



# CIGFARO

Chartered Institute of Government Finance, Audit and Risk Officers

## JOURNAL

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## Building the Institutional Capacity of Municipalities

**10** **Harnessing financial resilience:**  
compliance with the basics determines the future

**14** **ETHICS IN LOCAL GOVERNMENT**



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# ED



## GREETING COLLEAGUES

The annual conference is upon us! Excited we are to host everyone once again. This conference promises to be one of a kind as we are reminded of what it feels like going back fully to hosting our physical conferences. Personally, I cannot wait to see everyone and the exhibition stands. I'm excited to see all the different designs.

The celebration of our 93<sup>rd</sup> annual conference is an exciting journey. The road over the years was exhilarating and at some stage quite bumpy however we are grateful for this achievement as an Institute which has sustained itself despite tough circumstances and political atmosphere. The theme of the conference is "Focus on the future: Harnessing Financial Resilience".

The past two years have been very uncertain with global pandemic hitting us so unexpected. Looking back – a lot has happened, but one thing remains and that is our vision as an institute "To be a leading professional body for the continuous development and capacitation of finance and governance practitioners in the public sector" with the help of our members we continue to stay on course.

This journal issue promises to be an exciting one with articles like - building the institutional capacity of municipalities by Michael Sutcliffe and Sue Bannister, Harnessing financial resilience: compliance with the basics determines the future by Annalien Carstens and Ethics in Local government by Alice Stander just to name a few. Follow and like us on our social media platforms and continue to keep in touch with us on issues you would like to read about. 

You can find us on Facebook, Twitter, LinkedIn, and Instagram. Welcome to the 93<sup>rd</sup> annual conference.

*Esther G.*



# CIGFARO

Chartered Institute of  
Government Finance, Audit & Risk Officers

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#### EDITOR-IN-CHIEF

Esther Gumata

#### EDITING ASSISTANCE

Nosipho Dladla, Emmanuel Ngcobo,  
Louise Muller, Fathima Khan

#### ADVERTISING

Esther Gumata

#### LAYOUT AND DESIGN

Eloise Watson

#### PHYSICAL ADDRESS

CIGFARO  
28 Fortress Street, Rhodesfield, Kempton Park, 1619  
Tel: +27 11 394 0879  
Fax: +27 11 394 0886  
E-mail: [oceanm@cigfaro.co.za](mailto:oceanm@cigfaro.co.za)  
[www.cigfaro.co.za](http://www.cigfaro.co.za)

#### POSTAL ADDRESS

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## FOREWORD FROM THE PRESIDENT



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

South African municipalities have been busy with the Annual Financial Statements (AFS) Preparations as per Sections 122 and 126 of the MFMA which requires every municipality to prepare AFS and submit them to the Auditor-General for audit by 31 August each year. This time of the year is the most stressful and busiest period in the lives of our members. Members are wished well with their audits and we hope for better audit outcomes especially the number of clean audits.

The compilations of the budgets require highly skilled financial staff due to the technical nature and changing versions of mSCOA. Therefore mSCOA compliant Budgets and the implementation of a costing system in compliance with National Treasury prescripts in line with GRAP principles, within the approved budget process plan and prescribed legislative deadlines is critical. Even more critical is to ensure that budgets that are passed by Councils is funded. While consultants may be used in the process as municipalities get upskilled, we strongly advise that all processes be accompanied by formal skills transfer processes

with relevant municipal officials rather than a tick box exercise which results in malicious compliance.

You will note in my previous foreword, I mentioned that; the AG emphasised that despite reporting shortcomings and providing recommendations over the years, as well as numerous costly national and provincial initiatives and interventions, the poor state of key financial management controls demonstrated that municipalities had not yet mastered financial reporting, as 75% of them were not able to submit financial statements for auditing that had no errors. The deteriorating financial health of municipalities revealed increasing indicators “of a collapse in local government finances and continued deterioration over the term of the administration.” This should encourage municipalities to look deeply into financial planning for the short, medium and long term. It is therefore fitting that at our CIGFARO 93<sup>rd</sup> Annual Conference this year hosted from Tuesday 11 October 2022 till Thursday 13 October 2022 at the Durban ICC, we focus on the theme:

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### Focus on the Future: Harnessing Financial Resilience.

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The future of Local government worldwide today faces an important opportunity to revolutionize how we function and how we meet the fast-evolving expectations of the customers we serve. We need to be a step ahead in this fast-paced ever-changing environment of our new reality while managing the financial health of our municipalities. The diverse cities and communities we serve have led us to think about the future of local government organizations. We must focus on rebuilding the capacity of local government to finance critical infrastructure, attract and retain a skilled labour force, and engage citizen in designing innovative solutions to address public problems. How we react to problems is critical. Financial resilience is the ability to withstand and recover from temporary financial hardship and disruptions and be sustainable.

The celebration of our 93<sup>rd</sup> annual conference is an exciting journey. The road over the years was exhilarating and at some stage quite bumpy however we are grateful for this achievement as an Institute which has sustained itself despite tough circumstances it faced especially over the COVID pandemic. The hosting of the

best practice platforms through conferences, provincial workshops, online training and e-learning programs is a focal point of the institute in the creation of a professional body which would establish and maintain high standards of professionalism among municipal practitioners.

Let me take a moment and express gratitude to the Host City, the Executive Mayor of eThekweni. We are humbled and honoured to be hosted in your state-of-the-art ICC again this year. I am sure many of our members are happy to be attending a face-to-face conference after being restricted for so long. Our sincerest gratitude also to our Host sponsor Ntiyiso Consulting Group for trusting our brand and making the important decision to contribute towards the success of this Conference and public sector at large. Our heartfelt gratitude to our exhibitors and delegates who continue to support the vision of CIGFARO. This journey would not be the same without you, so we thank you all for your contributions.

CIGFARO continues to accelerate the development of our members. Please visit our website [www.cigfaro.co.za](http://www.cigfaro.co.za) and you will see that we are busy offering a Public Sector Financial Management e-course which allows you to study at your own pace. This e-course is in partnership with LexiNexis where you will gain access to 9 easy to understand modules, a full understanding of the public finance functions in terms of the applicable legislation, and finally you will find empowering content around the tools such as mSCOA classification framework to improve the credibility, sustainability, transparency and reliability of your reporting. The office together with Alitimax are working on another e-learning program on Basic Accounting which will be launched soon. We thank you once again for always registering to attend our online sessions namely; Valuations Programme, the mSCOA Annual Workshop and the Smooth sailing through annual report production programme amongst others.

Well done to our Mpumalanga Branch that hosted an exceptional workshop proudly sponsored by Munsoft, during August 2022 at the Ingwenyama Resort. Thank you to our KZN Branch that continues to deliver unmatched capacity building programs. The AFS review and year end submission working session hosted by KZN Branch was full house and I believe very powerful

session. Thank you to our sponsor EAMS and our stakeholders SALGA and COGTA for your continued support.

Our 1<sup>st</sup> IT Governance and Cyber Security for Public Finance Conference hosted on 11 August 2022, in the City of Cape Town was unbelievably mind-blowing. It was evident that there is a substantial need for skills development and capacity building in this discipline. With reference to the Auditor General findings, IT governance has not improved in the local government space, therefore there is a need to look deeply into the investment of good IT systems to eliminate the UIFW, 68 out of 86 municipalities had ineffective controls. Furthermore, smart policies should be developed to avoid service delivery unrests; therefore, the reimaging of service delivery methodology is needed as a technological enabler through digital services. There is a need for artificial intelligence (AI) by taking into consideration guidelines or regulations, capabilities, adaptabilities, and technological skills since all spheres of government depend fully on technology. The data that is available should be used as the key object to solve challenges that government is faced with. Municipalities should consider using the AI in addressing the Municipal Standard Chart of Accounts (MSCOA) challenges within their municipal space, to improve or better the monthly and quarterly reporting. The current way in which the IT role is structured in municipalities is that it does not have a representation or the buy in of the council and the executives, hence municipal IT systems are failing, irrespective of the legislation which is being imposed. CIGFARO will continue to engage and facilitate discussions with SALGA, COGTA and all municipalities to start the conversation on the Municipal IT challenges and source relevant skill from private sector to close the gaps that are currently existing in the public sector.

The cold winter days are behind us. Let us push forward and join hands by sharing information within our work environment in the name of good governance and transparency. Looking forward to seeing you in sunny KZN Durban and the robust engagements on “**Harnessing Financial Resilience**”. 

*Stay blessed!*

**CHERYL REDDY**  
**CIGFARO PRESIDENT**

# SAVE THE DATES 2023

01

**AUDIT & RISK INDABA**  
4-5 APRIL 2023 (DURBAN)

**PUBLIC SECTOR FINANCE SEMINAR**  
4-5 JULY 2023 (GAUTENG)

02

03

**IT GOVERNANCE & CYBER SECURITY  
SEMINAR - 3-4 AUGUST 2023 (TBA)**

**ANNUAL CONFERENCE**  
3-5 OCTOBER 2023 (CAPE TOWN)

04

05

**MSCOA WORKSHOP**  
15-16 NOVEMBER (GAUTENG/VIRTUAL)



**G**reetings colleagues – we meet once again and this time we are revisiting Durban for our annual conference. As we embark on our 3 days' conference, the Institute has always enjoyed a high standard of papers from remarkable speakers. In line with the current realities, this year's conference theme is: **"Focus on the Future: Harnessing Financial Resilience"**. As we gather in this venue to share knowledge – we hope that the conference will be a very informative and fruitful one. We appreciate and acknowledge all the dedication put into this huge event by our board members under the leadership of our President, Ms Reddy – we as the office remain humble by the support given. We would like to extend our gratitude to our speakers for responding to our request to share their expertise and to our loyal sponsors for the continued support over the years, especially this year's host city – eThekweni Municipality, host sponsor – Ntiyiso Group Consulting and our black platinum sponsor - EOH.

A lot has taken place since our last communication. We recently hosted our very first IT Governance and Cyber Security conference in partnership with SAICA in early August. The one-day event took place in Cape Town with close to 100 delegates joining in, and a wide range of topics were discussed with key experts from various organisations leading the platform – topics such as

the King IV Good Governance for IT systems, IS Management (Governance) and financial implications of neglecting IT Security, Cyber-security knowledge and many more. The intent was to alert the Public Finance Officials as well as political office bearers with oversight over public finance functions, to the IG Governance requirements, risks and mitigation strategies while equipping them to ask the right questions of their IS&T providers. The Finance Departments continually work with significant volumes of personal information and must understand the risks of moving into the Fourth Industrial Revolution (4IR), and the governance responsibilities that it requires, while also ensuring that mitigating actions are in place.

The event has evoked a huge stir in the public sector and going forward, this event has been added to be part of our annual event. The demand for such event has been demonstrated with all the recent activities that we have been faced with worldwide. The recent event of GovTech was a clear indication of what the current realities we as the world are dealing with. For more on our IT Governance and Cyber security conference – you can visit our website for the presentations. We have also included a few images in this regard, to show the success of the event.

We have finalised our Annual Report which will be uploaded onto our website immediately after the Annual General Meeting to be held on the 11<sup>th</sup> of October 2022 in the afternoon - do check that out. We wish everyone a safe journey to those who will be travelling to Durban and remember to stay in touch with the institute by emailing at [ceo@cigfaro.co.za](mailto:ceo@cigfaro.co.za)

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

*Happy reading.*

**LINDI NOLTE**  
**ACTING CEO**

## Building the Institutional Capacity of Municipalities

by Michael Sutcliffe and Sue Bannister, City Insight (Pty) Ltd



**Listening to all the commissions underway at the moment, it is clear that enormous amounts of resources have been wasted through corruption, inefficiency and poor planning. But commissions will not themselves solve the need to ensure that as a society we must have the capable human resources and processes of collaboration to build a capable developmental state.**

Municipalities need professional engineers and planners to oversee development in a municipal area, including work done by consulting engineers and planners. The Municipal Systems Act outlined a range of options to strengthen and build a collaborative and capable local governmental system. Yet we have not yet seen the positive impact from the billions of Rands that have been spent each year to develop these capabilities.

Recently, the Minister of COGTA Dr. Nkosazana Dlamini-Zuma argued that building capacity and sharing good experiences across, for example, municipalities is an important part of an all-of-society approach to improve the capacity of local government to perform a lot better. Her comments remind us of why we built the Municipal Institute of Learning (MILE) in eThekweni in the 2000s. MILE arose out of us continually receiving requests from less-capacitated municipalities to assist them with engineering, planning, financing and other issues and after providing this assistance we realized we needed to institutionalise these learning processes through MILE. MILE created, for eThekweni, a collaborative platform where knowledge and innovation programmes and initiatives from various departments across the municipality were coordinated and supported, and which contributed to

building a model of peer-to-peer learning and sharing with a broad reach across Sub-Saharan Africa.

The focus was on building of professional practitioner capabilities for local government on the continent, and whilst it is housed within eThekweni its focus is much broader in areas such as learning interventions (master classes, mid-career, peer exchanges), City to City interventions (municipal technical support and joint projects with other cities) and research interventions. These interventions then led to a focus on knowledge management through documentation and sharing of experiences. We believed this reinforced Section 4 of the Intergovernmental Relations Framework Act, 2005 which provides sound legislative reasoning for knowledge sharing. It should be said, too, that MILE is both one of many such positive contributions across South African municipalities to share knowledge and build capacity. These are often supported too by international organisations like UNITAR, GIZ and the like.

However, unfortunately, there are many examples of municipal projects which have failed due to the lack of skills and competency as well as other areas of governance failure. Having implemented numerous projects at a municipal level we believe that addressing many of the implementation failures in local government must have as its basis strong, stable and decisive political and administrative leadership which doesn't tolerate corruption, and which is also not afraid to make difficult decisions to ensure delivery happens. Capacity and skills can only be effectively utilized in the context of good governance.

Competent and skilled professionals must be given responsibility for the delivery of municipal services within a context where the municipal (political, administrative and stakeholder) leadership contributing to creating a supporting environment. Some of our municipalities have many qualified professionals who's advice is



overridden or not implemented by people without such competencies.

Certainly, levels of professional competency vary significantly across the country. In the case of the municipal sphere, we find that built environment professionals are very unevenly distributed across municipality types. Over 70% of all professionals, for example, are in 8 metropolitan municipalities. On average, though, metropolitan municipalities have a much higher ratio of 13,2 employees per professional/technical person compared with local and district municipalities where the average number of employees per professional/technical person is 20,9.

The President's call for there to be much greater coordination at a District level of all available governmental technical/professional expertise is timely as it should go some way to ensure that existing capacity is properly deployed and that the infrastructure silos are broken down. But such capacity from national and provincial governments in particular, must treat municipalities as equal partners with competence, often at levels far greater than that provided through other spheres of government.

In addition to support being needed across municipalities through peer learning and other mechanisms, there is an urgent need for better coordination by national and provincial governments in how they lend support to municipalities in terms of Section 154 of the Constitution. These two spheres need to ensure that all organs of state work collaboratively, and do not act in silos, in building the required competencies at an individual, institutional and environmental level. But we still have a long way to go to truly transform the municipal institutional base. Although Vacancies in Municipal Managers and CFO positions have declined (for MMs from 30% in 2011 to 22% in 2021 and CFO's from 28% in 2011 to 21% in 2021), we really should not have any vacancies in such critical positions.

**AT THE SAME TIME, WE STILL HAVE TOO FEW WOMEN IN PROFESSIONAL LEADERSHIP POSITIONS AT OUR MUNICIPALITIES.**

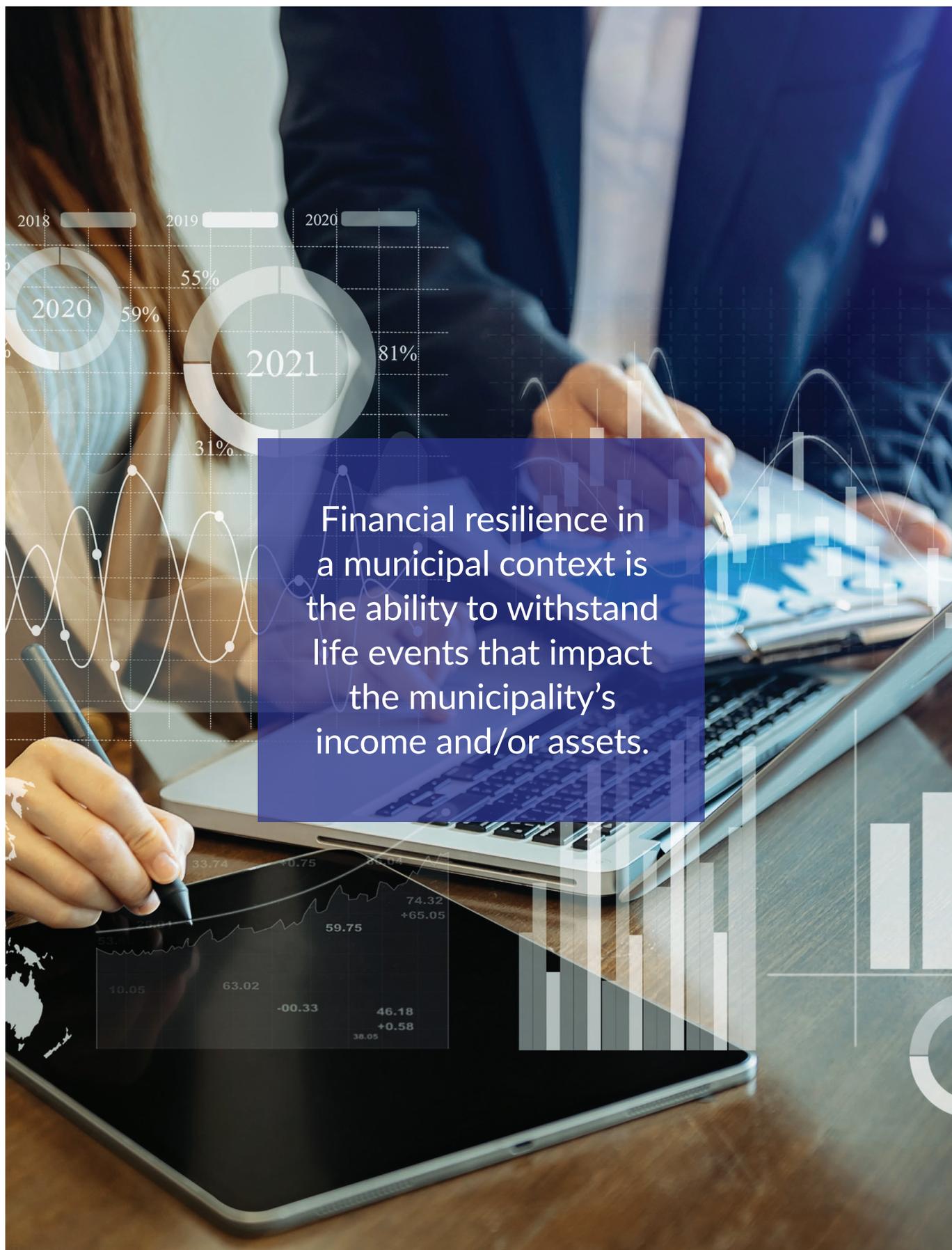
We must also build a cohort of younger professionals to drive development going forward and must reverse the trend of a declining proportion of younger officials (those under 35 years of age) in our professional and technical areas of administrations (a decline from 34% in 2016 to 18% in 2022). And we must ensure that every municipality, for example, at least have professionally certified engineers, planners and accountants in the senior management positions of technical services, planning and finance to ensure a capable institutional base is enhanced.

Changes must also address challenges in the Supply Chain Management which are very slow and cumbersome and subject to dispute, interpretation and corruption. Municipalities must also act swiftly to address community and business forum disruptions to construction projects, including contractor challenges when legislated processes have been followed.

Building a capable state at a local level must become an all of society matter. Real partnerships must be built where the existing and significant capacity in municipalities is built upon wherever there are gaps. All spheres of government must work to ensure existing budgets are spent timeously. Challenges inhibiting the delivery of budgeted services and challenges, whether as a result of poor leadership, lack of requisite competencies, challenges in SCM processes and/or due to community-based stoppages must be addressed urgently. 

# Harnessing financial resilience: compliance with the basics determines the future

by Annalien Carstens, Altimax



Financial resilience in a municipal context is the ability to withstand life events that impact the municipality's income and/or assets.

Research by Dr. Sharon Danes, from the University of Minnesota, found that there are five characteristics that enhance resilience in the face of life's changes and challenges. These five characteristics are being positive, focused, flexible, organised, and proactive.

1. Positive people view challenges as opportunities and consistently "use lemons to make lemonade." They reframe situations positively and often use the expression "it could have been a lot worse" when comparing their misfortune to others.
2. Focused people determine where they are headed in the future and stick to life's goals so that life events and other barriers do not deter them.
3. Flexible people are open to new and different options when faced with uncertainty.
4. Organised people set priorities and develop structured approaches to manage change.
5. Proactive people work with change rather than defend against it.

**SO WHERE DO THESE 5 CHARACTERISTICS FIT INTO THE AVERAGE SOUTH AFRICAN MUNICIPALITY YOU MAY ASK?**

## POSITIVITY

On 1 September 2022, President Cyril Ramaphosa said malfeasance in municipalities is a threat to the constitutional order. He was speaking at a South African Human Rights Commission conference on local governance, held in Sandton. Only 16% of South Africa's 257 municipalities received a clean audit by the Auditor General for the 2020-21 financial year.

When even the politicians see a grim picture, you must know that we are long gone not making lemonade out of lemons anymore.

The average South African municipality faced many challenges in the past three decades. Few were able to convert those into opportunities and operate in a completely different way, taking service delivery and financial success to a new level. In short... they could not even be functioning in the now, let alone be resilient for the future.

### *How to fix this?*

Robust consequence management is the only answer. Political office bearers as well as administrative officials must be held firmly accountable for the results of their respective municipalities. The soft stance that national government takes on local government needs to be revised.

## FOCUSED

The Auditor General in her 2020-2021 MFMA report reports as follows:

- 72% of municipalities severely lack proper record keeping
- 74% of municipalities severely lack daily and monthly controls
- 86% of municipalities severely lack proper in-year and year end reporting
- 87% of municipalities lack proper review and monitoring of compliance

Clearly, most municipalities in the country do not stick to ordinary daily operational goals in terms of the MFMA. They will therefore not be able to work in a focused way towards goals so that life events and other barriers do not deter them.

### *How to fix this?*

Municipal officials must start doing their work on a daily, weekly, monthly, quarterly, and annual basis. Officials who do not live up to these expectations have no place in local government. Top management must only manage for outcomes and results. No other objective should be tolerated.

## FLEXIBLE

The Auditor General in her 2020-2021 MFMA report reports as follows:

*"Despite us reporting shortcomings and providing recommendations over the years as well as numerous and costly national and provincial initiatives and interventions, the poor status of key financial management controls shows that municipalities have not yet mastered financial reporting – 75% of municipalities were not able to submit quality financial statements for auditing."*

*"Our assessment of the financial health of 230 municipalities and 18 municipal entities based on their financial statements showed increasing indicators of a collapse in local government finances and continued deterioration over the term of the previous administration. At 22 municipalities and one municipal entity, the financial statements were not even reliable enough for us to analyse because of disclaimed or adverse audit opinions."*

There are no new options in local government. The same interventions are deployed by national and provincial governments on an annual basis for the past 10 years. The same results (or lack thereof) are achieved. Politicians say they will act, but nobody acts.

An environment where there are no new options cannot even cope with the present, let alone being resilient for the future.

# Harnessing financial resilience: compliance with the basics determines the future, continued...

by Annalien Carstens, Altimax

## How to fix this?

People, processes, and systems are the combined answer to the success of any financial reporting function. Municipalities have new mSCOA systems. Municipalities have transactional processes. Municipalities need people who are following these processes on a routine basis. Municipalities also need consequence management where both political office bearers as well as administrative office bearers face immediate consequences in the event of no improvement on their results as evidenced by the reports of the Auditor General.

## ORGANISED

The Auditor General in her 2020-2021 MFMA report, reports as follows:

*“Municipalities should ensure that they are able to deliver services based on available resources, but they continue to promise a level of service delivery and projects they cannot fund, and to submit budgets to the council that balance but are effectively based on money that they will not be able to bring in (unfunded budgets).”*

*“The most prevalent material findings on these performance reports at municipalities were that the information provided was not reliable (42%). At 40% of municipalities, the indicators and targets used to plan and report on achievements were not useful.”*

To be organised means to plan effectively; to execute orderly; to stick diligently to plans and processes; and to work as at all levels of the organisation.

Most municipalities in South Africa fail to plan or plan to fail. Execution takes place haphazardly. Plans are not credible or properly executed and monitored. Politicians and administrations are misaligned with each working towards its own objectives instead of working towards service delivery.

## How to fix this?

Municipalities need to curb their integrated development plans to what they can afford. A municipality cannot spend money it does not have. Service delivery projects should be planned and executed meticulously keeping the pillars of proper project management in mind. Consequence management for failures should be immediate and decisive.

## PRO-ACTIVE

The Auditor General in her 2020-2021 MFMA report reports as follows:

*“This effectively means that such municipalities do not have enough revenue to cover their expenditure and that they owe more money than what they have. Many of these municipalities have been in this dire financial position multiple times over the term of the previous administration.”*

*“Inadequate procurement and payment practices, uncompetitive and unfair procurement processes as well as inadequate contract management remained prevalent.”*

*“System controls were ineffective or inadequate to ensure the integrity of the information processed by the systems of 94% of the municipalities we audited.”*

*“Overall, 80% of these municipalities did not have maintenance plans to plan and budget for the routine maintenance of assets, including infrastructure assets”*

## How to fix this?

Municipalities should collect their debtors and cut services where accounts are not paid. Municipalities should not incur expenditure which they do not have the cash for. Procurement practices must comply with legislation and regulation without exception. Controls must be designed, implemented, and monitored. Adequate maintenance plans and execution of these should be at the forefront of the key performance indicators of the top officials of a municipality.

## CONCLUSION

In this article it is evidenced that the Auditor General's 2020-2021 MFMA report indicated that South Africa's local government severely lacks ALL possible responses to being financially resilient:

BEING POSITIVE

BEING FOCUSED

BEING FLEXIBLE

BEING ORGANISED

BEING PROACTIVE

If our municipalities cannot even be proactive towards the current basics, how will they be resilient for the future?

**For South African local government to ever become financially resilient, it will have to seriously go back to basics and disciplined daily application of these basics.**

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## INTRODUCTION

The trust in government is at an all-time low, and the perception of the public is that all government officials are corrupt, especially local government. Extract from articles in the public domain are prevalent of this perception as illustrated below.

Potential ethical transgressions and conflicts of interest in Zuma's actions were noted by the Public Protector. According to the study, Zuma may have broken the Executive Ethics Code by giving the Gupta family information on the appointment of ministers. The analysis discovered that it may have been against the 2004 Prevention and Combatting of Corrupt Activities Act (the Corruption Act) to do nothing in response to the information provided by Jonas and Mentor.

The report of the Public Protector was then followed up with an enquiry to state capture by Judge Raymond Zondo, which revealed various serious cases of misconduct. Concerning is the time and cost of the Zondo commission as stated in the report: The Zondo Commission's work is said to have cost the state more than R1 billion (\$66 million), and the procedure took four years. Zondo has decided to publish the study in sections.

The question now is, what will be done about the findings?

The South African newspaper reported that whilst residents are kept in the dark and without water, the Mkhondo local municipality council celebration takes place in Durban. Mthokozisi

Simelane and the MLM council members would allegedly spend 29 June–1 July 2022 in Durban, KZN, attending a R700,000 "strategic planning workshop." This occurred despite MLM's (Mkhondo Local Municipality) ongoing failure to make monthly account payments to Eskom of R341 million.

According to Professor Deon Rossouw's paper, the Institute of Business Ethics, a London-based organization, just released its annual Ethics at Work survey report. South Africa was one of the 13 nations that took part in the poll for the first time in the survey's long history in 2021. South Africa did better than any other nation in terms of ethics management interventions, but ranks towards the bottom when it comes to perceiving high lev-

els of workplace misconduct. Prof Deon Rossouw then asked the following troubling question: "How can South African organizations do so well with their ethics management programs, but perform so poorly when it comes to the real occurrence of misconduct and to violating ethical norms and honesty in the workplace?" He continues by offering the following potential response to the issue: "A hangover from the state capture era may be the cause of these seemingly incongruous findings. It's possible that because South Africans have become accustomed to the unethical behaviour associated with the state capture era, old negative habits continue to exist and are actively supported as part of the "how we do business here. (4 <https://www.tei.org.za/2021/12/06/ethics-recovery-with-a-state-capture-hangover/>)

From the President's Desk. The president stated on September 20, 2021, that "We still have a long way to go toward developing a culture of ethics in the public service. The discovery in Parliament that thousands of public employees have been illegally getting social handouts each month demonstrates we still have a long way to go." This administration's main objective remains creating a strong, moral nation.

The stories mentioned above make it quite evident that action must be taken immediately to preserve our lovely nation. I'm hoping that this article will help push the conversation regarding moral conduct in municipal government to the forefront.

The Ethics Institute has started an initiative to help municipalities develop and institutionalize an ethical culture. The Department for Cooperative Governance (DCoG), the South African Local Government Association (SALGA), and the Moral Regeneration Movement (MRM) are partners with The Ethics Institute's (TEI) Local Government Ethical Leadership Initiative (LGELI) . You can get the discussion document on their website at <https://www.tei.org.za>.

## What is ethics?

According to Britannica, the term "ethics" can refer to a variety of systems or codes of moral laws, principles, or values as well as the philosophical study of the concepts of moral right and wrong as well as moral good and bad. The last one could be related to specific religions, cultures, professions, or practically any other group that is at least somewhat distinguished by its moral attitude.

## What is ethical behaviour?

Ethics are defined as: "Entities, whether individuals, organizations, or corporations, make judgments every day," according to the Chartered Financial Analyst (CFA) publication. The basis for these choices is simple. These organizations typically base

those decisions on supporting data. This knowledge simplifies the procedure and enables the decision-maker to make a choice. The basis for a decision might not always be obvious. Entities occasionally may have to make choices that contradict moral principles.

### Many other definitions are heard everyday:

- Ethical behaviour is doing the right thing, even when no one else is around to witness it.
- It is choosing to not lie, cheat, steal or hurt others, but it is also stepping up to intervene when you are a witness to wrongdoing.
- It is being kind to all other living things on the planet and treating them with respect, but it is also doing what you can to prevent the mistreatment of others.
- It is giving the cashier back the extra money s/he accidentally gave you, tipping a server when poor or slow service was not their fault, and taking responsibility for your words and actions.
- Ethical behaviour is being compassionate, honest, empathetic, and pure of heart and mind. It's being generous without an ulterior motive or expecting something in return.
- It is admitting when you are wrong and apologizing for your mistakes.

Business Terms define ethical behaviour as: "Knowing right from wrong and acting accordingly, whether in the company or in one's personal life, constitute ethical behaviour. What someone would consider to be "right" or "wrong" can depend on many different things, such as personal values derived from one's own upbringing, religion, government, society, and/or popular media, but in business, a code of ethics published by the company or organization can provide its own definition.

Therefore, acting in a manner that is compatible with what society and people generally deem to be desirable ideals can be regarded as ethical behaviour. Business ethics usually involve acting in a way that respects fundamental moral values including honesty, fairness, equality, dignity, diversity, and individual rights.

## What are ethical dilemmas?

There are too many ethical conundrums in daily life. When it comes to justice and wrong, there is rarely a simple solution. People must rely on own principles and beliefs to make decisions in these circumstances rather than being able to rely on external norms. People are frequently encouraged to consider the outcomes and repercussions of ethical dilemmas by using a storytelling strategy, as developed by Lawrence Kohlberg in the 1930s. The following tale could serve as an example of a moral conundrum.

## Ethics in Local Government, *continued...*

by Alice Stander, CIGFARO Board Member

The business world's reliance on digital communication has undoubtedly led to ethical problems with regards to information access and privacy. You might find yourself needing to access a co-worker's computer when they were away from the office to collect information. You are aware that you shouldn't access other people's computers, but this co-worker is a friend of yours, and she has previously given you access to her password. You log in and find that your co-worker has been keeping credit card information from customers, which is against corporate rules.

Saving credit card information from customers is against both company and customer privacy policies. You worry that someone might use the data to commit credit card fraud or identity theft.

- The code of ethics for your business stipulates that it is the responsibility of employees to notify management of policy infractions.
- The information technology utilized by your organization stipulates that employees shouldn't login to accounts or equipment used by other employees or disclose their passwords.
- Given that you only learned of the knowledge through breaking a business rule, you might also go into trouble if you report your co-worker.
- If you don't report your co-worker, fraud or theft may occur to the people whose credit card information she stored.
- Should you notify management what you observed on your co-worker's computer at the risk of losing your job? Do you owe your co-worker, your employer, or your client's loyalty?

As with other ethical conundrums, this one is challenging to resolve. Will it still upset you that you know what your co-worker has done if you decide to stay out of trouble? Will you be held accountable if your co-worker's actions lead to customer fraud in some way?"

Making the appropriate choice in challenging moral and ethical situations is never simple, especially when doing so would go against the moral and societal norms we have been trained to live by.

### What is business ethics and why is it important to business?

Business ethics is the study of how to deal with corporate governance, whistleblowing, corporate culture, and corporate social responsibility, according to the Wallstreetmojo editorial team. It places a focus on accepted guidelines set forth by governing agencies. Business ethics violations result in needless legal action.

Business ethics are important to business as it deals with accountability consideration for all stakeholders, honesty, avoiding conflict and legal disputes, assuring compliance with laws and regulations, and doing all of this while maximizing profit.

### Why is ethics important to local government?

The citizens and residents of a country require a variety of fundamental services. Local governments and ward councillors in South Africa, who are the ones closest to their communities, oversee these operations inside respective towns or districts. These organizations are required by the constitution to be responsive to regional issues and sensitive to community opinions. This guarantees that local governments can serve the populace efficiently and offer answers to those areas of their community that pose a challenge to better infrastructures and a respectable standard of living.

The trustworthiness and credibility of municipalities are determined by the set of moral and ethical principles that direct their values, actions, and decisions. The reputation of the municipality both domestically and internationally is influenced by its dependability and credibility. For a municipality to develop economically and socially, trustworthiness is essential. Municipalities imbue their administrations with national integrity, which promotes sustainable development, the rule of law, public confidence, and a high standard of living for their residents.

Local government is the sphere of government that is the closest to the people and their interaction and behaviour towards communities creates the perception and trust of government overall.

The foundation of effective governance systems is a set of ethical principles like neutrality, impartiality, accountability, and operating in the public interest. All members of the local government and the general public must be informed of the ethical standards of conduct, and they must take action anytime they come across an ethical transgression to stop corruption. Trust between local government council members, officials, and citizens is maintained by ethical standards during service delivery.



## What is ethical leadership?

According to Bhasin, ethical leadership is the skill of persuading others to act in a way that is consistent with moral principles such as justice, morality, ethics, trust, honesty, accountability, equality, mutual respect, and honesty.

Therefore, leaders with ethical leadership styles exhibit good values via their words and actions, plus they do what is right, show integrity, and do not overlook wrongdoing.

Traits of ethical leaders are:

- Leads by example
- Willing to evolve
- Respects everyone equally
- Communicates openly
- Manages stress effectively
- Mediates fairly

## What is an ethical culture?

An ethical culture is defined by Dr. Paul Vorster and Prof. Leon van Vuuren of the Ethics Institute as the moral weight that each culture's behaviour demands currently carry. This may include actions the organization does not take any action against, actions that are rewarded or recognized, actions that are deterred or punished (i.e., being silent on issues). In each of these situations, the organization conveys to its members "how we do things around here" to them.

**Dr Paul Vorster and Prof Leon van Vuuren of the Ethics Institute categorise ethical culture maturity into four main components that provide insight into the extent of organisational ethical culture primacy.**

ETHICAL CULTURE MATURITY	DEFINITION
Fragile or (high-risk) ethical culture	Very little ethics primacy is a sign of a shaky ethical society (not prioritising ethics as a core organisational value, which forms an almost non-existent part of the organisational culture). This indicates that ethics is frequently disregarded inside the organization and that ethical standards are absent from financial, operational, and strategic values. A significant danger exists for the organization of alienating certain stakeholder groups.
Underdeveloped ethical culture	Some degree of ethics primacy is indicative of a weak ethical culture (doing the minimum to prioritise ethics as a core organisational value, which forms a small but not insubstantial part of the organisational culture). Although the organization's strategic, operational, and financial priorities incorporate certain ethical considerations, these considerations still take precedence. When it is convenient, the organization may act ethically, but when less ethical behaviour is chosen over time, it may alienate some of its stakeholders.
Developing ethical culture	A considerably higher level of ethics priority is a sign of an emerging ethical culture (prioritising ethics as a core organisational value, which forms a major part of the organisational culture). Such ethically conscious organizations understand how crucial ethics are to long-term sustainability. However, not every employee may share the organization's commitment to ethics, and occasionally strategic, operational, and financial considerations may take precedence over ethical issues. Even minor instances of unethical behaviour might be covered up. When mistakes are made, though, it can remedy them and repair its stakeholder relations.
Mature or advanced ethical culture	High levels of moral primacy are characteristics of ethically enlightened or mature cultures (prioritising ethics as a core organisational value, which is synonymous with the organisational culture). There is no distinction drawn between the organizational culture and the ethical culture because ethics is considered as an essential component of what the organization accomplishes. Due to the organization's efforts to build relationships with those it affects, there is very little chance that it will alienate its stakeholders. In essence, everyone in the organization supports the organization's principles.

*(Table taken from the handbook for ethical culture of the Ethics Institute)*

### Conclusion of the status of local government ethical maturity

It can be deduced from the table above of culture maturity categories and the question posed to local government by Prof. Deon Rossouw in the introduction: "How can South African municipalities do so well with their ethics management programmes, but perform so poorly when it comes to the actual prevalence of misconduct and to compromising ethical standards and honesty in the workplace?"

### Recommendations to change the ethical culture maturity level of your municipalities

In his book *Peak performance and Productivity* Prof Leon Coetsee (12 Coetsee LD, *Peak Performance and Productivity*, 2002) suggest ten steps to change a organisational culture

#### 1. Clarify the need for change

The bad perception of local government and the risk to the sustainability of municipalities are pressuring factors to change the ethical culture in municipalities. The constitution, King III and the code of conduct in the systems act guides ethical behaviour for local government.

The Constitution of the Republic of South Africa, 1996, makes various calls for ethical behaviour by municipal officials and councillors. Section 195 of the Constitution states that public administration must be conducted with the democratic values and principles enshrined in the Constitution, as expressed in the following statements:

*"A high standard of professional ethics must be promoted. Efficient, economic, and effective use of resources must be promoted. Public administration must be development oriented. Services must be provided impartially, fairly, equitably and without bias. People's needs must be responded to, and the public must be encouraged to participate in policymaking. Public administration must be accountable. Transparency must be fostered by providing the public with timely, accessible and accurate information. Sound human resource management and career development practices designed to maximise human potential must be cultivated. Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation."*

#### Ethical Leadership and Corporate Citizenship King III

*"The first principle dealt with in King III under ethical leadership and corporate citizenship is that the Council should provide effective leadership based on an ethical foundation. Good corporate governance is essentially about effective and responsible leadership."*

*Responsible leadership is categorized by ethical values of responsibility, accountability, fairness, and transparency. To provide this, the leadership of the Municipality should direct the strategy and operations to build a sustainable business, while doing business ethically and considering the short and long-term impacts of the strategy on the economy, society and the environment and considering the Municipality's impact on internal and external stakeholders.*

*The Council should ensure that the Municipality's ethics are managed effectively. Good corporate governance requires that the Council takes responsibility for building and sustaining an ethical corporate culture within the Municipality."*

#### The Municipal Code of Conduct

*"The Code of Conduct (which can be found at Schedule 1 to the Municipal Systems Act) prescribes how municipal councillors, ward committees, and administrative officials must behave, and the penalties for improper behaviour. "*

#### 2. Involve and obtain the commitment of all stakeholders in the planning and executing of the change

Get employees and communities talking about ethics. Provide training and knowledge sharing sessions. Get buy in of organised labour and other stakeholders. Develop an ethics code and a system of implementation and monitoring with input of all stakeholders. Ensure that code provide consequence for compliance to the code, whether positive or negative

#### 3. Councillor and Senior Management involvement and commitment

The political leaders and administrative leaders must be committed to the change process to ensure they guide the process ethically to success.

#### 4. Diagnose existing ethical culture in the municipality

Determine the ethical culture maturity level of the municipality as per the guide by the Ethics Institute handbook. Determine the strengths and weakness if the ethical culture and measure to enforce strengths and mitigating actions to deal with weaknesses

#### 5. Establish the outcomes of the change process

Develop a vision and mission for the change process and clearly outline the expected outcomes

#### 6. The change process must be led by ethical leaders, assisted by key change agents

Establish the change team that will facilitate the change process from planning to finalisation

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252 Jean Avenue, Die Hoewes, Centurion,  
0157

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## Ethics in Local Government, *continued...*

by Alice Stander, CIGFARO Board Member



The reputation of the municipality both domestically and internationally is influenced by its dependability and credibility.

### 7. Develop a result orientated strategy for change

The strategy must encourage the positive results to the municipality to improve the perception of the municipality, to improve service delivery and to ensure sustainability of the municipality.

### 8. Align all enabling structures

Establish an ethic committee and align the terms of reference to all other structures in the municipality, e.g., MPAC, Audit Committee, Risk committee, section 80 committees, and council.

### 9. Diagnose and manage all resistance to change

Identify and develop strategy of all sources of resistance to manage the process proactively.

### 10. Build in reliable feedback mechanisms to monitor, manage, to evaluate the change and to institutionalize the change

Establish a system to monitor, manage and evaluate the actions and results of the change ethical culture. **C**

**Finally: "Be the change you want to see in your municipality".**

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"We have built an organisation that is agile enough to respond to client challenges, but also resilient enough in the systems that we have developed to give clients a predictable standard of service."

**A**s we celebrate our 93<sup>rd</sup> Annual Conference, we are excited to host physical conference with no Covid-19 levels that limits us on the number of delegates to host. The past two years have been a roller-coaster on all of us with the unexpected hit of the covid pandemic.

Ntiyiso Consulting Group was founded in 2005 and is an authentically African and globally wired management consulting firm with expertise across all major industries. The firm delivers sustainable solutions through our subsidiaries, viz. Ntiyiso Industrialisation Consulting, Ntiyiso Business Consulting, and, Ntiyiso Revenue Consulting.

**1. ESTHER G:** Welcome Miyelani Holeni – Group Chief Advisor and thank you for your time. Please give a brief background of yourself and your role at Ntiyiso Consulting Group.

**Miyelani Holeni:** I am Miyelani Holeni, I am one of three Group Strategic Advisors at the Ntiyiso Consulting group. I am a local government revenue practitioner having worked in the field for over 20 years. I currently advice on the strategic direction of the organisation, especially in line with our Revenue Consulting practice which is aimed at helping our clients build healthy revenue systems which translate into money in the bank.

**2. ESTHER G:** How would you describe a typical day at Ntiyiso Consulting Group?

**MH:** Exciting, is the first word that comes to mind. No day is ever the same. This is exactly how we prefer it, considering that the issues our clients face are fluid. We have built an organisation that is agile enough to respond to client challenges, but also resilient enough in the systems that we have developed to give clients a predictable standard of service. So, exciting is the best description.

**3. ESTHER G:** What role does Ntiyiso Consulting Group play in the Public Sector?

**MH:** We play multiple roles for our varying clients. We have solidified ourselves as the foremost revenue experts in local government finance. A role where we have been able to deliver real impact across the revenue chains of small municipalities all the way to metropolitan municipalities. This work is concentrated in the Ntiyiso Revenue Consulting Subsidiary. We play a strategic growth advisory role for our clients in the

areas of local economic development planning, big infrastructure development and capital raising. This is the value that is delivered through our Ntiyiso Industrialisation Consulting Subsidiary.

Finally, we deliver end-to-end organisational turnaround and growth strategy support through our Ntiyiso Business Consulting Subsidiary. These areas of impact are clearly defined, but cut across to all areas of the public service; a reach we are particularly proud of.

**4. ESTHER G:** What motivated you to participate as a Host Sponsor at the 93<sup>rd</sup> CIGFARO Annual Conference?

**MH:** CIGFARO has been a strategic partner for our organisation for the last five years. We believe that this conference is an opportunity for revenue practitioners to connect, exchange lessons and best practice, whilst developing innovative ways of work, especially in an environment as challenging as local government.

**5. ESTHER G:** What can delegates expect from your exhibition stand and the inspiration behind the stand design? We haven't had huge designs stands in a while – something to look forward to!

**MH:** We are excited to have all delegates back! It has been a really long time. Our stand will be the place for delegates to connect, network and share insights and experiences in between sessions. We cannot understate the importance of giving delegates multiple platforms to network. This is what we have aimed to do with our space at this year's conference.

**6. ESTHER G:** "Focus on the Future: Harnessing Financial Resilience" This is our theme for this year – what is your take on the theme and how is Ntiyiso Consulting Group preparing for the future?

**MH:** We need a complete re-think of the functioning of local government. We know that resilience can only be built by developing the ability of municipalities to continuously change and adapt. Our thought leadership and insights will speak to these elements during the conference.

**7. ESTHER G:** Lets wrap it up! What message would you like to communicate to our conference participants?

**MH:** We look forward to connecting and sharing our knowledge and expertise with all the delegates. Visit our stand, let us engage and build strong relationships. 





# BUILDING SUSTAINABLE, MODERN AND INTELLIGENT AFRICAN CITIES

IN THE SPOTLIGHT

The name Akhile, derived from African origins, means “To Build”. As a company we strive to build, develop, and contribute to South Africa’s economy and its people.

Akhile was established in 2006, focusing on providing financial and advisory solutions to the public sector, with a special focus

on municipalities. Over the years, this has remained a core anchor of our operations. We have expanded into national operations, growing our team and expertise to incorporate sustainable, practical, digital and innovative solutions.

Today, Akhile boasts more than 15 years of experience and an impressive track record of successfully implemented projects across South Africa. We distinguished ourselves by offering lasting value to our clients and continuously delivering high quality and implementable assignments.

Our services are customised to suit our clients’ needs, draws on local and global best practice and our vast municipal experience, and increasingly includes digital, Artificial Intelligence (AI) and machine learning capabilities.

Our team subscribe to our values, has a wealth of experience in their respective fields of specialisation and is committed to transformation, empowerment and accountability. At Akhile we encourage our team to develop and grow themselves and provide opportunities for career enhancement, education and training.

We also encourage female leadership, and at the date of writing this, have a 46% female team who are contributing to the sustainability and successes of our people, clients, communities and through all of this, our organisation. As part of our corporate social initiative programme, we also make annual contributions to organisations that we believe are making a difference in our country and for our people. We support communities through contributions to a number of public benefit organisations and have also made special contributions to organisations severely impacted by the Covid-19 pandemic.

Our philosophy is simple. We find innovative ways to achieve sustainability and, in so doing, make a lasting impact that matters. We celebrate every milestone and success because each makes the ultimate goal of a transformed, empowered, developed and sustainable South Africa more achievable.

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# SALGA

# MANDATE

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SALGA's values and principles of responsiveness, innovation, dynamism, and excellence underpin its role of transforming local government.

01

## Lobby, Advocate, Represent

...the interests of members in legislatures and other policy-making and oversight structures.

02

## Employer Body

...represent all municipal members and, by agreement, associate members.

03

## Capacity Building

...in a municipality as an institution, including leadership and management skills and the technical capacity of councillors and officials.

04

## Support and Advice

...for members about a range of issues to assist in the effective execution of their mandate.

05

## Strategic Profiling

...that builds the profile and image of local government within and outside South Africa.

02

## Knowledge and Information Sharing

...that enhances the profile and image of local government within and outside South Africa by being the custodian of local government intelligence and its knowledge hub.

The mandate informs SALGA's vision and mission, to respectively be...

- an association of municipalities at the cutting-edge of quality and sustainable services
- consultative, informed, mandated, credible, accountable, and to provide value for money.

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### Contact Details

**Telephone:** (012) 369 8000  
**Email:** Communication@salga.org.za  
**Physical Address:** Menlyn Corporate Park, Block B, 175 Corobay Avenue, Cnr Garsfontein and Corobay Waterkloof Glen ext11, Pretoria



**EOH**



Ashona Kooblall and Finance Director - EOH

# Focus on the Future: Harnessing Financial Resilience with EOH

EOH is one of South Africa's largest technology services companies and has a wide range of solutions in Industry Consulting, IT Services, Software, Industrial Technologies and Business Process Outsourcing. The Group continues to be an undisputed market leader in its core ICT businesses which operate principally under the iOCO brand name. EOH solutions are systemic to both the public and private sector in South Africa and are an integral technology partner for a number of leading JSE-listed, blue-chip companies as well as key metros and government departments. As a proudly South African business, EOH is committed to sustainable transformation, making a positive, meaningful contribution to society, and is a Level 1 Broad-based Black Economic Empowerment ('B-BBEE') contributor.

Welcome to our 93<sup>rd</sup> Annual Conference, we delighted to have you (EOH) on board this year.

**1. Editor:** Briefly introduce yourself and your role at EOH?

My name is Ashona Kooblall and Finance Director EOH. My key focus areas as FD is driving sustainable business growth, executing strategy, cash flow planning and analyzing my businesses financial strengths and weaknesses to propose strategic direction and provide clarity. All within the frameworks of strong governance and controls.

**2. Editor:** What role does EOH play in the Public Sector?

The pace of digital transformation is redefining the public sector and how it delivers value. EOH is committed to partner with the public sector to help them accelerate their digital business strategy, helping to drive revenue growth and reduce costs. New technologies are at the core of how EOH delivers value, and we can help the public sector improve its ability to predict and shape the course of how it does business, enable enhanced and robust financial decision-making, while enabling the digital transformation of the public sector in a supportive way for all stakeholders.

**3. Editor:** Many of our readers are curious to know why you have chosen to be a Black Platinum sponsor at the CIGFARO Annual Conference?

As an end-to end ICT offering solutions organisation, with solutions tailored for Finance professionals, we are excited to be able to foster new relationships, share more about what we do and gain valuable insights through engagement.

**4. Editor:** "Focus on the Future: Harnessing Financial Resilience" This is our theme for this year – what are your views and how does your brand relate to the theme?

At EOH, we have a wide range of enterprise-wide business and finance solutions, supported by advice and guidance to help CFOs/ Finance professionals and their teams leverage the advanced technologies and tools needed to drive cost transformation and revenue growth. In my view, CFO's need to respond with confidence and speed and to do so we need to have access to the right level of data with integrity and at the right speed to support key decisions.

**5. Editor:** What are the key things you are expecting from this year's conference?

Opportunities to engage, network and find out the latest trends and thoughts as we move towards embracing new digital frontiers.

**6. Editor:** What can delegates expect from your exhibition stand and the inspiration behind the stand design?

You'll get to meet our professional team who are there to answer any and all delegates' questions.

**7. Editor:** What are your closing remarks or message for our readers?

Digital transformation is key to enable a horizontal view from the office of the CFO and as such remains at the forefront of our strategic priorities as we lead organisational transformation. 



# Nedbank partners with local government to deliver positive societal impact

At Nedbank, we believe in being the difference that impacts our world, and we are committed to delivering positive societal and environmental impact. Our purpose is to use our financial expertise to do good and to contribute to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

We recognise that the various spheres of government and their agencies face unique challenges, and that the public sector requires financial solutions to enable the broader mandate of service delivery. In response, we have established dedicated public sector teams across South Africa and now boast extensive experience in provincial and local government, state-owned entities, and educational institutions.

With an enduring belief in the value of strong partnerships in facilitating business growth, effective community development and environmental conservation, our teams draw on Nedbank's innovative, seamless and hassle-free products and solutions to help build a greater nation. For example, local government plays a key role in providing critically required investments in infrastructure and, in response, we have provided medium-to-long-term loans and other funding solutions to various municipalities. We also offer convenient ways to help municipalities manage payments due to them, and appreciate the need for our clients to thrive in this digital era where ease of transacting and convenience is the order of the day.

Nedbank's partnership with the public sector, and our aspirations to become their bank of choice continue to grow. Since 2019 Nedbank Commercial Banking was appointed primary banker to Nelson Mandela Development Agency, Bloem Water, Amatola Water, and awarded the Free State Provincial Treasury account in 2022, as well as the following 19 municipalities:

- 1 Amathole District Municipality
- 2 Cape Winelands District Municipality
- 3 Central Karoo District Municipality
- 4 Dr Ruth Segomotsi District Municipality
- 5 Drakenstein Municipality
- 6 Elias Motsoaledi Local Municipality
- 7 Garden Route District Municipality
- 8 Impendle Local Municipality
- 9 JB Marks Local Municipality
- 10 Lekwa Local Municipality
- 11 Mangaung Metropolitan Municipality
- 12 Maphumulo Local Municipality
- 13 Matatiele Local Municipality
- 14 Midvaal Local Municipality

- 15 Nama Khoi Local Municipality
- 16 Namakwa District Municipality
- 17 Ndwedwe Local Municipality
- 18 Overstrand Local Municipality
- 19 Ubuhlebezwe Local Municipality

During the same period we were appointed primary banker of four public entities, and we remain the bank of choice for the eThekweni and City of Cape Town metropolitan municipalities, as well as several local and district municipalities across the country.

We sincerely thank all our public sector clients for continuing to entrust us with their business. Being the preferred banking partner is a major accolade that we do not take lightly. It is testament to the strides we are making in meeting the banking needs of public sector clients through our experienced team of specialists.

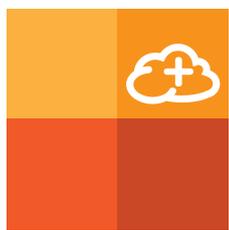
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*Phumela Xanywa, Executive: Public Sector, Business Transformation and Sustainability, at Nedbank Commercial Banking*

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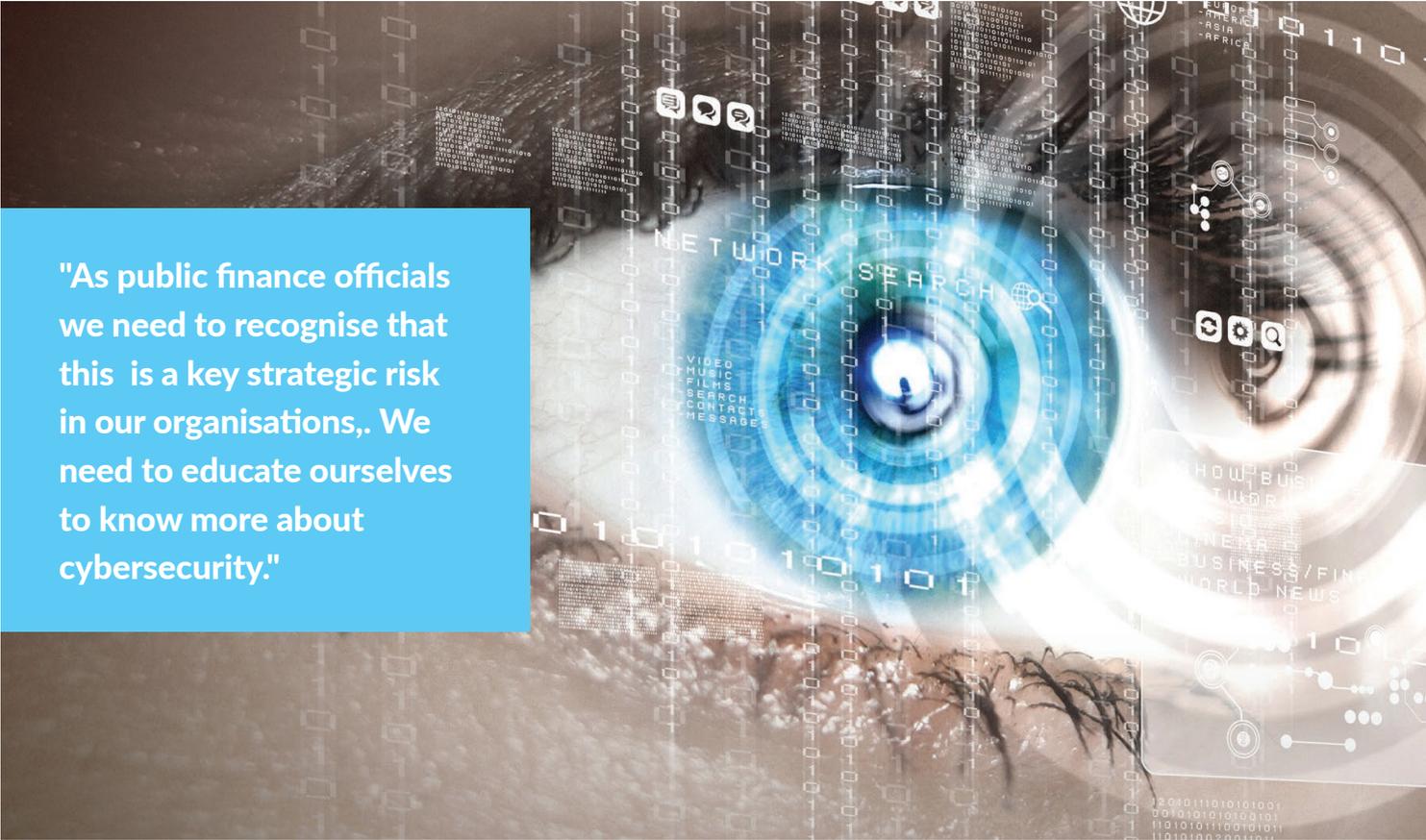
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"As public finance officials we need to recognise that this is a key strategic risk in our organisations,. We need to educate ourselves to know more about cybersecurity."

## PURPOSE OF THE CONFERENCE

The intention of the CIGFARO Cybersecurity Conference, presented on 11 August 2022 in Cape Town in conjunction with the South African Institute of Chartered Accountants (SAICA), was to alert Public Finance Officials, as well as political office bearers with oversight over public finance functions, to the IG Governance requirements, risks and mitigation strategies, and to equip them to ask the right questions of their IS&T providers. Finance Departments continually work with significant volumes of personal information and therefore need to understand the risks of moving into the Fourth Industrial Revolution (4IR) and the concomitant governance responsibilities, which includes ensuring that mitigating strategies are in place.

THE REPORT BELOW IS A BRIEF OVERVIEW OF THE CONFERENCE PROCEEDINGS.

## OPENING SESSION

The opening session was addressed by The Vice President, Dr Emmanuel Ngcobo of CIGFARO and he highlighted the following: Cyber security involves the protection of information systems on the internet and on devices (software and hardware); to safe-

guard them from attack, destruction, or unauthorized access. A breach in security could be caused either, accidentally by an operator of a system, or intentionally. The latter is on the increase, especially with everything now being online, hence the urgent need to review what systems are in place to ensure the confidentiality and integrity of our data, as well as to manage those authorised to access it.

An example cited, proving the need for up-to-date cybersecurity systems, was the recent network breach of the Jo'burg Metropolitan Municipality's information systems, late in October, 2019.

While local government faces issues of funding, staffing challenges, and various other well-documented constraints, the understanding of the subject of cybersecurity is seldom mentioned and yet is a daily reality – and not only to local government, but to government as a whole where such a vast amount of personal information and extremely sensitive information is retained.

We need to improve cybersecurity in local government and prioritise cybersecurity in all national and provincial departments. As public finance officials we need to recognise that this is a key strategic risk in our organisations,. We need to educate our-



selves to know more about cybersecurity. It is up to us to lead campaigns in this respect, bring more awareness, expose staff to relevant training interventions, identify and be able to actually prevent the cyber-attacks and to enforce the culture of cyber security going forward.

### WORD OF SUPPORT - MR ZAKARIYA HOOSAIN (SOUTH AFRICAN INSTITUTE OF CHARTERED ACCOUNTANTS - SAICA)

Mr Hoosain welcomed the strong partnership that SAICA has with CIGFARO and the matters of common interest to the two organisations. The current efforts of reviewing the MOU between the two bodies strengthen to ongoing relationship.

Mr Hoosain challenged the audience to look at the use of technology to increase the ease of doing business. The questions he raised were:

- why do people need to stand in queues for government services when many of those services should be able to be requested via technology?
- How do we, as a collective, equip ourselves to deal with the risks and opportunities that ICT presents?
- How are we adapting for the future?
- How are we reviewing our recruitment and standard operating procedures to keep up with the fast-changing developments in IT?

There are many opportunities that IT present in terms of making things easier for the members of the public and to improve service delivery

### KING IV GOOD GOVERNANCE FOR IT SYSTEMS

#### What is IT Governance?

It is processes that ensure that IT sustains and extends the organisation's strategies and objectives, and, as outlined in King IV, this is the responsibility of the Board of Directors and Executive Management in Companies and the private sector. However, IT Governance is also an integral part of the public sector and the political leadership and the executive management within the spheres of government must also ensure that the necessary IT governance procedures are in place.

The King IV *principle 7* states that **"The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively"**, highlighting the different skill requirements needed. King IV *principle 12* states that **"The governing body should govern technology and information in such a way that supports the organisation setting and achieving its strategic objectives."** The governance and management structures should ensure that the right technology is ad-



opted, applied and is user-friendly for users within the organisation and those striving to access the relevant information or service offering of the organisation. This requires that the governance and management structures board should approve and review the technological strategy continuously to ensure that it is aligned to the mission and vision of the organisation for service delivery purposes. Further, the oversight of information received or issued out of the organisation must be carefully administered against standard operating procedures that consider security aspects and compliance with relevant information.

### What is the role of IT?

Due to the rapid roll-out of technological advances and the adoption of the Fourth Industrial Revolution (4IR), the role of the IT department is becoming more important. Further, the significant growth in cyber-attacks world-wide and the related ransom demands and business disruption that can occur, requires that significant focus is placed on cyber security. For organisations to improve and enhance service delivery in a resource constrained environment, consideration of innovations in current systems and the further adoption of the digital world and data driven strategies and policies must be embraced. If the above is applied effectively and efficiently, it would result in value for money in terms of providing a better service.

### Why do we need IT Controls?

When there are access controls in place, the monitoring and security systems are protected, in ensuring that the right people have access to right information in terms of organisational protocols and furthermore, it protects the information of the organisation and safeguard the memory. If there are no proper IT controls in place, organisations may find themselves incurring unauthorised, irregular, fruitless and wasteful expenditure, most especially when the POPIA fines are considered.

### Is change management relevant?

Change management is vital in any organisation where changes are implemented. Change management, if offered correctly, can train up staff in new systems drive innovations, improve the services rendered, and possibly even reduce some red tape.

### How do we classify incidents?

National incidents affect all spheres of government due to the various system linkages and integration of data. The application of the ICT governance framework which has been developed by Department of Public Service and Administration (DPSA), which was released in 2013, needs to be enhanced through the creation of consultation forums obtaining a common understanding of the requirements, [looking at the implementation thereof and achieving the objective of getting a living and updated single

integrated framework and approach. The success of the implementation of the holistic approach could be rolled out into the financial capability model so that the maturity can be monitored across all spheres and major risks be mitigated.

### What could be considered for future implementation?

- Organisation should apply zero access strategy initially until training is undertaken and then only give users rights where needed.
- The IT strategy should be aligned to the mission and vision of the organisation
- Periodic review on access controls for security purposes.
- Clear scope should be provided regarding IT systems.
- Clear roles and responsibilities to mitigate emerging risks within the IT environment.
- Realistic project management and funding should be provided.
- Clear plans should be set for implementation and a better approach for improved deliverables with the business case understood and supported by the governance and management structures.
- Organisation should configure the systems to be user-friendly and automated where possible, with the users trained on the new systems.
- Risks should be identified, and a mitigation strategy be developed.
- Develop and implement a vulnerability management strategy and process.

In conclusion with reference to the Auditor-General findings, IT governance has not improved significantly in the local government space with 68 out of 86 municipalities audited being found to have ineffective controls. Therefore, there is a need to invest in good IT systems to eliminate the unauthorised, irregular, fruitless and wasteful expenditure on IT projects.

In 2012, the South African Cabinet adopted a National Cybersecurity Policy Framework to set a focused and coherent approach for the public sector. However, it is not functional. There is also a National Computer Security Incident Response Team which looks at the cybersecurity issues and threats. While it is currently working well, there is a need to share the skill with the local government sphere to enhance the governance IT responsibilities. Coherence is needed in aligning good practices which are available within the spheres of government.

## ICT MANAGEMENT

### Cyber Security in a municipal environment

Lexis Nexis representatives indicated that many Chief Financial

Officers (CFO) worry about the financial risks of municipalities in terms of contract management, insurance, Supply Chain Management, fraudulent payments etc. One of the major roles of IT specialists is to ensure that organisational information is kept confidential and not shared, unless requested through authorised organisational procedures.

IT governance is essential together with the related security measures and access controls to ensure legislative compliance. The Protection of Personal Information Act makes provision for fines of up to R10 million and a jail sentence of up to 10 years, depending on the seriousness of the breach of personal information which, more often than not, will occur through a computer system.

Auditors and risk committees need to put measures in place to protect the municipal data, since South Africa is 37 in the world in terms of cyber-attacks. It is essential to manual systems that can be operated in case of a system fault, besides the electronic backups of all data. There must be a culture of continuous safeguarding of organisational information.

## ARTIFICIAL INTELLIGENCE: PRESENTER: MS NOMSA NTELEKO

Ms Nteleko highlighted four ethical dynamics that have been brought in by artificial intelligence. These are automated decision or Artificial Intelligence (AI) bias; unemployment, racism and inequality.

How can we use artificial intelligence to solve the current problems regarding IT in the municipal environment, in linking the resources with human capital within any working environment to better the service that should be provided? The application of the Batho Pele principles must be considered at all times with specific focus on addressing service delivery inadequacies to disadvantaged citizens when considering automation of processes. When BOTS and Artificial intelligence (AI) solutions are implemented, municipalities should be aware of the high risk of introducing biases during the implementation period. The following should be noted:

- establish processes and practices to test for and mitigate bias in all systems;
- engage in the fact-based conversations about potential biases in human decisions, fully explore how humans and machines can best work together;
- Invest more in bias research, make more data available for research and adopt a multidisciplinary approach.

There is a fear that IT tools can create unemployment within the government spheres, since the customer care, record keeping,

call centre could be automated and the appointed skill could be retrenched. There is a need for reskilling and re-assignment to avoid job losses. It is imperative to bring education into the new technological skills being taught to the political office bearers and in the induction training for all public finance officers. There is a need for collaboration between the education system and businesses to repurpose technology and humanity in the working environment to ensure that technology is an enabler rather than considered as a challenge.

As much as technology is advancing, the gap in skills and training of those who are to use the new resources must take place prior to the implementation or roll out of the programme, to ensure that the environment is conducive, and everyone is benefiting from the system. Transparency is needed in a structured way and should take into consideration the dilemmas of respective communities.

### How to achieve good governance

In 2013, the Department of Public Service and Administration released a circular that compels all government departments and entities to adopt an ICT governance framework. To this effect a Corporate Governance of ICT (CGICT) Policy Framework has been issued by the department, which maps out how governance of ICT within government entities are to be applied, structured and implemented. The development of the CGICT policy framework was primarily as a result of the assessments conducted by the Auditor General over the last couple of year and the CGICT policy framework depicts the CoBIT Governance Framework as the core reference for the governance of ICT.

Smart policies should be developed to avoid service delivery unrests; therefore, the reimagining of service delivery methodology is needed as a technological enabler through digital services. There is a need for artificial intelligence systems to be enhanced and continually upgraded to take into consideration guidelines and regulations, capabilities, adaptabilities, and technological skills since all spheres of government depend fully on technology. The data that is available should be used as one of the key informants of policy changes required or new processes to be implemented in order to solve the challenges identified.

In closing municipalities should consider using the AI in addressing the Municipal Standard Chart of Accounts (MSCOA) challenges within their municipal space, to improve or better the monthly and quarterly reporting.

### Comments from the floor included the following points:

- There is a need for a positive move towards building capacity in local government councils to drive the strategy through the IT systems. In some municipalities the level of reporting,

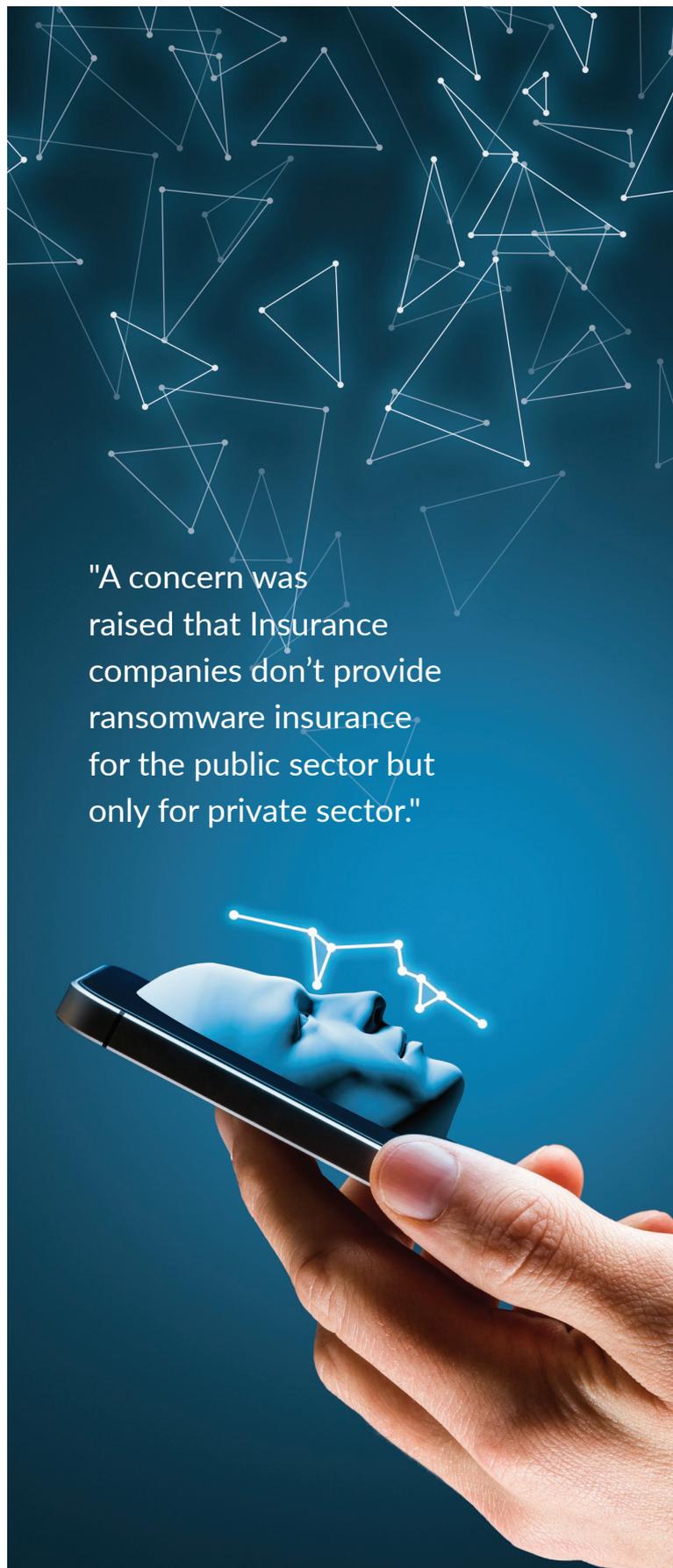
and particularly where the IT department reports to, causes the challenge as there is limited exposure to the strategy setting level of management. As IT is often very low in the organisational structure, the ability to attract the right skills set is limited due to the levels of salary offered.

- A concern was raised that insurance companies don't provide ransomware insurances for the public sector. It seems to only be available for the private sector. This is a matter to be engaged on with National Government going forward.
- ICT should be with the business planning practices which follows through the risk registers.
- When service providers meet with municipal top management about systems, IT is never involved. IT is always left out until the last minute. When it comes to cybersecurity some smaller municipalities don't have funds when it comes to put security in place and that needs to be look at going forward.
- IT strategy need to be infused with business strategy to enable the business.
- Organisations wishing to adopt the IT best practices need an effective management framework that provides a consistent approach is likely to ensure successful outcomes when using IT to support the enterprise strategy
- A motivated business case should be behind all investments and must unpack the expected benefits as well as showing the risk assessment to address the negative and positive impacts.
- The CIO should report at the highest structure of the organisation and should also have some accountability to the accounting office to make sure that the IT Department gets the right funding, and their focus is on the IT support required to align to the strategy that will provide assistance to achieve the corporate KPIs.

### HOW CAN WE USE THE LEGISLATION EFFECTIVELY AND EFFICIENTLY TO PROTECT PERSONAL INFORMATION - MS DONAÉ SMUELS

City of Cape Town highlighted that any legislation that is promulgated, should be in line with the South African Constitution. In this regard the constitution talks to the right of privacy which POPIA then unpacks. On the other hand, the constitution talks about the municipal powers and functions in relation to the service that is being rendered in a municipal space such as revenue collection and the supporting information that must be obtained in line with Municipal Property Rates Act (MPRA). The MPRA requires municipalities to have a property register and for certain information regarding all properties to be published. The municipal valuation roll specifications in the MPRA include the details of the property owners. This is of course now in contravention of the POPIA requirements.

The internal sharing of personal information should also be in compliance with POPIA. All public sector organisations have a



"A concern was raised that Insurance companies don't provide ransomware insurance for the public sector but only for private sector."

responsibility to protect the personal information of the homeowners, without neglecting their responsibility of sharing information that is relevant. The proper discharge should be applied correctly in line with MPRA Act and POPIA Act.

There are penalties and administrative fees in relation to non-application of the POPIA Act and contravention with the protection of personal information. The MPRA stipulates that the valuation roll should be published, while POPIA prohibits that personal information should not be shared publicly. Therefore, it is advisable that municipalities remove personal information while publishing the document in line with the MPRA and ensure that the Constitution, POPIA and the MPRA are taken into consideration while discharging its responsibilities.

#### CONCLUSION:

The way the IT role is structured, particularly in the local government sphere, is that it doesn't have representation at the senior or executive management level (administration leadership) or the buy in of the council (which are regarded as a board members in the King IV principles). This was the reason why

the IT systems are failing to present the information required to achieve the objectives set. Further, many systems could not protect the information in them, irrespective of the legislation implemented.

SALGA, COGTA and municipalities should start the conversation on the municipal IT work and source relevant skills from the private sector to close the gaps that are currently existing in the municipal sphere. Currently SALGA has an IT digital forum which is being launched as a forum in which to address the IT challenges.

CIGFARO has launched, at the request of the CFO's, a forum for the POPIA Information Officers to discuss matters regarding the consistent interpretation and implementation of POPIA.

Overall it was determined that the conversation had been started in a most important area of governance that was not being given due prominence in the public sector and particularly within public finance circles and that this discourse must continue. **C**



There are penalties and administrative fees in relation to non-application of the POPIA Act and contravention with the protection of personal information.

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# CONTINUOUS IMPROVEMENT – THE CIGFARO WAY

## AUTHORS:

Noeline Slogrove, Associate Director at Altimax, (B Com, MBA, Post-Graduate Diploma in Risk Management, F.Inst.Dir, IRMSA member), and Annalien Carstens, Managing Director at Altimax (MCom, CA(SA), Registered Auditor, Chartered Tax Adviser)

# IT IS HERE...

The Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) is proud to launch the latest version of the CIGFARO HANDBOOK.



The CIGFARO HANDBOOK plays a vital part in fulfilling the role of the Institute. This handbook furthers the interests of the public sector in the financial and related professions by advancing its members' knowledge. It also supports the interests of finance and related professionals in the public sector through developing and implementing practical guidelines, process enhancements and best practices and enhancing the available core body of knowledge.

The CIGFARO HANDBOOK serves as a reference guide to financial management practitioners supplemented by electronic training material to ensure the latest technology is available to CIGFARO members and the public sector in general.

Challenges in the public sector lead the CIGFARO Board in 2021 to commission the update of the handbook with a modern approach. Reports by the Auditor-General frequently mention governance issues as a root cause of financial performance issues in the local government sector. Practitioners and professionals need to uphold the highest standards of ethical conduct to be transparent and accountable stewards of public funds.

The local government sector also faces severe challenges relating to attracting and retaining skilled professionals. This challenge requires developing officials with practical skills in addition to academic qualifications. Practitioners should also have the scope to learn and grow to enable them to advance in their careers.

## Modernisation of the local government sector and financial reforms necessitate changes in legislation over the last few years.

In response to the challenges, the CIGFARO Board appointed Altimax in 2021 for a two-year project to update the handbook with a modern approach. Several subject matter experts were involved in the development of this comprehensive publication. Danie de Lange, Annette van Schalkwyk, Noeline Slogrove, Annalies Carstens and Erna Verryne contributed as authors and/or quality reviewers. Current and past Board members added their review comments to ensure that the CIGFARO Handbook meet their exacting standards.

The handbook provides practical guidance aimed at capacitating interns, junior officials and middle management. With the handbook, a revised logbook was also developed to assist young professionals as they make their journey from junior members to Chartered Government Finance officers. The handbook provides a standard layout with an introduction, legislation, practical implementation and relevant court cases for each subject matter. Practitioners can download and customise practical examples and templates. The 2022 version of the handbook also contains all the latest legislative requirements.

SAQA unit standards contained in the MFMA Minimum Competency Regulations that apply to the subject matter to allow the personal development from both a practical perspective as well as to comply with the training requirements. Each topic includes the relevant unit standards as an annexure.

Professionalism also means continuous learning to stay abreast of the latest developments in the field. The handbook contains the membership and Continuous Professional Development (CPD) requirements of CIGFARO

### The content of the new handbook is as follows:

- Chapter 1 – Municipal governance and ethics
- Chapter 2 – Strategic planning
- Chapter 3 – Budgeting
- Chapter 4 – Financial management
- Chapter 5 – Annual financial statements
- Chapter 6 – Annual report
- Chapter 7 - Supervision and performance management
- Chapter 8 – Working towards and maintaining professionalism

The eight chapters cover topics relevant to the local government sector and practitioners in the sector. Chapter 1 covers topics such as municipal governance and ethics, legislative compliance, a comprehensive listing of municipal powers and functions, including public-private partnerships, intergovernmental relations, fiscal powers and functions, ethics, governance (King IV principles), risk management and a useful annexure with compliance and reporting checklists.

**Chapter 2** contains details about integrated development planning, service delivery budget implementation plan that includes guidance on setting targets and developing technical indicator descriptions.

**Chapter 3** is devoted to budgeting.

**Chapter 4** is crammed with information on financial management topics such as mSCOA, Internal control including information, communication and technology controls, routine accounting transactions, revenue, assets and expenditure management, supply chain management, cash and investment management and in-year reporting.

**Chapter 5** simplifies annual financial statements with guidance on generally recognised accounting standards (GRAP), illustrative mSCOA annual financial statements as per National Treasury guidance, the audit process, audit reports and the audit action plan.

**Chapter 6** reveals valuable details of performance information and the annual report.

**Chapter 7** on supervision and performance management provides the perspective on the system of delegations and the cascading of performance agreements and performance management

**Chapter 8** supports members working towards and maintaining professionalism, It contains the revised logbook, MFMA minimum competency requirements, CIGFARO membership levels and qualification criteria and CIGFARO CPD requirements.

The handbook will be published as an electronic document to increase accessibility and save costs and natural resources in line with CIGFARO's sustainability goals. With the new handbook, CIGFARO also embarked on a series of training programmes. Members can look forward to webinars and training sessions that supplement the contents of the handbook. These interactive sessions allow practitioners to engage on the topics with experts and peers in a conducive learning environment.

With this version of the CIGFARO Handbook, the 2021 CIGFARO Board under the leadership of Mr Peet du Plessis took a significant step on the journey of continuous improvement, leaving a legacy that the 2022 Board under the president Ms Cheryl Reddy is carrying into the future.

Please contact the CIGFARO office to obtain a copy of the CIGFARO Handbook to assist you in meeting the financial management challenges of the future.

# Impact of MFMA Circular No's 113 and 114

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

## Digital Transformation and Process Improvements

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



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

## MFMA Circulars 113 and 114

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

“

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

Thiloshnee Sukdeo  
Director, MFMA Implementation - National Treasury ”

## Embracing Change

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



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

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

Keneue Mofoka  
Senior MFMA Advisor, Office of the Accountant General ”

### How can Force4Technology assist you?

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

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

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

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

For more information please contact our Training Administrator on 041 451 0811 or [academy@force4technology.com](mailto:academy@force4technology.com).

### About Force4Technology

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

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# GALLERY - IT GOVERNANCE AND CYBER SECURITY SEMINAR IN PARTNERSHIP WITH SAICA



Registration



Chandrika Kisten - PwC



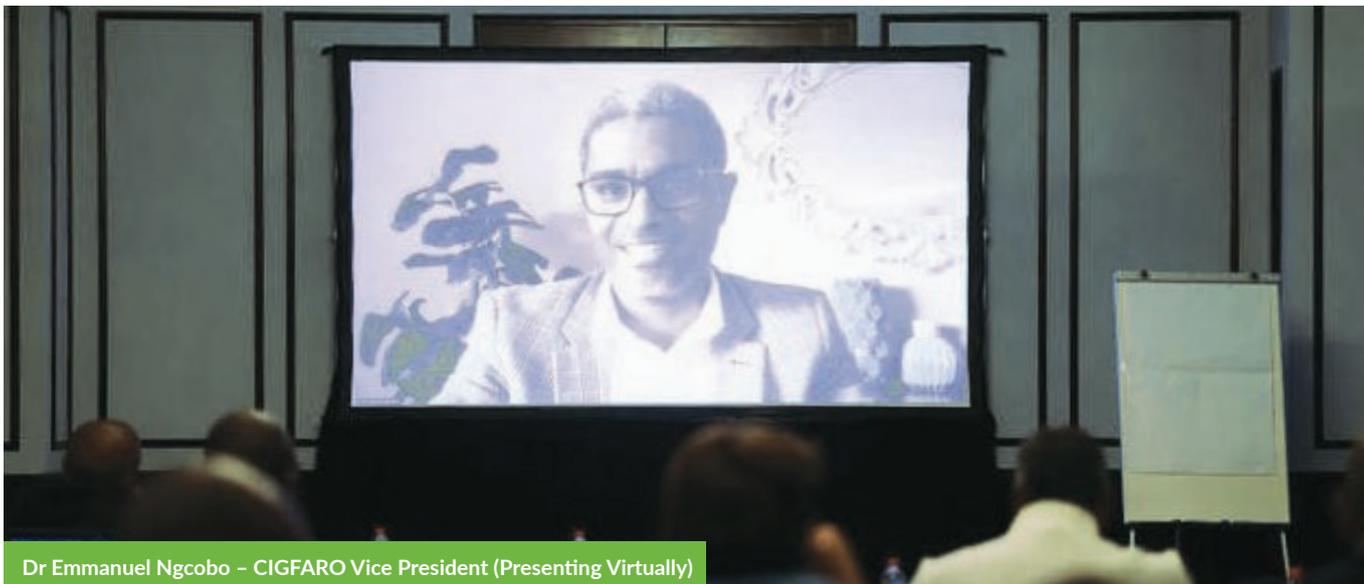
David Mazula - PwC



Louise Muller - CIGFARO Board Member & Zakariya Hoosain - SAICA



Delegates



## GALLERY - MPUMALANGA BRANCH EVENT



Delegates during registration



MunSoft (Sponsor)



Delegates in plenary



Delegates



Delegates



KZN Committee members with attendance



Sbu Zakwe - KZN Chairperson



Speaker



KZN Committee Members



Delegates

# GALLERY - PUBLIC SECTOR FINANCE SEMINAR



Nomantu Nkomo-Ralehoko - MEC Gauteng Treasury



Peet du Plessis - CIGFARO PAST President



Registration



Annalene Maris - CIGFARO Board member & George Findlay - Lexis Nexis



Adapt IT - Exhibitor



mSCOA Solutions - Exhibitor



Delegates



David Garegae – CIGFARO Board Member



Cheryl Reddy – CIGFARO President



Max Prof - Exhibitor



Lexis Nexis - Exhibitor



CCG Systems - Exhibitor



Annalene Maris – CIGFARO Board Member & Zimasa Sipamla - ActionIT



Delegates

## MEMBERS: NEW APPLICATIONS & UPGRADES



### CHARTERED GOVERNMENT FINANCE OFFICER

PROVINCE	ORGANISATION	NAME	SURNAME
Eastern Cape	Provincial Treasury - EC	Pumeza	Sikuza
Eastern Cape	Department of Sport And Recreation	Mongezi	Mtshotshisa
Eastern Cape	Mandela Bay Development Agency	Zimbali	Khwela
Eastern Cape	Action iT (Pty) Ltd	Zimasa	Sipamla

### PROFESSIONAL GOVERNMENT FINANCE OFFICER

PROVINCE	ORGANISATION	NAME	SURNAME
Kwa Zulu Natal	Greater Kokstad Municipality	Velani	Dube

### GOVERNMENT FINANCE TECHNICIAN

PROVINCE	ORGANISATION	NAME	SURNAME
Gauteng	Department of Local Government & Housing-GP	Magness	Ndawo

### FINANCE PRACTITIONER

PROVINCE	ORGANISATION	NAME	SURNAME
Limpopo	Makhuduthamaga Municipality	Innocent	Moraswi
Mpumulanga	Nkangala District Municipality	Mochabi	Thabang
Mpumulanga	Nkangala District Municipality	Seun	Thokwana
Kwa Zulu Natal	Ubuhlebezwe Municipality	Lunga	Ndlovu
Mpumulanga	Lekwa Municipality	Gabisile	Shabalala

### AFFILIATE

PROVINCE	ORGANISATION	NAME	SURNAME
Gauteng	Kumyolz Investments (Pty) Ltd	Siphiwe	Spellman
Eastern Cape	Kumyolz Investments (Pty) Ltd	Nomaxesibe	Madikizela
Gauteng	Action iT (Pty) Ltd	Jeannie	Harning



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Umnotho Business Consulting has created a unique space over the last 14 years within the Local Government market by creating exciting, technology driven initiatives that assist Municipalities. Our services include:



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- Review of Performance Information
- Asset Management Verification
- VAT Review Services



### ASSURANCE

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- Internal Audit
- AFS Reviews - Interim and Final
- UIFWE Reviews
- IT Audits



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We are dedicated to resolving your tax matters, while you focus on growing your business.

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- ✓ Accounts Payable Reviews
- ✓ Debt and Account Maintenance with SARS
- ✓ Payroll Reviews
- ✓ Mining Royalties
- ✓ Diesel Rebate Scheme
- ✓ Training and Skills Transfer
- ✓ Seasonal Technical Newsletters
- ✓ Client Portal

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Close, Mount Edgecombe, 4300  
031 539 5372 or 031 502 1761

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Bay Road, Beacon Bay North, East London, 5201  
043 748 2120

**NORTHERN CAPE**  
9 Dalham Road, Memorial Road Area  
Kimberley, 8301  
053 831 4860

**FREE STATE**  
Hydro Park II, 98-100 President Reitz  
Avenue, Westdene, Bloemfontein, 9301  
051 011 7964

**Dear member,** as you are aware CIGFARO Professionalised their membership designation as follows:

### PREVIOUSLY

Student (SIMFO)

Junior (JIMFO)

Licentiate (LIMFO)

Associate (AIMFO)

Senior Associate (SAIMFO)

General (GIMFO)

### NEW

Student (Student-CIGFARO)

Registered Government Finance Practitioner (RGFP)

Registered Government Internal Auditor (RGIA)

Registered Government Risk Practitioner (RGRP)

Registered Government Finance Technician (RGFT)

Registered Government Internal Audit Technician (RGAT)

Registered Government Risk Technician (RGRT)

Professional Government Finance Officer (PGFO)

Professional Government Internal Auditor (PGIA)

Professional Government Risk Officer (PGRO)

Chartered Government Finance Officer (CGFO)

Affiliate (Affiliate-CIGFARO)

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

- 1 Migration Application
- 2 Signed Code of Conduct
- 3 Updated CV



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

**For more information** please contact the Membership Department on 011-394-0879  
or email: [membership@cigfaro.co.za](mailto:membership@cigfaro.co.za)

## “The future of money is digital currency”

- Bill Gates, Co-founder of Microsoft



**C**ryptocurrencies have been around for over a decade, with the first and most famous one, being Bitcoin, launched in 2009. The idea of the virtual coin was noted in literature in the early 1980s; the idea of cryptocurrency invented in the late 1990s and the actual creation of the cryptocurrency was largely linked to the post 2008 global financial crisis as there were concerns about the total collapse of the financial system. Since then, many other cryptocurrencies have been created and supported in the market. Some of the most well-known include Ethereum, Litecoin, Dogecoin and Bitcoin Cash. Bitcoin remains the dominant currency with a 34 percent market share value in 2021.

Cryptographic assets generated a significant amount of interest given their rapid increase in value and volatility and this attracted regulatory scrutiny in many different jurisdictions. The challenges in “accounting for cryptocurrency” in financial reporting and the challenges in policy development have meant that there is much judgment and uncertainty involved in recognition and measurement of cryptocurrency.

In 2018 the Crypto Asset Regulatory Working Group (CARWG) was established to review South Africa’s position on crypto assets and SARS issued a media statement confirming that the existing tax framework and normal tax rules will apply to cryptocurrencies and that affected taxpayers are expected to declare cryptocurrency gains or losses as part of their taxable income. Cryptocurrencies such as Bitcoin are considered by SARS to be

“assets of an intangible nature”, and capital gains tax or normal tax may apply, depending on whether the intent is investing for the long term or trading actively for short-term gain.

In June 2021 the Intergovernmental Fintech Working Group (IFWG), a group of South African financial sector regulators, published a policy position paper on crypto assets to provide specific recommendations for the development of a regulatory framework which resulted in National Treasury proposing the inclusion of cryptocurrencies in the definition of “financial instrument” in s1 of the Income Tax Act, 1962. The inclusion of cryptocurrency in this definition would confirm that cryptocurrencies are akin to a ‘bond, debenture or share’ and thus the jurisprudence dealing with these instruments would be applicable to cryptocurrency transactions.

The publication of this policy position paper on crypto assets occurred after cryptocurrencies were brought into the spotlight due to the Bitcoin boom. Having maintained a price under \$10,000 for years, excluding two peaks in December 2017 (\$13,000) and June 2019 (\$12,000), Bitcoin’s price started to skyrocket in September 2020 as big-name companies such as PayPal, Mastercard and Square began to accept it. Early in 2021, the price of Bitcoin reached a staggering \$60,000, following Tesla’s announcement that it had acquired \$1.5 billion worth of Bitcoin and the public listing of US cryptocurrency platform Coinbase Global on the Nasdaq. In February, Bitcoin breached the \$1 trillion market capitalisation mark. Local Bitcoin investors would have seen the price of their bitcoin jump from under R100 000 in March 2020 to just under R430,000 at the end of 2020 to almost R1 million in April 2021, doubling in value in just a few months.

The term “crypto asset” is used in the South African Framework, instead of “cryptocurrency”. The term “currency” means money which is legal tender - banknotes and coins - issued by the South African Reserve Bank (SARB). Crypto assets are not money; they are not legal tender and are not issued by a central bank, although it is important to note that there could be some crypto assets that were issued by a central bank.

The ability to make payments using cryptocurrency is currently not provided for (nor restricted) under the existing regulatory framework. Cryptocurrencies are virtual currencies which use cryptography for security. Cryptocurrencies are digital tokens akin to, but not the same as, national currencies (FIAT currency) insofar as they can be used to facilitate financial transactions, but are not a form of recognised legal tender in South Africa. Thus, it is legally possible to buy immovable property using cryptocur-

rency as a means of payment, but it is very risky. When using cryptocurrency the usual means of securing the transaction is removed. Since cryptocurrency is not held in a financial institution, a guarantee against such funds cannot be issued.

Countries like Algeria, Bolivia, Morocco, Nepal, Pakistan and Vietnam have completely banned the use of cryptocurrencies. Bangladesh, Iran, Thailand, Lithuania, Lesotho, China and Colombia are imposing indirect restrictions by barring financial institutions within their borders from facilitating transactions involving cryptocurrency. Spain, Belarus, the Cayman Islands and Luxembourg see potential in the technology behind crypto assets and are developing a cryptocurrency-friendly regime as a means to attract investment in technology companies. The Marshall Islands, Venezuela, Eastern Caribbean Central Bank member states and Lithuania sought to go even further and developed their own system of cryptocurrencies.

Crypto assets have thus far largely failed in their ambitions to be a widely used payment instrument. Pick ‘n Pay did successfully test Bitcoin as a payment instrument in 2017. Pick ‘n Pay indicated that they were unlikely to roll out the solution until the payment industry and regulatory authorities had established a framework for managing the risks associated with crypto assets. However, some of the risks, such as volatility, would never be removed by regulation.

Crypto assets have grown rapidly over the years in South Africa. A global crypto platform operating locally said it had registered more than a million new cryptocurrency accounts in under two months, South Africa being in the top four highest growth locations. South Africa thus had no choice but to regulate crypto assets. To mitigate against risks such as fraud, cybercrime, maladministration and excessive fees, the Financial Sector Conduct Authority (FSCA) had issued two warnings on crypto assets and a process to designate crypto assets under the Financial Advisory and Intermediary Services Act (FAIS) to enable greater regulatory oversight. The crypto asset space keeps on evolving with the crypto asset marketing often highlighting only the potential upside of crypto assets and giving no consideration of the massive potential downside and the fact that crypto assets were not recognised as electronic money.

**As stated in the Press release “Crypto assets to be brought into South African regulatory purview” of 11 June 2021:**

*“The initial South African public statement on crypto assets was issued by National Treasury in 2014 as a joint initiative with the South*



*African Reserve Bank (SARB), the Financial Services Board (now the Financial Sector Conduct Authority (FSCA)), the South African Revenue Service (SARS) and the Financial Intelligence Centre (FIC). The public statement warned members of the public about the risks associated with the use of crypto assets for the purpose of transacting or investing, and advised users /to apply caution in this regard. The cautionary tone was directly linked to the fact that no specific legislation or regulation existed for the use of crypto assets. Therefore, at the time, no legal protection or recourse was being offered to users or investors of crypto assets. The 2014 South African national policy position, namely that crypto assets are largely unregulated in South Africa, and that parties engaging in cryptorelated activities do so at their own risk and without any regulatory recourse, has been revised to bring crypto assets into the South African regulatory remit in a phased and structured manner. However, it has reiterated that with or without regulation, crypto assets remain inherently risky and volatile, and consumers' chances of incurring financial losses through investing in crypto assets remain high."*

Amending the collective South African regulatory stance on crypto assets (i.e. by agreeing that crypto assets can no longer remain outside of the regulatory remit, and by making recommendations for bringing crypto assets into the South African regulatory remit in a phased and structured manner), should not be interpreted as any type of endorsement of crypto assets (whether tacit or explicit) by the government, the South African

regulators and/or individual IFWG members. Rather, the decision to formally bring crypto assets within the domestic regulatory remit was driven by a combination of (i) market developments, including strong retail interest in crypto assets and the resultant need to protect consumers to the extent possible; (ii) the growing challenge experienced by regulators to maintain line of sight of crypto asset-related activities in the absence of a regulatory framework and the associated compulsory reporting and information requirements; and (iii) relevant developments and amended requirements imposed by international standard-setting bodies such as the FATF and the Basel Committee on Banking Supervision."

### **Cryptocurrency payments in the public sector?**

The convenience of digital payments makes it highly unlikely that cash will survive much longer. While there may be pressure on the public sector to move to accepting cryptocurrencies for payments, the stance of national government remains clear: crypto assets are inherently risky and volatile.

To date there has not been any published guidance to the South African Public Sector and it may well be in the purview of CIGFARO to draft some guidance. However, in the absence of anything locally produced, the guidance of our sister organisation, GFOA (the Government Finance Officers Association), can be considered.



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“  
We partner with  
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### ASSURANCE

- Internal Audit
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- IT Audits
- IT Advisory
- Data Analytics

## LEGAL CORNER - Cryptocurrency in a Public Finance Environment? *continued...*

by Louise Muller

GFOA believes that the use of cryptocurrency carries multiple risks, including that it is:

- Not legal tender as it is like an unregulated anonymous foreign currency
- Lacking underlying substantive value
- Extremely volatile in nature, which could cause loss of principal
- Potentially illiquid

Further, according to the International Monetary Fund (IMF) "Consumer protection risks remain substantial given limited or inadequate disclosure and oversight" of cryptocurrency assets.

**GFOA advises governments to abstain from accepting cryptocurrency for receivables, using cryptocurrency for payables, and investing in these products.**

Such volatile and unstable products are typically unauthorized as an allowable investment vehicle for governments and gen-

erally do not allow investing in foreign currencies or equities. Cryptocurrency also cannot be considered a viable currency for governmental entity receivables or payables purposes as there is no known way to assess its value, and it cannot be processed through normal banking operations. There are thousands of versions of cryptocurrency all with similar and different attributes and risks, including a substantial risk of loss through the conversion to local currency.

Further, if governments find themselves in a situation such as a cyber-or ransomware attack where the counterparty demands payment in cryptocurrency, governments are strongly advised to speak with appropriate law enforcement authorities in these situations as well as to their own legal counsel and insurance company before taking any actions and establishing a cryptocurrency account. 

**The public sector is reminded that only legal tender, and products based on legal tender, can be used for receivables, payables, and investments.**



## The CRF is accredited by SALGBC!

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  - Retirement Benefit Counsellors and a team of financial advisors to assist and guide members and pensioners in making informed decisions with regards to their annuity and the various investment options available.
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- ✔ Our Trustees continuously look at innovative ways to save members' money, ensuring that our members enjoy some of the lowest running costs in the industry. The lower the costs, the more members can save towards retirement.
- ✔ The CRF offers members exceptional death, disability, dread disease and funeral cover. We know that no two people are the same or have the same needs; we therefore offer 7 different risk benefit categories allowing members to choose the right amount of cover to suit their individual needs.
- ✔ Free expert advice from the Fund's appointed financial advisors guiding our members to ensure that they retire financially independent and secure.
- ✔ The CRF is registered in terms of the Pension Funds Act. The Board of Trustees actively ensure that we are compliant, and that good governance is practised. Our Fund takes the implementation of legislation that governs the pension fund industry seriously and was complemented by the Financial Sector Conduct Authority (FSCA) for the Fund's diligence.

### Do you feel...

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- that the benefits and retirement options available in your current fund are not suited to your individual needs?
- unsupported when making decisions regarding your largest investment – your retirement savings?
- that the people looking after your retirement savings don't have your best interest at heart?

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## Our assurance pillars

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#### Prepaid Electricity and Water Revenue Collection

We provide a fully STS compliant, ISO9001 certified meter management system for municipalities. This is a fully hosted solution and we provide municipal customers with leading Banking, retail and online prepaid top-up channels.

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### Revenue assurance



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### Value proposition



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# REPORTING REQUIREMENTS - LOCAL GOVERNMENT

## OCTOBER

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	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
5	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
6	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
8	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
9	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
10	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
11	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
12	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
13	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
14	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
15	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
16	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
17	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
18	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
19	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
20	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
21	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
22	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
23	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
24	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
25	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
27	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
28	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
29	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtr	Acc Officer etc	Nat Treas
30	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
31	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

# NOVEMBER

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Council, MEC (Loc Govt)
6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
12	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
20	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
21	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
22	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
23	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
24	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
25	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

# REPORTING REQUIREMENTS - LOCAL GOVERNMENT

## DECEMBER (2<sup>ND</sup> QUARTER OF FINANCIAL YEAR)

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Council, MEC (Loc Govt)
6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
12	Entity - Stmt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Council
14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
20	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
21	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
22	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
23	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
24	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
25	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas



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