrowers that would trigger credit risk.

All the above mentioned financial risks have a very low residual risk and should not preoccupy municipal senior executive. Thus this leaves us with the question, what type of ERM disclosure is desirable in the municipality financial statement? Without trying to be prescriptive, a more informative and relevant ERM disclosure to both internal and external stakeholders should present inherent, mitigating, and residual risk indexes over items such as people, supply chain, ICT, moral hazard, revenue completeness, public value creation, failure demand, infrastructure adequacy, just to name a few, because these are the bedrock areas that municipalities wrestle with on regular basis.

In conclusion, without trying to draw a comparative analysis of the merits and drawback between risk accounting and the most pervasive COSO methodology, there is great room to improve COSOs RAGs, by putting greater emphasis on risk accounting risk identification and quantification for it accrues more precise output values which will facilitate better measures and monitors of build-up of risk exposures, providing more precise methods to mitigate such exposures before they become losses as per management decision, business strategy, and entity performance. C

The Annual Review of the Rates Policy in Generating Income

by Fathima Khan – Ethekwini Municipality

Cities strive to attract new development in order to increase their rates base and thereby increase the income to the city. Incentives like rebates, reductions or exemptions may be used to coax development. But with a tight economy, we cannot just rely on new developments to increase revenue. We have to constantly re-define and re-invent ourselves in new ways to enhance our rate collection. Even before we tackle collections, we have to go to the source of our income – the raising of rates. Placing a value on property is just the beginning. The value of the property on its own does not bring in the income. We must ensure that the property is in the correct category and at the correct rate randage.

Fortunately Section 5 of the local Government: Municipal Property Rates Act 6 of 2004 (the Act), allows us to review the Rates Policy each financial year. Further, Section 8 of the Act allows the Municipality to determine additional categories of rateable property. Around 2010, the Chairperson of IMFO's Revenue Committee, Peet du Plessis, introduced the "Illegal Use" category.

The Town Planning section of his Municipality were fighting a losing battle with Town Planning offenders. The offenders continued with the non-permitted use on their properties, willingly paying the meagre fines imposed on them. It made business sense to pay the fines and continue their trade in mostly residential areas rather than apply for the necessary consents. Du Plessis introduced the "illegal use" category and placed this category at four times the rate randage of residential property. After serving the relevant notices and receiving the proverbial "finger", the Town Planning department sent the list of names of defaulting owners and property details to the valuers, who changed the category to "illegal use" on the valuation roll. Soon, the defaulting owners were streaming to the municipal offices unable to manage the exorbitant taxes and willing to comply!

The City of Tshwane tried the same trick. Their rate payer, Marius Blom, challenged this category in court. The central issue in this matter involved the interpretation and application of sub-sections 8(1) and (2) of the the Act and in particular whether it confers authority on the Municipality to add to the list of categories of rateable property by creating in its rates policy a category called 'non-permitted use' or 'illegal use', and to levy a higher rate on the property than it levied on properties used for the purpose permitted.

The court a quo held that it was competent for the appellant to add to the list of categories of rateable properties. However, it found that the addition of 'illegal use' or 'non-permitted use' category was not competent. In its view additional categories have to be 'of a similar nature or of the same genus as those listed' in Section 8(2). It reasoned that since all the categories listed in Section 8(2) are lawful uses of the properties, the appellant may add only lawful uses. It held that the appellant may not add a category 'illegal use' to the list as to do so would make illegal use lawful. The court a quo concluded, by holding that to levy 'a higher rate than the normal rate' on a property

because it is used for non-permitted purposes amounts to an imposition of a penalty without due process.

The appeal court found that the court a quo correctly held that the list of categories of rateable property is not exhaustive and that it is competent for the appellant to add categories to that list.

The appeal court found further that Non-permitted use is a form of 'use' contrasted with permitted use. It is therefore competent for the municipality to include in its rates policy a 'non-permitted use' category for the purposes of determining applicable rates.

The court a quo also found that a punitive rate imposed on the property as a result of its being categorised as non-permitted use amounts to the imposition of a penalty without due process. The Appeal court held that this finding is incorrect. The Rates Act contains built-in mechanisms in terms of which the disputes about the propriety of rates levies can be resolved. The property owner who is aggrieved by a rate that has been levied on his or her property is not without a remedy.

Du Plessis was at it again in his 2013/2014 Policy. He noticed that many of the apartments in his sea-side city were rated "residential" even though they were let out as holiday accommodation. He set about reviewing the Policy to include such holiday flats as "commercial accommodation" under the "commercial" category. Of course he faced much resistance from within his municipality as he did not have sufficient staff and resources to police each apartment. So, he tackled the big, established holiday apartment blocks first.

Once the amended Rates Policy was approved, the valuers entered the holiday establishments into the "commercial" category and sent out the usual Section 49 notices. One such holiday establishment was the Breakers Share Block in Durban's Umhlanga. Breakers erected an apartment block comprising apartments used with a conventional share block scheme and others in terms of a time-share scheme. It was previously rated as "residential".

Under the new category, its rates almost doubled! Breakers Share Block Co. challenged the Ethekwini Municipality and sought a declaratory order from the Kwa Zulu-Natal Local Division Durban. Nkosi AJ dismissed the application on the basis that the internal remedies available in terms of the Act were not exhausted. In other words, they did not follow the objection and appeal process afforded by the Act.

On Appeal, Breakers argued that the Municipality did not comply with Section 49 of the Act in that it ought to have directed Breakers specifically to the change in category. The court of Appeal disagreed and found that the Section 49 notice substantively complied with the requirements of Section 49. As a result of this judgment that confirmed the legitimacy of the category, the Municipality is able to almost double its revenue from "holiday accommodation".

The list is not exhaustive. From regulating the Bed & Breakfast and Guest-House industries to regulating student accommodation, the rates policy can be an invaluable tool.

SA Municipalities operate in a Weakening Environment

by Daniel Mazibuko - Moody's Rating Agency

South African municipalities' credit quality is closely linked to that of the sovereign, reflecting the financial and institutional ties between them, as well as their shared dependence on national economic conditions. While some rated entities, in particular metropolitan municipalities (metros), continue to perform strongly, almost all currently carry a negative outlook, mirroring the negative outlook on the South African sovereign rating of Baa2.

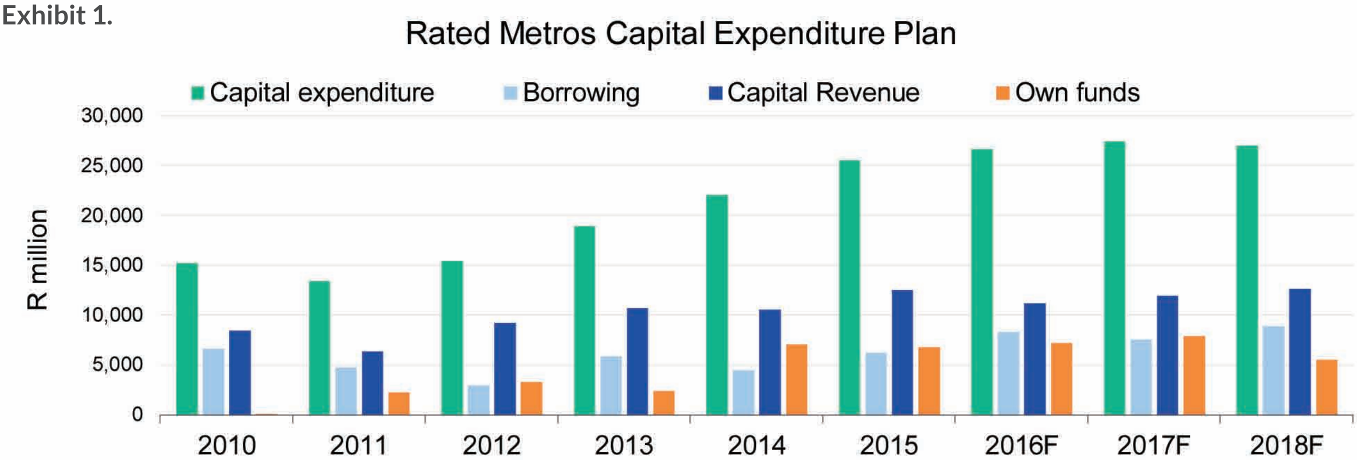
This is partly because the South African economy, and therefore the financial prospects of the country's sovereign and sub-sovereign governments alike, is at present characterized by low GDP growth, high unemployment, and high levels of consumer debt.

Although unlikely in the medium term, prolonged low GDP growth and high inflation could force the national government to cut transfers to municipalities. Smaller, local and district municipalities, which are largely dependent on central government funding, would be worst affected; while the impact on metros and other local municipalities that have diversified economies and who generate 70-80% of revenues from their own sources, would be more moderate. Local municipalities, which generate a similar proportion of own-source revenues but have smaller economies, would also be relatively unscathed.

The negative outlook on most rated municipalities also reflects their limited financial autonomy. Municipalities' role as utility service providers is a constraint on metros and local municipalities. This is due to a high proportion of their operating revenue stemming from electricity sales, which are heavily influenced by tariff adjustments decided at national level by the National Energy Regulator of South Africa (NERSA). Electricity revenues accounted for about 40% of the municipal sector's own source revenues in 2015. Municipalities also have limited influence when it comes to bulk purchases (including purchases of electricity and water), and salary costs.

Despite the weak economic environment, South African rated metros' financial performance remains strong. Their operating revenues have grown by 12% on average over the past five years and they have generally maintained a strong liquidity position. This has enabled them to diversify their funding sources and finance a larger proportion of their capital expenditure from own sources (see Exhibit 1 below).

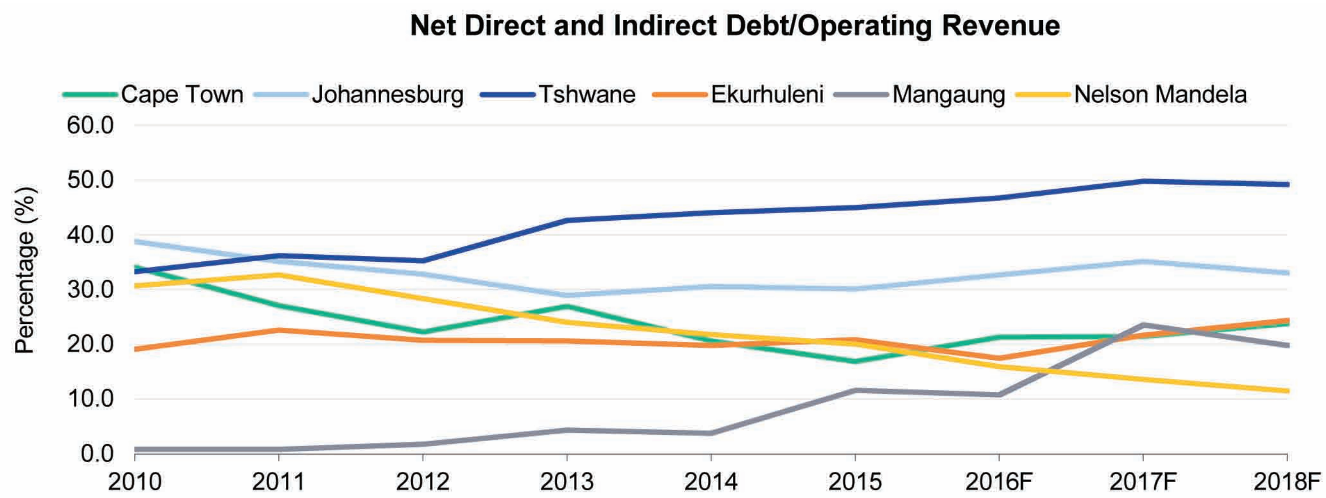
Exhibit 1.



Source: Moody's calculations on metros financial statements and Budget

The six rated metros (Cape Town, Ekurhuleni, Johannesburg, Nelson Mandela Bay, Tshwane and Mangaung) are able to attract and retain highly skilled personnel, and therefore have generally sound financial management. Consistently strong operating balances have allowed them to maintain moderate debt levels over the past three years, despite a substantial increase in capital expenditure (see Exhibit 2). The rated metros are largely rated at or close to the sovereign rating of Baa2. This makes it more likely that their rating would change in the event of a change in the sovereign rating. See Exhibit 3.

Exhibit 2.



Source: Moody's calculations on metros financial statements and Budget

Exhibit 3.

List of rated municipalities as at 14 September 2016

	Outlook	Global Scale	National Scale Rating
METROPOLITAN MUNICIPALITIES			
City of Cape Town	Negative	Baa2/P-2	Aaa.za/P1-za [1]
Ekurhuleni Metro	Negative	Baa2/P-2	Aaa.za/P-1.za [1]
Johannesburg	Negative	Baa2/P-2	Aa1.za/P-1.za [1]
Nelson Mandela Metro	Negative	Baa2	Aa1.za
City of Tshwane	Negative	Ba1/NP	A1.za/ P-1.za
Mangaung	Negative	Ba1/NP	A1.za/P-1.za
LOCAL MUNICIPALITIES			
Rustenburg	Negative	Ba1	A1.za
Mbombela	Negative	Ba1	A2.za
KwaDukuza	Negative	Ba2	A3.za
Bergrivier	Stable	Ba3/NP	Baa2.za/P-1.za
Breede Valley	Negative	Ba1/NP	A2.za/P-1.za
DISTRICT MUNICIPALITIES			
Amathole District	Negative	Ba1	A2.za
UMgungundlovu District	Stable	Ba3	Baa2.za
GOVERNMENT RELATED ISSUERS (GRI'S)			
City Power Johannesburg	Negative	Baa2	Aa1.za
East Rand Water Care Company (ERWAT)	Negative	Baa3	Aa3.za
South African National Roads (SANRAL)	RUR	Baa3/P-3	Aa3.za/P-1.za

Source: Moody's

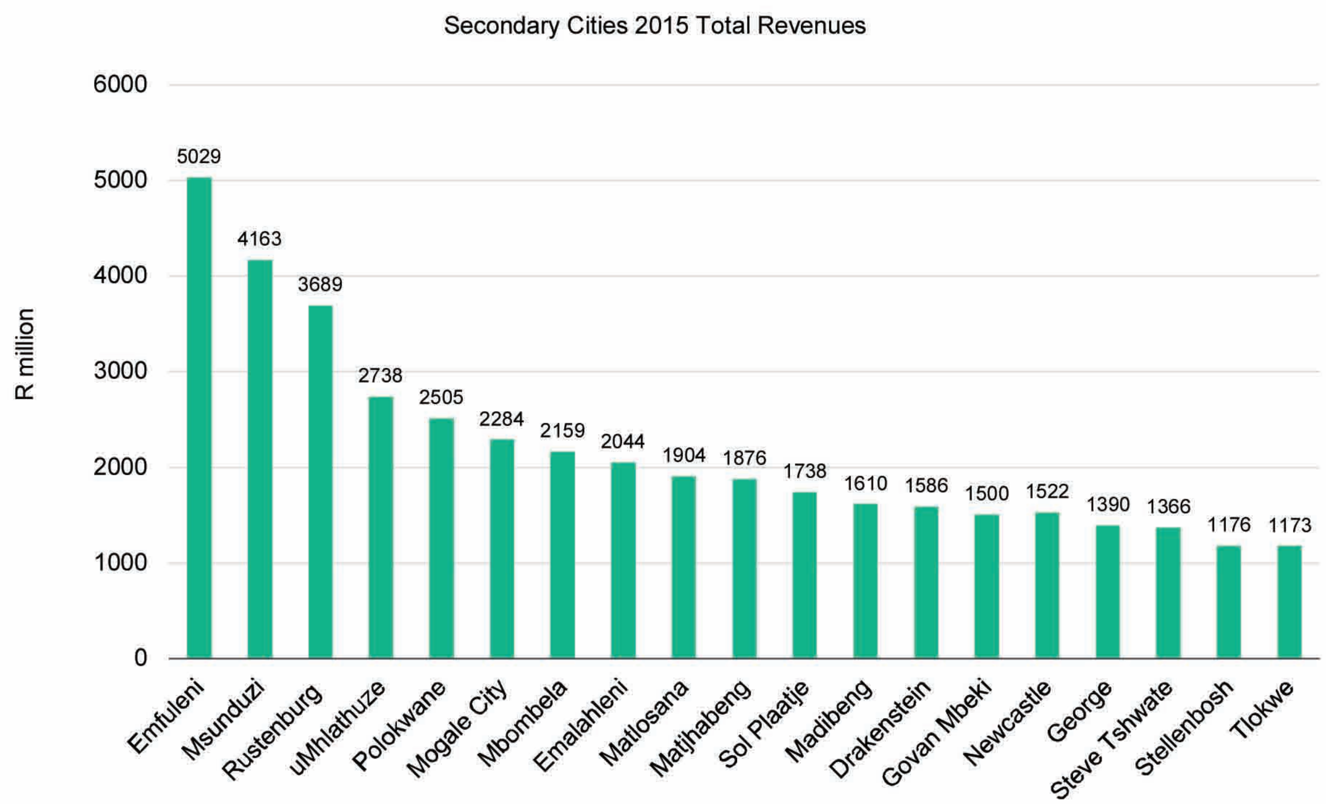
South African municipalities also face a growing infrastructure investment backlog. According to the national government, the sector's existing sources of finance - internally generated funds and central government transfers - are insufficient to meet its high infrastructure investment needs.

South Africa's national government sees expanding and deepening the sub-sovereign credit market as critical to providing municipalities with more long-term infrastructure funding. So far, four of the eight metropolitan municipalities (City of Johannesburg, City of Cape Town, Ekurhuleni Metropolitan Municipality and City of Tshwane) have entered the debt capital market, and we believe other metros will follow suit in the medium term.

The rated metros are planning to spend a sizable R81 billion on capital infrastructure as part of their 2016-18 expenditure framework. This should result in a moderate increase in their debt-to-operating revenue ratio in the medium-term. An increased focus on capital expenditure will result in a marginal financing deficit.

Over the 2016-18 period, these metros aim to fund 45% of their capital expenditure from government transfers and 30% by borrowing, with own funds covering a further 25%. The proportion of capital investment financed from metros' own funds has increased substantially over the past six years, in a sign that they are able to maintain high revenue collection rates and strong liquidity positions.

Local municipalities, in particular secondary cities, have also experienced an increase in population and now face infrastructure backlogs of their own, although these are smaller than the metros'. Local municipalities' debt as a proportion of operating revenues ranges from low to moderate, with some outliers. Ratings Agency, Moody's believes most of them have the capacity to increase their borrowing to fund their capital infrastructure requirements without jeopardising their financial profiles. Potential challenges include low revenue collection rates and under-spending of the capital budget. This would hold back the elimination of their infrastructure backlogs, consequently delaying the provision of basic services to communities. Revenue collection remains a challenge for most local municipalities, and effort is required in this area if they are to improve their cash and liquidity. C



Source: National Treasury

Sustaining Municipal Viability amidst the Economic Distress through Outsourcing

by Yusuf Aboojee – MBD

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

Very often municipalities attempt to undertake non-core functions and tasks internally. This can lead such tasks not being completed efficiently due to time constraints and a lack of focus. At times the tasks completed are not up to the required standard. These non-core tasks include amongst others the collection of arrear debts, revenue management, meter reading and the management, cleaning up and verification of customer data.

If done right, outsourcing of certain municipal functions can help to deliver better services for less. It allows municipal officials to shift their focus from hiring and managing of employees as well as the purchasing and maintaining of equipment, to measuring, managing and reporting on results achieved by employees. Furthermore, municipal officials can focus on ensuring that equipment is fully utilized. Most importantly, key areas of service delivery can be measured and managed.

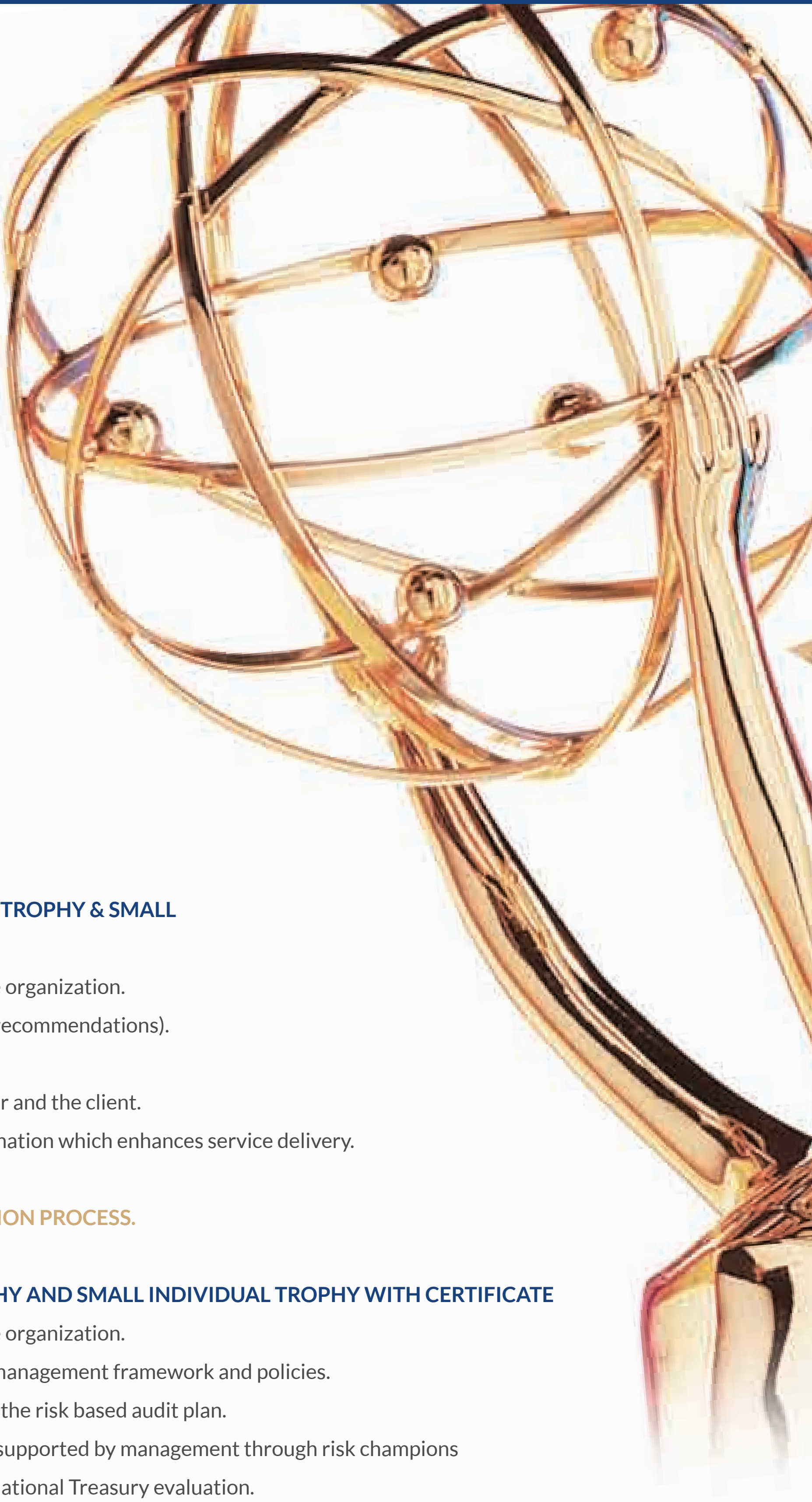
There are a number of municipalities that have benefited from outsourcing non-core functions to external service providers. In general municipalities face certain challenges, for which they could find outsourcing solutions. The following table outlines the two typical situations.

TYPICAL CURRENT CHALLENGE	SOLUTION THROUGH OUTSOURCING
1. Municipality struggling to collect outstanding arrears whilst it should focus on current debt.	1. Significant increase revenue through activation of new and previously dormant debtors
2. Resources allocated to debt collection performing multiple functions without the necessary skills.	2. Reduction in costs as function is outsourced and liability is placed on service providers
3. Customer data outdated	3. Improvement of customer data through enrichment and tracing
4. Queries not being resolved timeously or at all.	4. Development of a call centre to handle queries and transfer of key revenue management skills to municipal officials
5. Units within municipality working autonomously and replicating work (silo effect)	5. Effective planning as the municipality and the service provider work hand in hand towards a common objective
6. Debtors not receiving statements.	6. Debtors effectively serviced and thus satisfied.

Outsourcing must be done right and must follow proper procurement processes. Failure to do so could result in unforeseen costs, a loss of productivity and a waste of municipal resources. Outsourcing of non-core functions is not a new concept to municipalities. A number of municipalities make use of external providers.

Obviously it is essential to first correctly identify the reasons for not meeting objectives. Management should ensure that the real problems, rather than symptoms are addressed.. Once done, the procurement process should commence and the most cost effective service provider company should be identified. This process should be driven according to project management principles and practises.

Award Framework Criteria - 2016/2017



THE PURPOSE OF THE AWARDS :

- To recognise and reward excellence and professionalism in finance, risk, performance management and internal audit.
- To motivate members and non-members towards continual improvement.
- To attract and retain high calibre members as CIGFARO professionals.
- The board reserves the right to amend and review these criteria as deemed necessary.
- The Board reserves the right to decline to make rewards for any of the categories or the number of awards per category.

ALL AWARDS WILL BE JUDGED BY THE INDEPENDENT PANEL APPOINTED BY THE PRESIDENCY

THE PERFORMANCE WILL BE REWARDED IN THE FOLLOWING CATEGORIES:

1. INTERNAL AUDITOR OF THE YEAR (FLOATING TROPHY & SMALL INDIVIDUAL TROPHY WITH CERTIFICATE)

- Introduced innovative ways of adding value to the organization.
- Significant contribution towards OPCA (AG & IA recommendations).
- Independent and objectivity of Internal Audit..
- Demonstrate the relationship between the auditor and the client.
- Contribution on performance management information which enhances service delivery.

THIS AWARD WILL BE SUBJECTED TO NOMINATION PROCESS.

2. RISK OFFICER OF THE YEAR (FLOATING TROPHY AND SMALL INDIVIDUAL TROPHY WITH CERTIFICATE

- Introduced innovative ways of adding value to the organization.
- Significant contribution towards developing risk management framework and policies.
- Demonstrate their contribution towards input on the risk based audit plan.
- Establish the functional risk department which is supported by management through risk champions
- Submission of risk maturity level determined by National Treasury evaluation.

THIS AWARD WILL BE SUBJECTED NOMINATION PROCESS.

3. PERFORMANCE SPECIALIST/MANAGER OF THE YEAR (FLOATING TROPHY & SMALL INDIVIDUALTROPHY WITH CERTIFICATE)

- Introduced innovative ways of adding value to the organization.
- Demonstrate their contribution towards input on performance management framework and policies.
- Submit the quarterly reports approved by Council.
- Demonstrate the way they handle their annual report processes and IDP (Framework or Process plan).
- Demonstrate that they support management and performance audit committee.

THIS AWARD WILL BE SUBJECTED TO NOMINATION PROCESS.

4. BEST WOMAN MANAGER OF THE YEAR 3X PRIZES (FLOATING TROPHY, 3 SMALL TROPHIES AND CERTIFICATES – BE PRESENTED AT THE WOMEN'S SEMINAR

THE BEST WOMEN AWARDS ARE PRESENTED TO WOMEN WHO;

- Portray leadership in their fields of expertise.
- Serve as role models and/or mentors to other women in government.
- Advocate for positive social change that helps close the leadership gap and create a more equitable society.
- Demonstrate a commitment to the CIGFARO mission of eliminating inequalities and empowering other women in the work environment.
- Has earned respect within their colleagues.
- Support policies, practices, attitudes, and/or actions that are intended to produce equitable outcomes for all and give back to the related professions through their time, talent, and/or resources

THIS AWARD WILL BE SUBJECTED TO NOMINATION PROCESS.

LEGIBILITY

Awards are open to all Government practitioners i.e Internal Auditors, Performance and Risk Managers and Women Leaders

FOR MORE INFORMATION CONTACT:

Seba Ngwana: Email: seban@cigfaro.co.za

Newsclip - Water wise tips

http://www.ekurhuleni.gov.za/water-saving-tips

WATER IS A RESOURCE THAT WE CANNOT DO WITHOUT. USE IT SPARINGLY. THE CITY OF EKURHULENI BRINGS YOU THE FOLLOWING WATER WISE TIPS:

TAPS

- When brushing your teeth remember to turn off the tap - a running tap wastes litres of water per minute.

LEAK DETECTION AND REPAIR:

- To detect a slow leak add a few drops of food colouring to your toilet cistern.
- Don't flush it for about an hour.
- If the food colouring is present after an hour, you have a leak.
- It's easy to fix though! Call a recommended plumber or, if you fancy a bit of DIY, take the parts to the hardware store and ask the staff to help with replacement part.
- Remember to check again for a leak once fixed.

TOILETS

- Dual flush toilets have a split flush button which gives the user the choice of how much water to use.
- A Cistern Displacement Device can be placed in the cistern to displace around a litre of water every time you flush. They are super easy to install.
- Installing a CDD can achieve saving thousands of litres per year.
- Avoid flushing away cotton ball or make up tissues, simply throwing them in a bin will cut down on the amount of water wasted with every flush.
- Repair promptly cistern leaks and any form of leaks.

SHOWERS

- Showering uses less water than bathing. It also saves you money on your electrical account.
- Use a low flow showerhead.
- Take shorter showers – five minutes or less.
- Put a bucket in the shower to catch to cold water while you wait for it to get hot. You can use this water to water your garden.
- When you shower, wet your body, turn the water off apply soap, wash and then rise off with water.

BATHS

- A bath typically uses around 80 litres, while a short shower can use as little as a third of that amount.
- Plug the basin when shaving rather than rinsing your blade under running water, this can saves up to 45 litres per month.
- You can minimise your water use by reusing your bathwater to water your houseplants, garden or flush your toilet.

KITCHEN

- The kitchen tap and dishwasher account for 8% to 14% of water used in the home.
- Try and use a full load every time. This can be helped by ensuring you buy a dishwasher with a capacity suitable for your household size.
- Experiment with different settings on your dishwasher, many modern machines offer 'Eco' or 'Economy' setting which use less water and energy. These can even be more efficient than hand washing.
- Avoid pre-rinsing dishes, detergents are highly effective, so all you need to do is simply scrape and place.
- If you are washing in the sink, try adding a washing up bowl or plug into your sink to catch excess water. This can reduce water wastage by 50% and be used to wash your vegetables before cooking.
- Don't hand rinse or wash dishes – pour water in the sink and then do all of the dishes.

LAUNDRY

- Clothes washing can account for 15% of water used in homes.
- When buying a washing machine, have a look at the water wise ranking.
- Remember to read the manual to find out which cycles are the most water efficient.

DRINKING

- Waiting for the tap to run cold, or warm, can waste a lot of water. Save this water for drinking, cleaning vegetables.
- Plants love to have a drink of any left over water in glasses.
- Try to fill the kettle with only what is needed, this will save water and energy.
- Using the lid on saucepans reduces the amount of water lost, so you don't have to put as much in.

OUTSIDE

- Use a broom, not a hose to clean driveways and walkways.
- Mulch around plants to hold water in the soil.
- Plant plants that require less water.
- Water plants early or late in the day to reduce evaporation.
- Wash your car using a bucket of water and not the hosepipe.
- Close all taps and check whether the water meter is running. If so, there are leaks that need to be identified and repaired.
- Stop refilling pools or cover pool with an impermeable material to reduce evaporation.

REPORT ANY WATER PIPE BURST OR LEAKS IMMEDIATELY TO 086 054 3000.

SOURCE: http://www.ekurhuleni.gov.za/water-saving-tips

Chopper Technology

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

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

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

Our Service Portfolio includes but isn't limited to:

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

Product Profile

Level Quality Camera

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

Dam to Reservoir to Domestic Meters

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

Smart Water Meter

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

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

Battery Charger

Our Intelligent Battery Chargers come the in the following modules:

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

The following safety features are provided:

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

Miniature Camera

Capable of snapping images and transmitting data to a number of cells phones as MMS image. It maybe used as a surveillance or alarm device.
Features

- Images are obtained by phoning the camera or activation of sensor (switch).
- Powered by internal batteries.
- Capable of being charged by computer output, cellphone charger, solar panel sensor or DC voltage sensor.
- Fully charged battery will last one week taking 1-2 images per day.
- All images are date and time stamped.

Isiflo Composite Fittings

Smartbox

SMART System

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

140 Rinaldo Road, Glen Hills
Durban North

Gala Dinner

1st Prize Risk Management Unit, Ekurhuleni Municipality represented by Cllr Doctor Xhakaza, MMC for Finance and Economic Development with Hon. Deputy Minister Obed Bapela (COGTA), Jane Masite (CIGFARO Past President), Sidwell Mofokeng (CIGFARO Vice President)

3rd Prize Risk Management Unit, eThekwini Municipality represented by Fawzia Peer

Attendees dressed in Traditional Attire from Thulamela Municipality

CIGFARO Most Improved Branch of the Year – Swaziland Chapter

Presidents Function

Jane Masite (CIGFARO Past President)

CIGFARO Presidency

Guests attending President Function

CIGFARO STAFF with Past President, Jane Masite

International guests

Meshack Moshidi, Abbey Tlaletsi (CEO) & GP Branch Former Chairperson David Garegae

GALLERY - ANNUAL CONFERENCE: SPEAKERS

Justice Malala (Political Analyst)

Chris Gavor (Valuer General), Jane Masite (Past President), & Walter Muwandi (Platinum Sponsor - CCG Systems)

Hon. Deputy Minister Obed Bapela (COGTA)

Yushaa Abrahams, Paul van de Haar (KPMG) & Dr Adrian Pullham (CIPFA UK)

MEC Nomusa Dube-Ncube (KZN COGTA)

Sonwabo Gqegqe (SALGA)

Peter Ndoro (Media Personality)

Ajiv Maharaj (eThekwini Municipality)

Muthotho Sigidi (COGTA)

Carli Venter (World Bank)

GALLERY - ANNUAL CONFERENCE: EXHIBITION STANDS

CCG SYSTEMS - PLATINUM SPONSOR

ABSA BANK

BYTES UNIVERSAL SYSTEMS

NTIYISO CONSULTING

KPMG

FNB BANK

BIDVEST BANK

AUDITOR-GENERAL SOUTH AFRICA

GALLERY - GAUTENG POST ELECTION HELD AT TUT

David Garegae - GP Branch Chairperson

Moqalanyane Maloka, David Garegae - Ekurhuleni Municipality

Jamie Moodley - Ekurhuleni Metropolitan

Walter Muwandi - CCG Systems

Panel Discussion: Paledi Marota, David Garegae, Lerutla Kagiso, Moqalanyane Makola

TUT Lecturer - Vote of Thanks

Paledi Marota - Branch Committee Member

Tshwane University of Technology Students

Tshwane University of Technology Students

ACKNOWLEDGEMENT OF EXHIBITORS

CIGFARO WOULD LIKE TO THANK THE **SPONSORS, STAKEHOLDERS AND MEDIA PARTNERS** BELOW FOR THEIR CONTINUOUS SUPPORT AND CONTRIBUTIONS IN MAKING THIS YEARS CONFERENCE A HUGE SUCCESS.

- ABSA
- Akhile Management Consulting
- Argon Asset Management
- Arms Audit & Risk Management Solutions
- Auditor General South Africa
- Balimi Barui Trading
- Bidvest
- Bigen Africa Services
- Boffin & Fundi
- Bonakude Consulting
- Business Connexion
- Bytes Universal Systems
- CCG Systems
- Chopper Technologies
- Consolidated Retirement Fund for Local Government
- Contour Technologies
- Conlog
- CQS Technology Holdings
- CrossCheck Information Bureau
- C-Sonke Investments
- DBSA
- DDP Valuers
- DMB Holdings (Market Demand)
- Ducharme Consulting
- Ekurhuleni Metro
- Elster Kent Metering
- Environmental & Sustainability Solutions
- Empowaworx
- EOH Mthombo
- Ethekwini Metro
- Evaluations Enhanced Property Appraisals
- Fleet Horizon Solutions (Pty) Ltd
- FNB
- Fujitsu
- Futshane Consulting
- I@Consulting
- I-Chain
- ICT Works
- IMQS
- INCA Portfolio Managers
- Indwe Risk Services
- Innovation Government Software Solutions
- Interfile
- Juta
- Korbitec
- Kunene Ramapala Inc
- KPMG
- Kwazinto Craftx
- LA Health
- M2TD Consulting
- Mailtronic Direct Marketing
- Maximum Profit Recovery
- Morkalio Revenue Solutions
- MSolutions
- Munsoft
- Nedbank
- New Integrated Credit Solutions
- Ntiyiso Consulting
- OS Holdings
- Pay At Services
- PayDay Software Systems
- RUMAS
- Sabinet
- SAGE
- SAIL
- Sebata Municipal Solutions
- South African Institute of Professional Accountants
- South African Library for the Blind
- Spintelligent
- Standard Bank
- Syntell
- Thomson Reuters
- Total Geo-Spatial Information Solutions
- TransUnion
- Truth Advertising
- UBAC
- Utility Management Solutions (UMS)
- Vesta
- Wesolve Solutions (Invictus)

KEY STAKEHOLDERS AND MEDIA PARTNERS

- Ethekwini Municipality
- National Treasury
- AGSA
- SALGA
- Spintelligent (African Utility Week)
- African Cities
- Government Digest
- ESI Africa
- Empowaworx

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P O Box 98597, Sloane Park, 2152

NEW MEMBERS

STUDENT MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
GP	Ms	MR	Phaswana	Student	Tshwane University of Technology
KZN	Mr	SP	Vilakazi	Student	Tshwane University of Technology
WC	Mr	B	Nkatazo	Student	University of South Africa

GENERAL MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
KZN	Mrs	S	Ram	Senior Specialist: ERP	Bytes Universal Systems
MP	Mr	SF	Mndebele	Director Corporate Service	Chief Albert Luthuli Municipality

JUNIOR MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
WC	Mr	TD	Klein	Intern Finance	Breede Valley Municipality
EC	Ms	S	Faye	Accountant	Amahlathi Municipality
KZN	Ms	TD	Nompula	Administrator: Expenditure	Ethekwini Municipality
NC	Ms	JT	Mafata	Intern Finance	Sol Plaatje Municipality
KZN	Ms	L	Myeni	Intern Finance	Endumeni Municipality
WC	Ms	A	Makeleni	Junior Specialist: ERP	Bytes Universal Systems
KZN	Mr	S	Dlamini	Finance Officer: Reporting	uMfolozi Municipality
KZN	Mr	S	Zibane	Finance Intern	Mtubatuba Municipality

LICENTIATE MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
B-Zim	Mr	B	Savanhu	Clerk: Assets & Claims	City of Harare
WC	Mrs	UF	Riddles	Administrator: Accounts	PetroSA
WC	Mr	MAC	Bolton	Chief Finance Officer	Swartland Municipality
NC	Ms	CC	La Vita	Internal Auditor	Sol Plaatje Municipality
KZN	Ms	NIP	Nzuke	Manager: Policy & Compliance	Ethekwini Municipality

ASSOCIATE MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
WC	Mrs	L	Swart	Head: Grants Administration	City of Cape Town
KZN	Mr	SB	Xaba	Accountant	Ethekwini Municipality
KZN	Mr	XNE	Hlekwane	Manager: Finance	Ndwedwe Municipality
NW	Ms	S	Mini	Chief Finance Officer	Mamusa Municipality
GP	Mr	SS	Balea	Deputy Director	City of Tshwane

SENIOR ASSOCIATE MEMBERS					
Province	**Title**	**Initials**	**Surname**	**Designation**	**Employer**
B-Zim	Mr	G	Nzombe	Senior Accountant	City of Harare

APPLICATION TO THE SOUTH AFRICAN QUALIFICATIONS AUTHORITY FOR ADDITIONAL PROFESSIONAL DESIGNATION(S) TO BE REGISTERED BY THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA (IIA SA)
(Notice 1355 in Government Gazette 40383 of 28 October 2016)

The Institute of Internal Auditors has applied to SAQA, the South African Qualifications Authority, for the) proposed registration of the Designation Title of Certified Internal Auditor (CIA).

KING IV REPORT ON CORPORATE GOVERNANCE

After a long public consultation process, the King IV Report on Corporate Governance for South Africa was officially launched on 1 November. Professor Mervyn King, chair of the King Committee on Corporate Governance in South Africa, explained that "the overarching objective of King IV is to make corporate governance more accessible and relevant to a wider range of organisations, and to be the catalyst for a shift from a compliance-based mindset to one that sees corporate governance as a lever for value creation".

This report replaces the King III Report (2009) in its entirety and is effective in respect of financial years starting on or after 1 April 2017. This transitional period aims to give organisations enough time to get their affairs in order.

INVITATION TO COMMENT ON EXPOSURE DRAFTS ISSUED BY THE ACCOUNTING STANDARDS BOARD
(Board Notice No. 140 of 2016 in Government Gazette 40188 of 5 August 2016)

The Accounting Standards Board has invited comment on six Exposure Drafts that were issued for comment at its meeting held in June 2016. The Exposure Drafts are
outlined below:

- Proposed Standard of GRAP on *Separate Financial Statements (ED 144);*
- Proposed Standard of GRAP on *Consolidated Financial Statements (ED 145);*
- Proposed Standard of GRAP on *Investments in Associates and Joint Ventures (ED 146);*
- Proposed Standard of GRAP on *Joint Arrangements (ED 147);*
- Proposed Standard of GRAP on *Disclosure of Interests in Other Entities (ED 148); and*
- Proposed *Conceptual Framework for General Purpose Financial Reporting (ED 149)*

Comment, in the form of a written response to the Board, is requested on ED 144 to ED 148 by **30 November 2016**, while comments for ED 149 should be received by the Board by the **17th of February 2017.**

The documents are available electronically on the Board's website – http://www.asb.co.za.

PROMULGATION AND EFFECTIVE DATE OF THE PUBLIC SERVICE REGULATIONS, 2016 TO REPLACE THE PUBLIC SERVICE REGULATIONS, 2001

The Public Service Regulations, 2016, have been approved and replace the 2001 version of the Public Service Regulations with effect from 1 August 2016. The Regulations are available on the Department of Public Service and Administration website at: http://www.dpsa.gov.za/legislation.php

Transitional arrangements are set out in Annexure 1 of the Regulations. Anything done under the Public Service Regulations, 2001, which could be done under a provision of these new Regulations, shall be deemed to have been done under that provision.

The Regulations cover a broad range of Public Service administrative requirements within the broad areas of:

- Conduct, Financial Disclosure, Anti-Corruption and Ethics Management
  - *Code of Conduct*
  - *Financial Disclosure*
  - *Anti-*corruption and ethics management
- Planning, Organisational Arrangements And Service Delivery Employment Matters
  - *Creation of posts, job descriptions, job evaluation and job grading*
  - *Remuneration and other benefits*
  - *Working environment*
  - *Appointments and other employment matters*
  - *Performance Management*
  - *Training*
  - *Labour matters*
- Senior Management Service
- Advertising of posts
- Competency-based selection
- Employment contracts
- Performance management and development
- Determination of conditions of service
- Training and development

- Ethics and conduct
- Misconduct and incapacity
- Information Management And Electronic Government Advisory Bodies To Minister For Public Service And Administration and
- Community Development Workers Programme.

Annexure 1 deals with the Transitional Arrangements.

The Regulations also include various prescribed forms for human resource management and related practices, such as:.

- **Annexure 2 :** Employment Contract As Prescribed In Terms Of Section 12 Of The Public Service Act, 1994, For Heads Of Department
- **Annexure 3:** Permanent Employment Contract In Accordance With Chapter 5 Of The Public Service Regulations, 2016, For Members Of The Senior Management Service
- **Annexure 4:** Employment Contract For A Fixed Term Or A Specific Project In Accordance With Chapter 5 Of The Public Service Regulations, 2016, For Members Of The Senior Management Service

NATIONAL LAND TRANSPORT ACT, 2009 (ACT NO. 5 OF 2009) MINIMUM REQUIREMENTS FOR THE PREPARATION OF INTEGRATED TRANSPORT PLANS, 2016

(Notice No. 881 in Government Gazette 40174 of 29 July 2016)

This document sets out the Minimum Requirements in the Schedule in terms of section 8(1)(q), (r) and (s) and section 36(1) and (2) of the National Land Transport Act, 2009 (Act No. 5 of 2009). This document replaces the document titled "Integrated Transport Plans: Minimum Requirements in terms of the National Land Transport Transition Act" published in Government Gazette number 30506 on 30 November 2007 under Government Notice No. R 1119.

Chapter 3 deals with the responsibility for the preparation of transport plans and fFor the purposes of land transport planning, three types of planning authorities are distinguished.

The type of integrated transport plan to be prepared by these planning authorities is as follows:

- Planning Authorities are required to prepare a **Comprehensive Integrated Transport Plan (CITP)** are all metropolitan municipalities and also the other municipalities where the demographics and transport movements in the area justify the preparation of a CITP.
- **District Municipalities:** All district municipalities are to prepare a **District Integrated Transport Plan (DITP)** which summarises the local integrated transport plans (LITPs) of the local municipalities in their districts. In the case where a local municipality has prepared a CITP, the CITP must be incorporated as part of the DITP.
- **Local municipalities:** All other local municipalities are to prepare a **Local Integrated Transport Plan (LITP).**
- Planning authorities that are district or local municipalities are entitled to prepare CITPs if they so wish, provided that the costs are justified by the transport situation in the area.

These Requirements provide for a five-year ITP in terms of the Act which is a minimum requirement. However, PAs should formulate longer term plans or strategies where appropriate. If such longer term plans/strategies are formulated they should be broken up into five year segments. Due regard should be given to projects that will not be implemented in the 5-year period.

Planning authorities must also comply with any additional requirements prescribed by the relevant MEC, and may include information additional to that required by this document. While the integrated transport plans prepared by planning authorities must comply as a minimum with the provisions of the Act and the Requirements, planning authorities are encouraged to do additional planning if they are able to do so, as allowed by their budgets and capacities, in order better to promote the objects of the Act.

In interpreting these Requirements, the planning authority should be guided by the Guidelines. The Guidelines apply to CITPs, but should also be applied where relevant to DITPs and LITPs.

Transport planning should always be strategic in nature and focused on the desired outcomes, as derived from national, provincial and local transport policy. In particular, all information collected and surveys done should be focused on the desired goals, which include, but are not limited to, the following:

Desired outcomes of Integrated Transport Plans (ITPs):

- Improved accessibility
- Reduction of congestion
- Affordability
- Improve travel times
- Increased use of NMT
- Solving problems relating to parking

The improvements that are needed in order to achieve the desired outcomes of the ITPs:

- Proactive Transport planning
- Facility planning
- Better informed law enforcement
- Infrastructure planning (road and rail upgrades required etc.)
- Integration of public transport services
- Land-use/spatial planning

The MEC must ensure the co-ordination of the planning processes of all planning authorities under the jurisdiction of the province and, in doing so, must ensure that all plans address—

- public transport services operating across the boundaries of the areas of planning authorities including contracting arrangements for such services; and
- rivalry or lack of co-ordination between neighbouring planning authorities that may result in the duplication of planning, or the duplication or over-supply, or under-supply, of transport services, facilities and infrastructure in the region.

This document also deals with the contents that must be in the documentation, the timeframes for reviews and total overhaul every 5 years.

NATIONAL ENERGY REGULATOR ACT 40 OF 2004

(General Notice 697 in Government Gazette 40366 of 24 October 2016)

Eskom has applied to National Energy Regulator of South Africa (NERSA) for permission to introduce a critical peak day tariff as a new option for qualifying large electricity consumers. It is envisaged that, by encouraging customers to reduce or even forego electricity consumption on critical peak days, the tariff option will facilitate power system planning and management. The above document is available on NERSA's website: www.nersa.org.za.

PROTECTION OF PERSONAL INFORMATION ACT

Pansy Tlakula has been confirmed as the Information Regulator in terms of the Protection of Personal Information Act. Tlakula is the former chair of the Independent Electoral Commission of SA (IEC). The appointment was made in terms of section 39 of the Protection of Personal Information Act 2013 and on the recommendation of the National Assembly. Other members of the regulator will be Lebogang Cordelia Stroom and Johannes Collen Weapond as full-time members, and Professor Tana Pistorius and Sizwe Snail Ka Mtuze as part-time members.

SECTIONAL TITLES SCHEMES MANAGEMENT ACT (STSMA), COMMUNITY SCHEMES OMBUD SERVICE ACT (CSOSA)

The Sectional Titles Schemes Management Act (STSMA), Community Schemes Ombud Service Act (CSOSA) and new regulations commenced on 7 October 2016.

RED TAPE IMPACT ASSESSMENT BILL

This Bill has been introduced in the National Assembly.

The objects are to

- create capacity in government to measure, control and reduce the economic impact of regulatory measures;
- measure the impact of regulatory measures on businesses;
- measure and reduce red tape and the costs associated with red tape when conducting business in the Republic of South Africa; and
- create a business-friendly environment for business in the Republic of South Africa.

TRADITIONAL COURTS BILL

The Department of Justice has revived the Traditional Courts Bill. This controversial Bill will be discussed in a Cabinet sub-committee before being put to Cabinet. During the last public hearings in the National Council of Provinces, women's rights groups and farming communities rejected it. Their comment was that the Bill "predated democracy and needed to be shelved or thrown out altogether".

FASCINATING FACT: 11TH-CENTURY CATHEDRAL EMBRACES SOLAR ENERGY

An English cathedral built in the 11th century has become the oldest building in the world to have solar panels installed. Despite its 1 000 years of history, Gloucester Cathedral was keen to embrace modern technology and is having 150 panels fitted on its roof. The panels will generate 25 000kW of energy a year – enough to power seven semi-detached homes for a year or make 250 000 cups of tea. The installation forms a key part of the £6m Project Pilgrim scheme to make the cathedral sustainable for future generations.

BYTES UNIVERSAL SYSTEMS

SAMRAS (South African Municipal Resource Administration System) is a locally developed **GRAP compliant and mSCOA ready ERP solution,** designed to meet specific needs of the South African local governments and municipalities.

SAMRAS ERP is a fully integrated system that encompasses the following functions:

- Billing
- Expenditure
- NT reporting
- Budgeting
- Assets and inventory
- HR module: online leave and overtime
- Contract management
- Performance management (SDBIP)
- Payroll
- Supply chain management

Looking ahead, developing for tomorrow, embracing today.

For more information contact:

Jane Khaled
Business Unit Lead:PMO
Bytes Universal Systems
+27 11 205 7665
+27 83 461 5966

BYTES SAMRAS for Local Government

altron.

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

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FEBRUARY

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

MARCH
(3RD QUARTER OF FINANCIAL YEAR)

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Table the Annual Budget	MFMA 16(2)	90 Days before new year	Mayor	Municipal Council
4	Table time schedule (key deadlines) (b) (1)(2)(3)&(4)	MFMA 21(1)(b)	10 Months before start of budget year	Mayor	Municipal Council
5	Submit annual budget in printed and electronic formats	MFMA 22(a)	Immediately after budget is tabled in Council	Accounting Officer	Nat Treas, Prov Treas
6	Submit the approved budget	MFMA 24(3)	Once approved	Accounting Officer	Nat Treas, Prov Treas
7	Non-compliance pertaining to tabling & approval of budget	MFMA 27(3)	Promptly	Mayor	Mun Council, MEC (Finance) Nat Treas
8	Exceedance of the Capital Budget	MFMA 31	Promptly	Mun Manager	Prov Treas, AG
9	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
10	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
11	Delay in tabling budget, approval of SDBIP or signing of ann performance agreements	MFMA 53(2)	Promptly	Mayor	Municipal Council & MEC (Fin)
12	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
13	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
14	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
15	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
16	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
17	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
18	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
19	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
20	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
21	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
22	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
23	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
24	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
25	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
26	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
27	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

APRIL

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Cons report - all withdrawels each quarter	MFMA (11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
4	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	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
8	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
9	Draft SDBIP & ann perform agreements	MFMA 69	14 Days after appr of budg	Accounting Officer	Mayor
10	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
11	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
12	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
13	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
14	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
15	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
16	Entity - Stmnt: 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
25	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qrtr	Acc Officer etc	Nat Treas
26	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
27	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

CAMELSA
CONSULTING GROUP

SERVICE OFFERINGS

(System Sales, Implementation, Training, Project Management and mSCOA Support)

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

Sage Evolution ERP
by Sage Pastel

camelsa
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mSCOA Add-on modules

Advanced Procurement | Voucher Management | Branches | Fixed Assets

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