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Chartered Institute of Government Finance, Audit and Risk Officers

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A POWERFUL ADDRESS

Dr Nkosazana-Dlamini Zuma

14 The Three Principles of Ethical Capitalism

22 TACKLING THE ROOT CAUSES OF IRREGULAR EXPENDITURE

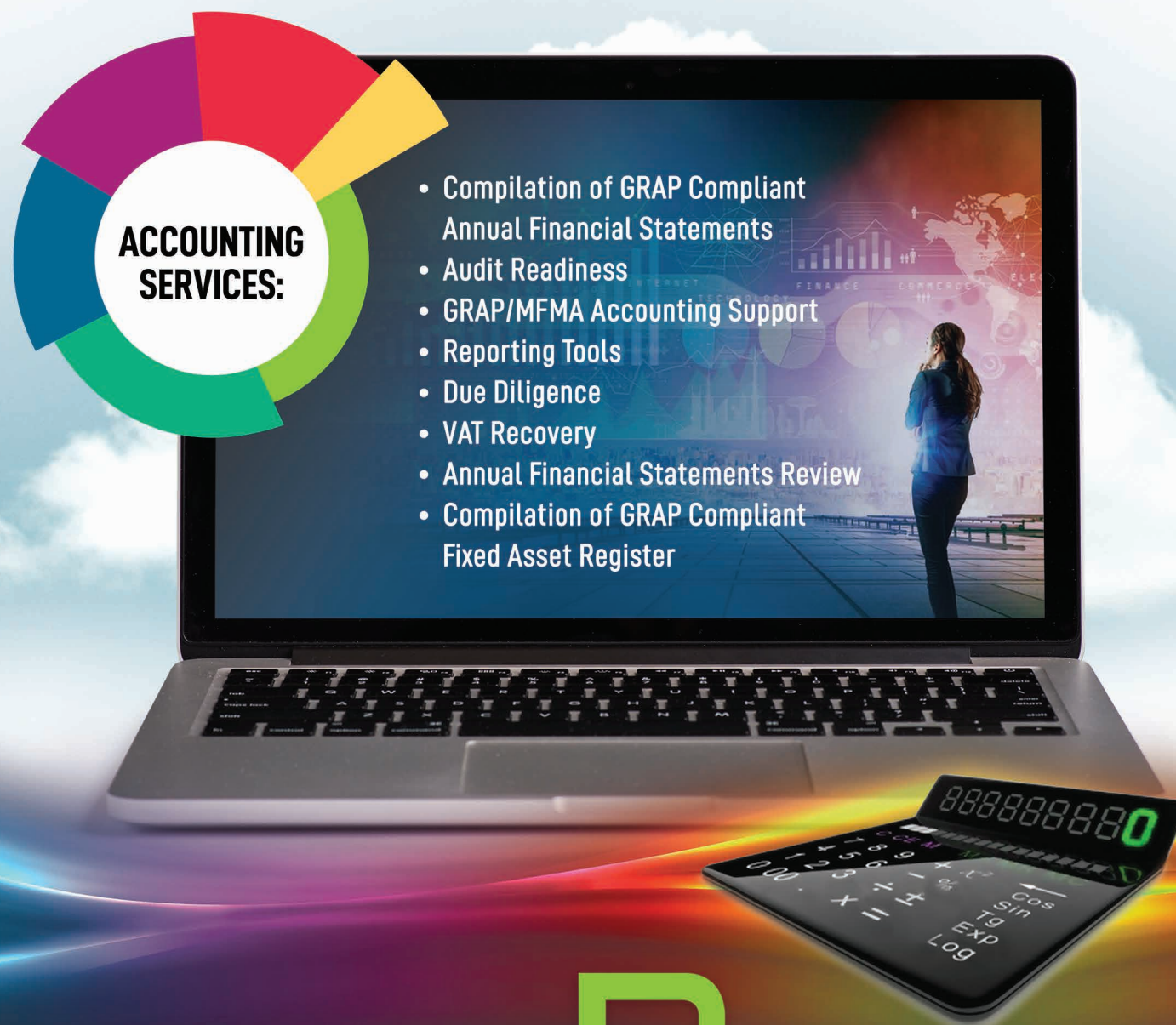


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Greetings Colleagues

That time again, we meet as we close off the year. What a year 2019 has been. Year-end fatigue is getting the best of us, all we are dreaming of are summer days with family under the sun. As we reflect on what a successful year 2019 has been, we look to our recent activities. At the Annual Conference we had the Minister of COGTA Nkosazana Dlamini Zuma who delivered a powerful address on Transformational Leadership, an essential drive for financial turnaround (sustainability) in the Public Sector with Integrative Planning and Development between the Public and Private Sector, and between the 3 Spheres of Government. More of what she has covered on page 9 as well as something on the essence of leadership.

On the second day of the Conference we had a keynote address from the Auditor-General, Kimi Makwetu. He spoke on The State of the Nation and the economic risks for government for the following 3 to 5 years – What Leaders Should Know in the context of the Public Audit Act. His address and other presentations can be found on our website on www.cigfaro.co.za and on our MobileApp. We would also like to express our gratitude to our conference attendees, loyal exhibitors and our expert speakers - we truly celebrated our 90th conference in style.

Looking at 2019, we also hosted our very first mSCOA Budgeting Seminar in November at the Birchwood Hotel. It turned out very successfully with more than 250 delegates attending. We would like to pass our gratitude to National Treasury for partnering with us in this journey.

In this issue, the following topics are covered "Celebration of International Fraud Awareness week through detection and prevention of fraud in the workplace", "The three principles of ethical capitalism" and "Comparative analysis of Municipal billing systems on revenue collection in SA municipalities" to name a few.

We have an interesting topic under our Legal Corner banner focusing on Cybercrime and Cybersecurity on page 42. As we prepare for the holidays, we wish you Happy Holidays, good health and safe journeys during this festive season.

Remember to stay in touch with us on our social media platforms.

Facebook: Chartered Institute of Government Finance, Audit & Risk Officers - CIGFARO
Twitter: @cigfaro_editor

Till the next issue.
CIAO!

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EDITOR-IN-CHIEF
Ocean Makalima

MANAGING EDITOR
Esther Gumata

EDITING ASSISTANCE
Nosipho Dladla, Emmanuel Ngcobo,
Louise Muller, Abbey Tlaletsi, Fathima Khan

ADVERTISING
Ocean Makalima, Hloni Tseke

PHOTOGRAPHER
Ofentse Pilane

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
www.cigfaro.co.za

POSTAL ADDRESS
P O Box 4003, Kempton Park, 1620

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2020

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6 & 7 JULY - EMPERORS PALACE

ANNUAL CONFERENCE

19-21 OCTOBER - CTICC 2



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

FOREWORD FROM THE PRESIDENT



AUDIT AND ANTI-FRAUD AND CORRUPTION FOCUS

Dear Members and Readers

This edition of the Journal is going to deal with **“Audit and Anti-fraud and corruption”**. Municipalities are all busy dealing with their respective audits during this time of the calendar year. This is the time where the Auditor General (AG) raised various issues about reporting, irregular, wasteful and fruitless expenditure. Lately the AG also raised more issues on consequence management.

All this is happening year in and year out, but we don't see improvement about the findings. This highlights the fact that the findings of the AG are not taken seriously and organisations continue as they have done so before. This journal will again sensitize the reader on the multiple facets of fraud that occur as well as suggestions how to detect it and put more controls in place to manage it more effective and efficiently.

What is more concerning is the apathy that exists currently under senior management to take the necessary steps to discipline and if needed to terminate services of employees responsible for

fraud. We recently had a few fraud cases in my home municipality. One employee would extort money from customers in return for writing off certain amounts of debt. The extortion amounts were up to 50% of the outstanding amounts. Immediate action was taken when it came to our attention and the employee resigned the same day. In another case, an employee issued a revenue clearance certificate without collecting the arrear debt. Disciplinary action was instituted and the employee resigned the same day.

Fraud and corruption are a cancer that kills effective service delivery to customers and needs to be eradicated through a combination of awareness amongst employees, setting the right tone at the top and through public announcements by the mayor of a municipality. We also need to be reminded that if it could be proven in an investigation that we are aware of any action of fraud and corruption and we selected to keep quiet and the value of this is over R100 000.00 then we are regarded as an accomplice in the fraudulent action.

The AG has now extended powers under the Public Audit Act, 25 of 2004 as amended by act 5 of 2018. This year's audit is the first under the changes and it is with anticipation that we await to see how the AG is going to use the powers granted by the amendment act.

I hope you all have good audit outcomes and that the content in this edition of the Journal will provide you with some insight and knowledge on how to implement internal controls and the appropriate processes required to disclose acts of fraud and corruption in your respective organisations.

Have a blessed Christmas, drive safely, enjoy the time with your family and I will address you again in the next edition which will be the first for 2020. 📺

PEET DU PLESSIS
CIGFARO PRESIDENT

Season's Greetings

Whatever is beautiful, whatever is meaningful, whatever brings you happiness. May it be yours this holiday season and throughout the coming year.



MESSAGE FROM THE CEO



MARCHING FROM 90TH CELEBRATION TO THE YEAR 2020

The Calendar year 2019 has presented opportunities for CIGFARO to reflect on the 90 years of hard work and sweat in pursuit of good corporate governance in the workplace. It has not been an easy journey of honey and milk.

The pillar of strength and endurance was the calibre of Leaders who took charge at Board and Management level, when motivation level was down. They stood the test of time.

The 90th Anniversary Celebrations were justifiable because that was a platform of planning for the future. The 90th Annual Conference theme, *"Transformational Leadership in the Public Sector"* was most relevant and appropriate given the state of corporate governance at our state organisations. It focussed on areas that should be given special attention for future growth and development in an effort of rendering high quality service to our communities. The importance and relevance of this conference was demonstrated by the high attendance, quality presentations as well as robust engagements that gave rise to recommended workable and practical solutions. The Delegates, Sponsors, Exhibitors, Speakers, Facilitators and all who have contributed

positively towards the success of this conference do deserve the divine blessings from our Creator!!!

We are now moving into the Calendar Year 2020 with recommendations from the conference which are well packaged by the COGTA Minister, Dr Nkosazana Dlamini-Zuma when she urged and pleaded with the delegates in her Keynote address; *"...it is clear that we need to do things differently as the three (3) spheres of government..."*

We are now marching from the most celebrated CIGFARO 90th Anniversary into the Calendar Year 2020 with a positive attitude and mind of doing things differently with the sole intention of attending most effectively, efficiently and speedily to the dire needs of our under serviced citizens.

We wish you all a happy and stress relieving festive season as well as a year of difference, 2020! 🇳🇮

Happy!!!

ABBEYLETSE
CIGFARO CEO



“Whether we refer to the Auditor General reports, the treasury reports, or COGTA reports, it is clear that we need to do things differently.”

Dr Nkosazana-Dlamini Zuma - A Powerful Address



The Minister of COGTA, Dr Nkosazana-Dlamini Zuma, delivered a powerful address during her key note address at the opening session of the CIGFARO Conference. Delegates regularly applauded her sharp and very appropriate remarks. She stated that with the Institute turning 90 it is a good time to reflect on what has been achieved over the past 25 years to determine what was done right and what was done wrong. The Constitution makes provision for government having three distinctive, interdependent, and interrelated spheres of governance. It calls on these spheres to cooperate with one another in mutual trust and good faith in assisting and supporting each other towards preserving the peace and national unity, securing the well-being of the people, and providing an effective, transparent, accountable and coherent government.

In undertaking these functions, the state must first and foremost be developmental and remain conscious that development is first of all a political process. In the words of former Ethiopian Prime Minister Meles Zenawi, a developmental state must bring about rapid and sustainable transformation in a country's economic and/or social conditions through active, intensive, and effective intervention in the structural causes of economic or social underdevelopment. In building a developmental state, the National Development Plan makes provision for a capacity to intervene in the economy in the interest of higher growth and sustainable development. Thus far the development duties of the municipalities, which include managing its administration, and budgeting and planning processes, to give priority to the basic needs of the community, and to promote the social and economic development of the community, have been largely ignored. Success and failure of government is most likely to be felt at local government level.

It is common knowledge that the deteriorating state of local government is perhaps our biggest Achilles heel. Whether we refer to the Auditor General reports, the treasury reports, or COGTA reports, it is clear that we need to do things differently. The Minister then stated that in order to change the way government approaches development, a District Development Model has been adopted, which model requires all spheres of government to plan and implement together at the District level. This will ensure that government plays a central role in

representing our communities, protecting our human rights, and meeting our basic needs. By implementing this Model, the tendency to create functional silos, which limit coordination, alignment of resources, monitoring and evaluation, can be addressed. There should be a deliberate emphasis on Local Economic Development.

All this requires leadership of the right type, which will plan and command economic development towards particular outcomes. Such leadership will also protect its citizens and the broader economy against foreign exploitation. The Minister stated that we require a more visionary leadership, which inspires the confidence of our people, both at executive and administrative levels.

Such leadership should in essence:

- Have a clear vision
- Be willing to work hard and go the extra mile
- Be compassionate with people
- Respect the community and their team members
- Be prudent with resources
- Ensure that projects are executed to meet quality, time and budget specifications
- Have the necessary professionalism and requisite skills so that consultants are not so heavily involved with municipalities as at present.

To be an effective transformational leader, one needs to leave your ego at the door each and every morning so that you can do a truly outstanding job, you need to listen to your team members and learn from mistakes made. However, the ultimate measure of the state's performance is whether it is achieving its strategic objectives. Overcoming the triple challenges of poverty, unemployment, and inequality have consistently been the state's core objectives. In conclusion the Minister stated that the participatory approach presented is one of the District Model's key strengths. It is based on rigorous consultation by multiple stakeholders, including the private sector, civil society and labour. It must be reiterated that the NDP is a plan for the country, not only for government. Our imperative lies in how we implement our plans and policies. [C](#)

Ngiyabonga.

Source: First published in the CIGFARO newspaper



Fraud, corruption, phishing, financial misconduct, state capture, white collar crime, hacking of systems and undue personal gain have been dominating the media to the extent that South Africa is gaining the reputation of being a generally corrupt nation. As government finance, audit and risk professionals, celebrating International Fraud Awareness Week serves to call us to action:

IS THERE A WAY TO DETECT AND PREVENT FRAUD, TO SAFEGUARD THE ASSETS OF GOVERNMENT AND THE COMMUNITY, AND WHAT IS MY ROLE?

INTRODUCTION

Companies across the world are reporting an exponential growth in fraud, despite the efforts of authorities to curb corrupt and criminal behaviour. This can be ascribed to the advancement of technology in part, as well as a greater awareness and therefore reporting of incidents, the economic downturn, the general demise of ethics, and dire personal financial circumstances, on the other hand (Unknown, 2018). The author continues that “potential opportunities for fraud are more likely to be found at organisations that neglect their internal governance structures, have insufficient IT protection and inefficient internal controls.”

This article therefore explores the phenomena of fraud and similar criminal activity from the perspective of the fraud triangle; presents findings of the Auditor General (AG) and The

King Reports; before proposing practical methods for detection and prevention; and explaining the role of government finance, audit and risk professionals.

THE NATURE OF FRAUD AND SIMILAR CRIMINAL ACTIVITY

Fraud as a term, has its origin in the Latin *fraus*, which indicates deceit, loss and injury. Corruption specifically refers to the abuse of entrusted power for private gain and collusion incudes more than one party in the act. Phishing and hacking on the other hand, introduce an element of technology. Phishing can be explained as a fraudulent cyber-attack attempting to access sensitive information such as usernames, passwords and banking details. It involves the agent being disguised as a trustworthy entity, interacting with an unsuspecting victim via electronic communication, with the sole purpose of obtaining confidential information. Hacking refers to an attempt to

exploit a computer system or private network from within, i.e. gaining unauthorised access to a computer or network for goals which differ from the original purpose thereof.

Cressey’s model (1973), the “Fraud Triangle”, contends that fraud or crime contains three elements namely, pressure, opportunity and rationalisation, which are depicted in figure 1 as follows:

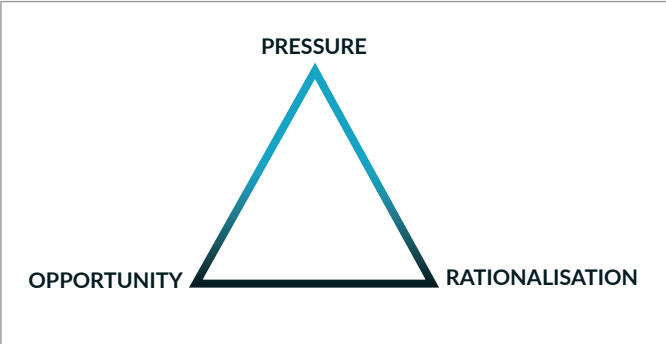


Figure 1: The Fraud Triangle (Cressey, 1973)

Wolfe and Hermanson (2004) added a 4th element to the fraud triangle, namely the capability of the agent. In their discussion, they explain that finance, audit and risk professionals, as well as managers and executives, have sufficient knowledge and understanding of control weaknesses, and the capability to over-rule or ignore these. They are also well positioned to collude in the execution of fraudulent activities. The expanded fraud triangle is illustrated in figure 2:

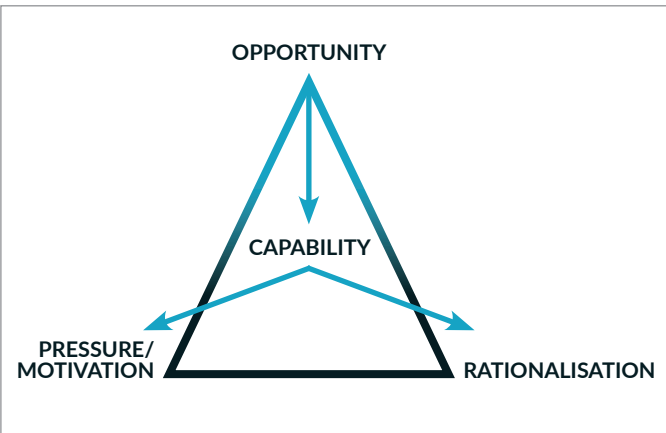


Figure 2: The “Expanded” Fraud Triangle (Wolfe & Hermanson, 2004)

Dorminey et al (2012) provide insight into the pressure or motivation to commit the crime, and include money, ideology, coercion, ego and entitlement as possible reasons. Allen (2004) states that fraud as we know it has five variables, namely the

agent, the victim, the use of deception, the intention to defraud, and an item or good of value. It is clear that these variables, if contained and managed, could reduce the incidence of fraud and similar criminal activity.

There is no question about the fact that crime, including fraud, accounts for large financial losses every year and adversely affects service delivery to the community. This fact is confirmed by research, government institutions and the AG.

REPORTS OF THE AUDITOR GENERAL (AG)

The AG performs an annual review of the financial statements of municipalities and comments on the root causes for findings, together with the status of controls and assurance providers. Key findings from the reports for 2016/17 (2017) and 2017/18 (2018) are presented in table 1:

Table 1: Key audit findings (Researcher)

FINDING	2016/17	2017/18
Irregular expenditure	R27,650 billion	R21,243 billion
Missing/ incomplete procurement documentation	R1,296 billion	R1,216 billion
Prohibited awards to employees of state	R2,075 billion	R0,921 billion
False declarations by suppliers	1 440	824
Uncompetitive and unfair procurement processes	67%	88%
Slow/ no response to improve internal controls	71%	96%
Inadequate consequence management	61%	63%
Instability due to continued vacancies in key positions	59%	60%

The AG cites root causes for the situation as being continued vacancies in key positions, inadequate or limited skills of incumbents, lack of oversight, political infighting, interference by politicians in the administration, lack of consequence management, disregard of control weaknesses and risks, leadership disregarding repeated findings and recommendations, a focus on unqualified audits to the detriment of credible performance management and compliance with legislation, and insufficient support from provincial and national role players. The AG concludes that “these issue are mostly behavioural in nature and can be addressed through strong, ethical leadership at the political and administrative levels” (Auditor General, 2017).

KING 4

The King Reports provide principles and best practice to achieve good governance through ethical behaviour in municipalities. King 4, the latest report, provides 17 principles for good governance and elevates compliance from “apply OR explain” to “apply AND explain” (Harduth & Sampson, 2016). King IV also recognises information in isolation of technology as a corporate intangible asset that is part of the company’s intellectual capital and confirms the need for governance structures to protect and enhance this asset (Deloitte, 2019). The report includes sector specific supplements, also one for municipalities. The supplement covers municipalities achieving their objectives, promoting social and economic development, providing a safe and healthy environment, and delivering basic services in a sustainable way. All of these, within the ambit of good corporate governance.

Implementing and adhering to these governance principles, should go a long way towards addressing the findings of the AG, and creating controls to detect and prevent fraud and similar criminal activities within municipalities.

PRACTICAL DETECTION AND PREVENTION

Fraud and similar criminal activities do not only affect municipalities; it also impacts employees and the community, and generally results in financial and other losses. Therefore, the importance of awareness campaigns, similar to the International Fraud Awareness Week, cannot be underestimated.

“Prevention is better than cure” according to the age old saying and therefore common methods of fraud detection are only summarised for cognisance, and prevention discussed in detail:

INTERNAL FRAUD DETECTION METHODS	EXTERNAL FRAUD DETECTION METHODS
Regular management reviews	Risk and fraud detection professionals
Internal auditors	External auditors
Accidental/ casual discovery	Tip offs and whistle blowers
Surveillance, e.g. cameras at cashiers	Notification by the police
Monitoring, e.g. daily counting of cash and reconciling with end of shift totals	
Financial reporting and ratio analysis	
Data mining and analytics	
On line analytic processing	

Successful fraud prevention consists of layered interventions distributed across the organisation and consistently applied. The first of these is corporate governance underpinned by internal controls. Legislation, regulations, policies and standards are tools at the disposal of management, which together with scheduled and unplanned audits, assist to identify control weaknesses and risks before fraud materialises.

Fraud and criminal activity are perpetrated by people and therefore staff vetting, job rotation and compulsory vacation leave should be standard practice. Employee awareness and education serve to protect the organisation and individuals from the consequences of fraud. Additionally, the perception that agents of fraud and crime are likely to be caught, is an effective deterrent in most cases (Unknown, 2018). Providing a secure reporting facility and ensuring that whistle blowers are sufficiently protected, will further strengthen this perception.

Technology, which is rapidly permeating all spheres of business and society, can be deployed to prevent crime, although technology solutions do come at a cost. These include physical security; password and bio-metric access management; data analytics; predictive security and activity modelling; and the use of machine learning and artificial intelligence for transaction analysis, document review and credibility confirmation (Burnaby, et al., n.d.).

THE ROLE OF FINANCE, AUDIT AND RISK PROFESSIONALS

The contribution of individuals should not be underestimated in the prevention of fraud and similar criminal activity, and therefore the role of finance, audit and risk professionals is emphasised (McMahon, et al., 2016). The return on investing resources in fraud awareness and education, should not be underestimated. Similarly, finance, audit and risk professionals should take responsibility for their own education and ensure that they update their knowledge relating to fraud detection and prevention.

Fraudulent financial reporting often occurs in the areas of revenue reporting, assets and expenditure. This requires a measure of collusion and is largely influenced by the prevailing corporate culture and quality of ethical leadership. Fraudulent financial reporting can be exposed when applying accounting standards and ratio analysis. Presenting ratios as strategic dashboards with trend analysis and indicative comparisons correctly con-




structed, can be used to detect and prevent this form of fraud (Kanapickiene & Grundiene, 2015). The following ratios and analysis could be helpful:

- Profitability ratios, for example return on sales and investments;
- Liquidity and solvency ratios;
- Activity ratios;
- Debtors growth and collections ratios;
- Structural ratios; and
- Logistic regression modelling.

Victimless crimes refer to those crimes in which there is no direct relationship between the agent and the victim, or the victim is regarded as “distant” from the agent, or is a “faceless” organisation (Unknown, 2018), and in these cases rationalisation of the act tends to be the deciding factor. Victimless crimes are easily rationalised by otherwise law abiding citizens, who then think nothing of defrauding insurance companies, medical aid schemes, the tax authority, the e-toll company and municipalities. The role of executives, management, finance, audit and risk professionals in these scenarios, is to become the “face” of the organisation, through regular and targeted communication, awareness campaigns and education drives.

Anderson (2016) expands on the role of finance, audit and risk officers by adding personal traits which are considered indispensable: a natural inquisitiveness and a level of scepticism, which drives an enquiring mind; undisputed good ethics; excellent communicators who engage in debate on these and other relevant topics; and the unwavering belief that prevention is not only possible, but also better than cure.

CONCLUSION

International Fraud Awareness Week (17 to 23 November) is the perfect opportunity for every finance, audit and risk professional to get involved. Organise or participate in awareness and education programmes; promote good governance and a culture of ethics in the workplace; expand the reporting portfolio of the organisation to include new ratio analysis and the interpretation thereof; strengthen the internal controls; create a “face” for the organisation and come closer to the community you serve; and invest in yourself by updating your knowledge and skills. 

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PROSPERITY. JUSTICE. LIBERTY.



Is ethical capitalism a contradiction in terms? Perhaps, observing the economically unequal society we live in today, one might feel obliged to say 'yes'. If a system generates such stark disparities in wealth and life prospects for different people, often based entirely on the circumstances of their birth, it would surely be nonsensical to describe that system as ethical. It is instructive, therefore, to pay attention to the moral points that Adam Smith, the 'Father of Economics' himself, made about capitalism. Three distinctly ethical principles – prosperity, justice and liberty – were woven into Smith's famously lucid explanation of the forces shaping what we still call the free market. And it is high time that they were re-emphasised.

Adam Smith wrote his epic treatise *The Wealth of Nations* in 1776 (Smith, 2000). At the time, monarchies and the feudal system were still the status quo in Europe. The first pistons of the Industrial Revolution had just begun to stir, and the French Revolution, which would radically change individual rights and herald the age of democracy and liberty, was still thirteen years away. So, to lay the descriptive groundwork for a capital economic system that is still relevant today was, in short, visionary work.

The free market, as related by Smith, is an economic system that is based on the mechanics of supply and demand. If there is a

demand for something in the market, enterprising individuals or groups can use their skills and knowledge to produce something that meets it. Anyone can participate (indeed, the free-market system encourages participation and equity) and so, if the demand is great enough, more and more producers can supply the same product or service, thus resulting in competition. By necessity, an improvement of the quality of the product or service, and the reduction of its price, will result from these iterative competitive dynamics. The converse is also true. If a good or service is substandard, or an enterprise is considered untrustworthy, consumers will stop utilising it and seek out alternatives from competitors. In this way, free-market competition should stop

producers from exploiting consumers and losing their 'licence to operate'. In essence, the free market should self-correct.

Ideally, competing for price, quality and legitimacy, drives lower costs of production, higher standards of excellence and greater accountability, which is good not only for the producer, but also for the consumer. To use Smith's famous phrase, the automatic or 'natural' interplay between producers, their products and services, and the market, acts as an 'invisible hand', constantly recalibrating supply and demand, as well as the morality and trustworthiness of producers.

Obviously, and unfortunately, this is not the state of things as we see them today.

We have daily evidence in the modern world that producers can exploit the system through, for example, anti-trust monopolies, price-fixing, consumer manipulation, and the constant drive for power, status and wealth at the expense of the poor. This has ironically resulted in a new type of monarchy – which the free

market aimed to displace – of the 'haves' and the 'have-nots'. Perhaps Smith's primary failing was that he placed too much emphasis on the benevolence of producers and too little emphasis on the failings of human nature.

Our own country is a spectacular example. South Africa has the dubious honour of being one of the most unequal economies in the world, where 20% of the population have only a 2.5% share of national income (Keeton, 2014; World Bank, 2019). Why has this happened? Surely Smith's free market should have allowed more individuals to enrich themselves and participate in the economy? Is it that Smith ignored the selfishness and greed of human nature?

In fact, Smith did anticipate human nature – at least, he tried to. What is interesting, and often forgotten, is that Smith proposed the free market system as a moral philosophy that was supposed to improve the quality of life of everyone in a particular economy (Wells, 2014). Yes, strange as that may sound at first, the free-market system was in fact conceived as a moral philos-

ophy that was supposed to rid the world of the social inequality that stems from economic inequality. However, this moral good of the free market was not inherent, but rather relied on the beneficence of producers in the market and their adherence to three basic principles, namely prosperity, justice, and liberty (cf. Wells, 2014).

PROSPERITY

Smith's notion of the wealth of a nation was characterised by the degree to which an individual citizen has access to goods and services that satisfy his or her wants. Therefore, Smith was quite aware that the wealth of a nation was not only how many rich people or corporations it had, but rather how well wealth was distributed among citizens. In other words, when producers compete fairly and freely, more and more individuals would be able to provide their resources (skills and labour) to produce more and more goods. If enough goods were produced, reducing the demand in the market, the unit cost of products would drop too. Consequently, citizens would eventually have access to goods and services that would have been prohibitively expensive to procure in a non-capitalist economy. Therefore, the free market should, by its very character, increase the purchasing power of its citizens over time and thus improve their quality of life.

Unfortunately, many producers have instead tried to keep the costs of their goods and services high. For example, in South Africa, bread producers colluded to fix the price of this staple foodstuff at a much higher level than it should have been in a free market (Flanagan et al., 2007; Seria, 2007). International examples include the Organization of the Petroleum Exporting Countries (OPEC) that often controls supply to keep prices artificially high, and the Federation of Maple Syrup Producers in Quebec, Canada, that did the same with maple syrup (Edmiston & Hamilton, 2018; Watts, 2019).

Such anti-competitive behaviour, borne of a one-dimensional pursuit of economic growth, exerts an artificial pressure on the 'natural' pricing mechanism of the free market, and therefore directly goes against the principle of prosperity envisaged by Smith. It is important to realise that Smith's idea of prosperity was closely linked with equality; in other words, that an econo-

my based on a free-market system would be mutually beneficial for the producer and consumer.

JUSTICE

Interestingly, Smith anticipated a form of 'state capture', and was a believer in social justice. He argued strongly that equity was one of the most important mechanisms of ensuring that everyone has an equal opportunity to benefit from the economic system, not only a few. Writing in his characteristically lyrical way, Smith said that:

“To hurt in any degree the interests of any one order of citizens for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment...”

What he meant was that every producer has a moral responsibility to ensure that it shares with those who help produce goods and services what they deserve in a fair and equitable manner. In fact, Smith's view that a just economic system should bring happiness to as many people as possible has a distinctly utilitarian flavour. Ideally, no one group – neither a producer, nor a government – should ever conspire to short-change a less-powerful group.

LIBERTY

Smith argued that freedom from constraints, freedom from domination and moral autonomy formed the backbone of the free market. What this means is that the individual can choose how to participate in an economy without intimidation, coercion or by having to adhere to excessive regulation. Smith referred to these as artificial obstacles that limit the degree to which people can get along with their own lives and participate within an economy as they like. In a nutshell, Smith was a champion of economic and thus social self-determination.

This does not mean that Smith was naïve. Indeed, he did motivate for some regulation, but only if such regulation increased the freedom with which people could participate in an economy. For example, Smith argued that the role of governments



was to increase the security of a society, and that government-controlled financial institutions should keep interest rates as low as possible to facilitate open and participative business, free from credit exploitation. More importantly, it is the moral responsibility of producers to not artificially exclude others from participating in the economy, and it is the role of certain mandated institutions (such as the Competition Commission in South Africa) to ensure that this does not happen. Having said that, some economic laws and legislation have led to consequences that are decidedly unjust – Apartheid in South Africa is the obvious example of the evils of exclusion, and just about any country that doesn't rein in the influence of the wealthy on political decision-making opens the door to tax abuse.

IN CONCLUSION

Smith's ideas about the free market anticipated much of the corruption and exploitation currently observed in the capitalist system. It probably isn't much of a stretch to say that Smith would have been a proponent of the idea that business ethics is about doing what is good for the self (the organisation) and the other (the consumer and employee) in a mutually beneficial manner. Look after the needs of consumer and they will do the same for you. Smith would also probably have been a champion

of corporate governance initiatives, such as the King series of reports, and the triple bottom line approach. Smith anticipated many of the problems a free market may throw up, but he intended for such a system to be based on strong moral principles of responsible and ethical business. It is prudent for us to look more closely at Smith's *The Wealth of Nations* instead of perpetuating ideas about it that were not intended. A purer form of capitalism as a moral economic philosophy, instead of only an exclusively economic philosophy, is required for economies to return to the principles of prosperity, justice and liberty. **■**

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INTRODUCTION

South African municipalities are characterized by revenue collection challenges. Mazibuko (2013) argues that these challenges are common to revenue collection management in all spheres of government. These challenges include the slow processing of revenue receipts, slow deposit of receipts, slow billing, incorrect and inaccurate bills, lack of incentives to pursue collections, weak enforcement of revenue laws, poorly trained staff, lack of internal controls and record management, non-payment, lack of effective credit control, indigent management, lack of proper revenue enhancement strategies, lack of revenue tax base, failure to bring revenue into the tax net for municipalities in rural areas, ineffectiveness of policies to enforce revenue collection, fear by officials and the municipal leadership to enforce by-laws and policies.

RESEARCH OBJECTIVES

The research objectives of this study were to: develop a concept document on the capacitation of municipal officials re-

sponsible for the management and administration of the billing system; determine the capability of officials of selected South African municipalities to manage and administer the billing system; critically analyse the challenges faced by the officials managing and administering the billing system; and propose the interventions required for the capacity-building of the officials managing and administering the billing system.

RESEARCH METHODOLOGY

The study used both the qualitative case study and the quantitative approach to collect and analyse the data needed for this study. The study relied heavily on the existing sources of information. These sources included National Treasury data sets, constitutional and legislative frameworks, official and annual reports from selected municipalities, speeches by relevant stakeholders, Auditor-General reports, existing literature on municipal billing and revenue collection, journals articles and internet to contextualize the billing system and revenue collection in the South African context. The constitutional and

legislative frameworks included Constitution of the Republic of South Africa, 1996; Municipal Structures Act, 1998; Municipal Systems Act, 2000; Municipal Finance Management Act, 2003; Municipal Property Rates Act, 2004 and municipal By-laws.

Based on the objectives of the study, the research instruments such as questionnaires and review of various documents were used to get information that addresses the issues under study. About 150 questionnaires were distributed to several municipalities. Red tape in municipality was one of the main weaknesses of the study. The study ended up making use of a sample of 37 respondents. The respondents are municipal officials who work in revenue collection of City of Tshwane, City of Johannesburg, Polokwane Local Municipality (Limpopo) and eDumbe Local Municipality (KwaZulu-Natal). The collected data were coded, analyzed and presented in section which deals with Empirical Evidence.

LITERATURE REVIEW ON MUNICIPAL BILLING AND REVENUE COLLECTION

To establish a common ground for discussion, the report started with the identification and definition of concepts. Constitutional and legislative frameworks underpinning sources of revenue for South African municipalities were identified and explained. The report then identified the challenges faced by municipalities in collecting revenue. We then identified the initiatives for resolving those challenges. The initiatives included designing the revenue turnaround strategy. It was concluded that a coherent revenue turnaround strategy is one that begins with getting an in-depth understanding of each particular municipality's unique challenges, and then defines a response using some of the initiatives identified in the report, followed by implementation and results tracking.

After identifying challenges confronting officials that manage the billing systems, we recommended certain interventions for resolving those challenges. We then identified national and international case studies in credit control and debt collection in South African municipalities. This was done to identify the international best practices for revenue collection for South African municipalities. The last part of the report dealt with empirical evidence as well as conclusions and recommendations of the study.

According to Ntiyiso Consulting (2017), municipalities in South Africa have implemented a number of creative initiatives to convert revenue. A number of these interesting initiatives have yielded positive results that have yielded significant increases in municipal revenue collection rates. These initiatives have touched on a number of proven management practices, that have shown results in other industries. As the South African municipalities continue to implement revenue turnaround strategies, the list of initiatives presented in this section provide a useful reference. It is however worth noting that implementation of any one of these initiatives without a coherent revenue turnaround strategy is unlikely to yield lasting results. A coherent revenue turnaround strategy is one that begins with getting an in-depth understanding of each particular municipality's unique challenges, and then defines a response using some of the initiatives outlined below, followed by implementation and results tracking. Municipalities can use two revenue collection strategies, which are using the municipality's revenue collectors and revenue collecting agents (Ntiyiso Consulting, 2017).

Both revenue collection strategies have strength and weakness. Therefore, municipalities need to do some feasibility study before subjecting the revenue sources to either revenue collectors or revenue agents for this matter. The municipalities should continue using both strategies depending on the situation. Some of the strategies which municipalities can use to enhance revenue sources include providing education to the tax payers, identifying new sources of revenue, to assigning competent revenue collectors, and making regular follow-up to revenue collecting agents to make sure that they comply with the established tax systems (Kassim, 2013).

Kassim (2013) argues further that corruption destroys all the strategies for revenue collection; hence, the council should assign the task of revenue collection to people with integrity, who can defend the interest of municipalities. Some municipal officials corrode the system by engaging in corruption practices with revenue collecting agents. For Koma (2010:118), "the ability of municipalities to put in place and enforce anti-corruption and good governance measures and critical similarly financial viability and adequate financial management systems are important prerequisites for effective service delivery".



Table 3: High Level Components of a Coherent Revenue Turnaround Strategy

DIAGNOSTIC DATA ANALYSIS	RESPONSE DESIGN	IMPLEMENTATION	MONITOR AND REFINE
Understand current revenue performance	Define list of initiatives to address challenges	Appoint dedicated team to initially implement the programme	Monitor changes in KPIs for key metrics compared to previous periods
Understand debt situation	Define budget, resources and support required to implement the initiatives	Define skills transfer plan from the programme to day to day staff	Report successes to stakeholders on an on going basis, to maintain momentum and interest
Understand challenges across revenue value chain	Define metrics for KPIs to be achieved by the programme	Define programme sustainability plan, indicated how initiatives will be transferred to daily operations in the long run	Refine initiatives where desired outcomes are not being achieved
Data analysis around additional issues e.g. customer query resolution	Agree on approach and programme plan with key internal and external stakeholders		
Define business case for turnaround strategy			

Source: (Ntiyiso Consulting, 2017: 47)

Municipal revenue turnaround strategies also need to take into account the fact that South African municipalities, like other local authorities globally, are in competition with other service providers for consumer share of the wallet as well as likely competitors for services. Customers have a number of service providers competing for their wallet and attention and municipalities need to ensure that they are top of mind (Ntiyiso Consulting, 2017).

In closing, the following recommendations can be forwarded:

1. Research established that municipalities are faced with the

challenge of having to adhere to and comply with various provisions of the different local government-specific legislation such as the Municipal Finance Management Act (2003), Municipal Structures Act (1998) and Municipal Systems Act (2000). Senior municipal officials have to familiarise themselves with the provisions of these pieces of legislation to ensure that they perform their duties effectively and efficiently

2. An overwhelming 63% of the respondents who responded to the questionnaire of this study strongly agreed that they have experienced billing problems in the last 3 years. It is

essential for municipalities to devise long-term strategies to deal with billing problems plaguing some of the South African municipalities.

3. An overwhelming 81% strongly agreed with the statement: "Billing problems have impacted on cash flow at your municipality". To solve the problem of cash flow in municipalities, political office bearers and senior officials must come up with measures to identify and address the billing challenges characterising some of South African municipalities.

4. The majority (68.8%) of the participants to this study strongly agreed with the statement: "Billing problems are eroding the revenue collection at your municipality". To enhance revenue collection in municipalities, relevant municipal stakeholders must devise strategies to eliminate billing changes in their municipalities.

5. Sixty two.5% of the respondents to the questions in the questionnaire of this study strongly agreed with the statement: "Billing problems have impacted negatively on service delivery at your municipality." Fifty six.3 per cent of the respondents also strongly agreed with the statement: "Billing problems have impacted negatively on the achievement of service delivery priority areas, such as electricity and water". On the same vein, all of the participants agreed with the statement: "Billing problems have had an impact on ongoing concern issues at their municipality". Municipalities need money to provide services. They cannot provide services effectively if they fail to collect revenue due to them. It is the duty of municipal office bearers to ensure that the billing problems are resolved as they have an impact on service delivery.

6. An overwhelming 87.6% of the research participants indicated that community protests have increased because of service delivery backlogs in their municipality. To reduce community protests municipalities must address their revenue collection challenges, which will enable them to effectively provide services to their communities.

7. Almost 75% of the respondents are of the view that "Debt problems are caused by a growing indigent base at your municipality". It is the duty of municipalities to develop indigent monitoring and evaluation instrument. The indigent M&E must be revised regularly to ensure that it adapts to changing municipal circumstances, changing with time.

8. The majority of the participants (56.3%) strongly agree with the statement that "Unemployment in the municipal jurisdiction contributes to the debt position at their

municipality". It is essential therefore for municipalities to adopt some of the national initiatives for reducing unemployment in South Africa for them to reduce unemployment, especially youth unemployment.

9. Over 55.3% of the participants indicate that the municipality does not have the capacity to implement credit and debt control policies effectively. It is therefore essential for municipalities to ensure that municipal officials who are responsible for the billing system and revenue collection are capacitated with relevant skills to ensure effective and efficient work performance.

10. Hundred per cent of research participants agreed with the statement that incorrect bills affect revenue collection, it is also revealed that about 62.5% sometimes use manual invoice. Attention must therefore be given to the qualifications and skills of municipal officials who deal with the billing system and revenue collection.

11. Research established that corruption destroys all the strategies for revenue collection. As a result, municipalities should assign the task of revenue collection to people with integrity, who can defend the interest of members of the public. Some municipal officials corrode the system by engaging in corruption practices with revenue collecting agents. The ability of municipalities to put in place and enforce anti-corruption measures and adequate financial management systems are important prerequisites for effective revenue collection and effective municipal service delivery. [C](#)

Notes

This article is based on a research report compiled by MJ Mafunisa Consulting for the LGSETA in 2019 under the title: *Comparative Analysis of Municipal Billing System on Revenue Collection in SA Municipalities*. The views expressed in this article are those of the authors and do not necessarily represent the viewpoint of the LGSETA.

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One of the requirements according to the National Treasury's Irregular Expenditure Framework is to determine the root cause of the irregular expenditure when determining whether the expenditure is irregular or during investigations into the expenditure.

Irregular expenditure reached levels of R45.6 billion for PFMA entities and R25.2 billion for MFMA entities in the 2017/18 financial year.

Very often, this field is completed for reporting purposes without properly analysing the root cause of the irregular expenditure. Management then tries to fix the problem without analysing whether it is a symptom or a root cause. This usually involves strengthening internal controls or adding additional controls. This results in additional costs and adding steps in an already cumbersome procurement process.

Root cause analysis is a process used to determine the primary source of the problem. By identifying the root cause common to most or all of the problems, resources can be applied where it will be the most effective. One of the tools for root cause analysis is the current reality tree from Goldratt's Theory of Constraints.

CURRENT REALITY TREE

The Current reality tree illustrates the current reality using a series of cause and effect relationships. Without fully mapping the as-is situation, the current reality tree focuses on problems that people perceive, suffer from or have to cope with the system. These are often the symptoms of a much deeper problem. The

outcome of this thinking process is to unearth the root cause of the undesired effects of the system.

Let us look at a step-by-step scenario. An entity is experiencing high levels of irregular expenditure. They have pinpointed what they determined to be the root causes for each of the transactions. They simply do not have the resources to address all the root causes but would like to apply the resources where it will have the biggest effect.

These steps are:

1. Determine the scope of the analysis.
2. List between five and ten undesirable effects that exist in the system.
3. Diagram the cause-and-effect relationship between two undesirable effects.
4. Start constructing the current reality tree.
5. Add intermediary links where necessary.
6. Review and revise for clarity and completeness.
7. Identify the root cause.

Goldratt's Theory of Constraints is a methodology for identifying the most important constraint in a system that stands in the way of achieving a goal. It then follows thinking processes to systematically improving the constraint until it is no longer the limiting factor.

STEP 1: DETERMINE THE SCOPE OF THE ANALYSIS

This analysis focuses on the irregular expenditure and other problems incurred in the supply chain process.

STEP 2: IDENTIFY UNDESIRABLE EFFECTS

During interviews and discussions, an entity identified the following list of undesired effects in the supply chain management (SCM) process:

1. Meetings for bid committees are regularly postponed.
2. Lack of understanding of the areas of responsibility of the committee members.
3. Boundaries between the Bid Specification Committee, the Bid Adjudication Committee and the Bid Evaluation Committee are unclear.
4. Evaluation criteria do not assist staff to determine whether bidders have the capacity and capability to deliver.
5. Managers of user departments are not able to draft clear bid specifications.
6. Pre-qualification criteria disqualify possible valid bidders.
7. Comments from the probity auditors are not addressed speedily.
8. The SCM department is firefighting to deal with requests that need to be addressed immediately.
9. Change management in the SCM department is not handled well.
10. No accountability in the SCM department.
11. Managers of user departments do not attend SCM training.



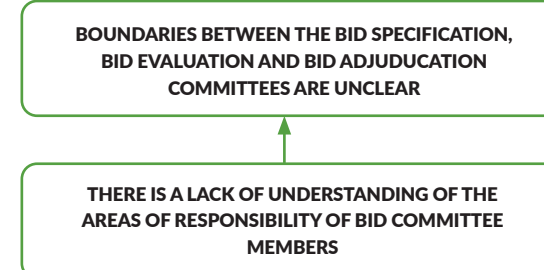
CAUTION! CONSIDER THIS AS A BRIEF INTRODUCTION ONLY. IT TAKES SOME SKILL AND EXPERIENCE TO MAP A CURRENT REALITY TREE.

STEP 3: FIND CAUSE-AND-EFFECT RELATIONSHIPS BETWEEN AT LEAST TWO OF THE UNDESIRABLE EFFECTS

This provides the starting point for the analysis. It is not necessary to prioritise the undesired effects. Any two of the undesired effects can be used, as long as there is a cause-and-effect relationship between them. Connections between statements are constructed using IF...THEN statements and checking for sufficient cause.

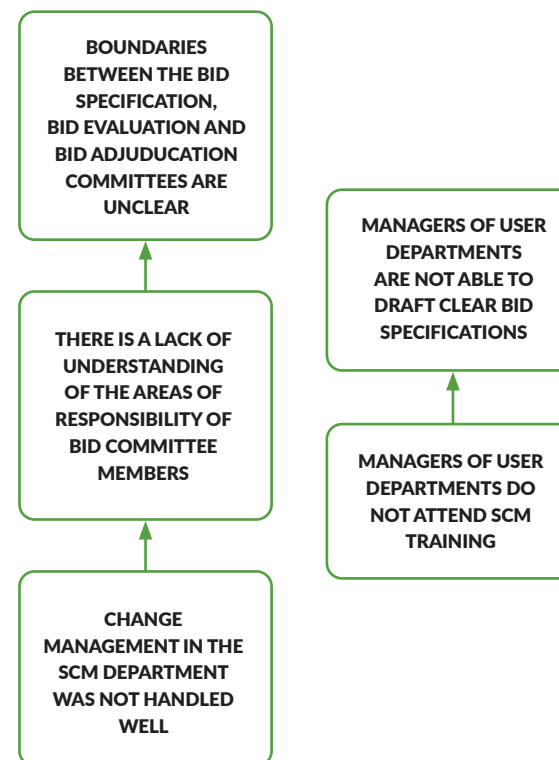
To read the tree, insert the IF...THEN statements. For example, IF there is a lack of understanding of the areas of responsibility of bid committee members, THEN boundaries between the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee are unclear.

Statements in current reality trees are either causes or effects. Causes are statements at the base of an arrow indicating that, given its existence, will cause another statement to exist. Effects are statements that exist as a result or consequence of the cause and are located at the point of the arrow. Arrows indicate the relationship between the statements.



STEP 4: START CONSTRUCTING THE CURRENT REALITY TREE

The tree is constructed using the sufficient cause process through cause-and-effect logic. The tree is structured top-down, with symptoms at the top, leading to causes and finally root causes at the bottom.



At this stage, some of the undesired effects are not linked to the tree.

If there is not sufficient cause, more statements can be linked, for instance, "if A and B occur together, then it is sufficient to cause C". The symbol for an and-connector is an ellipse.

The normal pattern for sufficient cause is speculating about causes for effects and also speculating about the effects of causes.

Tackling the root causes of Irregular Expenditure *continued...*

by Noeline Slogrove - Altimax (Pty) Ltd

STEP 5: ADD INTERMEDIARY LINKS IF NECESSARY

All the undesired effects do not necessarily link to another effect. Intermediary links are added to follow the cause-and-effect logic. In the diagram below, the original undesired effects are numbered and coloured yellow; intermediary links are coloured green.

STEP 6: REVIEW AND REVISE FOR CLARITY AND COMPLETENESS

The current reality tree is reviewed and revised if necessary, by the team to ensure that all the effects and intermediary links are added to complete the cause-and-effect logic.

Very often, an undesired effect or link at a higher level in the system aggravates undesired effects at a lower level. This is known as the feedback loop or vicious circle. Note the feedback loop in the diagram below:

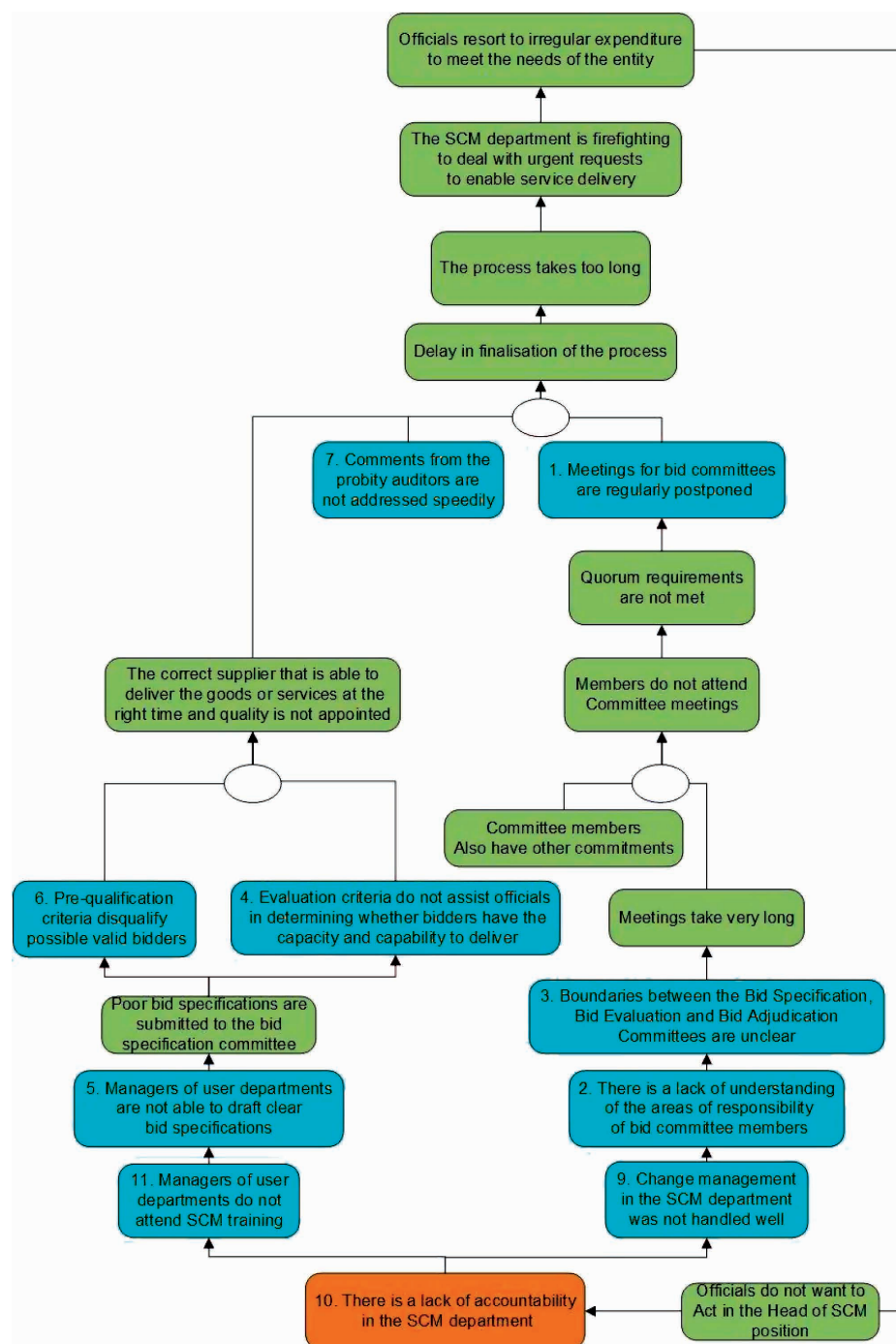
- IF officials resort to irregular expenditure to meet the needs of the entity, THEN officials do not want to act in the position of Head of SCM.
- IF officials do not want to act in the position of Head of SCM, THEN there is a lack of accountability in the SCM department.

STEP 7: IDENTIFY THE ROOT CAUSE

In the diagram below, the root cause is identified as a lack of accountability in the SCM department as indicated by the orange undesired effect.

The root cause should be at the base of the diagram. If the root cause is addressed, it will treat multiple problems that arise in the system.

Building a robust current reality tree requires teamwork rather than the work of an individual.



CONCLUSION

The benefit of a properly constructed current reality tree is that it identifies the connections between undesired effects visually. Leaders can thus focus their attention and resources to address the root cause, which will result in multiple undesired effects disappearing from the system.

Another of Goldratt's thinking processes, the Future Reality Tree answers the question: What to change to? This thinking process turns the undesired effects of the Current Reality Tree into desirable effects by combining the causes of undesired effects with actions or conditions that do not exist yet, but which are necessary to correct the current state.

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IN REMEMBRANCE OF BEN DORFLING

Ben Dorfling (66), a former director of finance in Kempton Park Tembisa Municipality in the early 2000s, died on October 9 after a long illness. Born on September 27, 1953, in Limpopo Province, Dorfling was a resident of Kempton Park for more than 40 years.

"After obtaining his B.Com degree through Unisa by studying after hours, he got several promotions and became director of finance in 2000," his wife, Susan Dorfling, said.

During this time he also served on the governing bodies of Allen Park Old Age Home and Laerskool Impala as chairperson of finance. Dorfling served as president of the Institute of Municipal Finance Officers (IMFO), now known as the Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO), from 2002 until 2004.

"After early retirement from Ekurhuleni Metropolitan Municipality, he worked as a financial consultant for several organisations and as part of a task team of the Department of Cooperative Governance and Traditional Affairs (COGTA), assisting them to do turnaround strategies in several municipalities," his wife said. He was later employed as chief financial officer (CFO) at Madibeng Municipality and thereafter at Emalahleni Municipality.

After resigning as CFO in 2014, he continued to work as a financial consultant to several companies until he fell ill in April. In his early career, Dorfling worked at TW Beckett (now known as National Brands) as a financial clerk before being employed as a clerk grade 1 in the treasury department of the then Kempton Park Municipality in 1981.

Special Credit to: Heleen Rossouw, *Kempton Express*



In 1982, he married Susan and together they had a son, Ben, and daughter, Marthinette.

"He will be remembered for his assistance to establish beautiful gardens at both Stralejakkers and Laerskool Impala and as a passionate cultivator of the most beautiful clivias. Ben may be gone but he will never be forgotten," Susan said.

He will be remembered by Susan, Ben, Marthinette, son-in law Rohan, daughter-in-law Calee and grandsons Morné, Rohben and Sias, as well as his colleagues and friends.



The South African Government prioritises the development of marine resources as a tool for generating economic and social benefits for its community. With such a goal identified, the management of marine resources is essential in achieving this objective.

The South African government prioritises the development of marine resources as a tool for generating economic and social benefits for its community. With such a goal identified, the management of marine resources is essential in achieving this objective. Literature focused on the marine industry states the importance of integration and collaboration in marine resource management (Kelly et al, 2018). These principles can be understood as cooperative governance in the marine industry. In the South African case, cooperative governance between the spheres of government (national, provincial and local levels) is enforced in Chapter 3 of the Constitution. This chapter ultimately calls for coordination, alignment and co-management between various spheres of government (The South African Government, 1996). These principles that characterise cooperative governance must thus be enforced in marine resource management.

Local Government Sector Education and Training Authority (LGSETA) provides training and skills development to local governments around the country. LGSETA commissioned research on the role of local government in effective cooperative governance in the marine industry, in order to identify how local government can assist in marine resource development with effective cooperative governance. This article discusses the main findings of the research conducted and the associated recommendations.

OBJECTIVES OF THIS STUDY

The main objective of this research was to recommend ways that local government can implement effective cooperative governance in marine resource management. The purpose of this research was to:

- Examine the workings of how local government would develop a cooperative governance framework with Department of Agriculture Forestry and Fisheries
- Explore the international best practice on the role of local government in the development of effective co-operative governance in the marine resources
- Understand the strategies used by the countries in the Southern African Development Community (SADC) region in the promotion of the marine effective governance
- Make recommendations on better ways to implement effective cooperative governance in the local government sector

This research focused on the entire marine industry, including all aspects of the marine environment in South Africa.

METHODOLOGY

The methodology utilised in researching the objectives men-

tioned above involved a literature review, situational assessment, stakeholder interviews and a case study evaluation. These sections together informed the recommendations provided at the end of the report. In more detail, the literature review considered South African legislation and policy, providing insight into the status quo of marine resource management and cooperative governance in South Africa. This section also explored international and South African-based academic literature to highlight key points about effective cooperative governance in marine resource management.

The following step in the methodology involved a situational analysis. Information was gathered through conducting interviews with employees of the Department of Agriculture Forestry and Fisheries (DAFF) and additional officials, i.e. employees of Provincial Coastal Committees (PCCs), the South African Local Government Association (SALGA), Cooperative Governance and Traditional Affairs (COGTA), and other industry stakeholders. These interviews were essential for gathering information and verifying insights identified in the literature review. From these interviews and additional desktop research, the current successes and challenges of cooperative governance in marine resource management were highlighted.

Various case studies were drawn on in the case study evaluation section. This section considered international cases, which includes developed and developing countries, and two Southern Africa Development Community (SADC) cases. Country cases were chosen based on identified criteria. For developed countries, this criterion was based on their proximity to the coast and significant marine life, availability of information, a similar governing structure to that of South Africa, and their areas of best practise. The developing country case, on the other hand, was identified by considering its proximity to the coast and significant marine life, availability of information, and their fisheries sector in comparison to that of South Africa. Lastly, the SADC country cases were distinguished based on their proximity to the coast and significant marine life, size of the coastline in comparison to South Africa, level of investment in the blue economy in comparison to South Africa, and the availability of information. Ultimately, this analysis depicted the challenges and critical success factors of marine resource management and the cooperative governance frameworks utilised.

The research gathered informed various recommendations. These recommendations ultimately advise stakeholders on how to better enforce cooperative governance between spheres of government and additional interested parties in the marine in-

Developing Cooperative Governance in Marine Resource Management at Local Government level *continued...*

by the Local Government Sector Education Training Authority (LGSETA)



dustry. They highlight a way in which cooperative governance between local government and DAFF can be enhanced and implemented in marine resource management in South Africa.

KEY FINDINGS

Marine Legislation and Policy Environment

The South African legislation and policy landscape for marine related industries incorporates aspects of cooperative governance in theory. Marine-related responsibilities and functions are designated to national, provincial and local governmental departments, highlighting the need for cooperation and collaboration between these spheres. With legislation such as the Integrated Coastal Management Act (ICMA), the Marine Living Resource Act (MLRA) and the National Environmental Management Act (NEMA), cooperative governance between local government and national and provincial government departments is enforced. The ICMA was of major interest in this research, given that it acts as a cooperative governance framework for coastal areas (South African Government, 2008).

The ICMA mandates the establishment of a national coastal committee (NCC), provincial coastal committees (PCCs), and the voluntary establishment of municipal coastal committees (MCCs) by coastal municipalities (South African Government, 2008). These committees hold a number of responsibilities and are part of the cooperative governance framework for effective coastal management. In particular, a key function of the PCC is to promote integrated coastal management in the province and the coordinated and effective implementation of the ICMA.

Additional legislation and policy calling for principles of cooperative governance in marine resource management is apparent in South Africa. These documents provide ideas for cooperative governance at the national, provincial and local levels.

Identified Successes and Challenges of Cooperative Governance in Marine Resource Management

In assessing the effectiveness of cooperative governance with respect to the marine industry particularly, progress of the implementation of the ICM framework was evaluated. It was found that in the Western Cape and Northern Cape, cooperative governance issues have been dealt with proactively. For example, in some cases where lack of capacity and resources have hindered the actions of local municipalities with respect to marine resource management, district municipalities have been targeted by PCCs for marine management due to their resource and capacity advantages. During the interview process, stakeholders also indicated that PCC meetings are better attended than MCC meetings in general.

Although successes in cooperative governance were identified, there are issues that remain in the coastal provinces, such as the lack of funding, skills capacity and human resources available to local municipalities to conduct marine resource management. A further identified issue was the limited involvement of community and traditional leaders in marine management and more importantly coastal fisheries management at a local level.

These members of society are crucial to the development of the marine industry and coastline, as they are directly affected by developments along this area. With respect to interactions between government spheres, stakeholder interviews pointed towards the problem that departments work in silos and have weak coordination and cooperation with one another. For example, stakeholders have mentioned issues of misalignment in policy mandates between DAFF and the Department of Environmental Affairs (DEA). This exacerbates the issue of implementation in the marine environment. Stakeholder interviews indicated that these issues mentioned may be alleviated with the use of more effective cooperative governance strategies between the different spheres of government. Cooperative governance can be used as a mechanism to enhance collaboration and co-management between government departments which ultimately allows for effective enforcement of strategies, plans and development policies.

Lessons from Case Studies

The case studies in this research looked at Australia and Canada as developed country cases, Tanzania as the developing country case and Namibia and Mozambique as the SADC country cases. The developed country cases indicated the importance of involving different stakeholders in the cooperative governance framework. It has been noted that even in developed nations, where a rich policy environment for cooperative governance may exist, issues of implementation might hinder progress in marine development. For South Africa, a lesson learned in this case is that there is a need for coherent and complementary mandates for roles and responsibilities of those involved in cooperative governance in marine resource management, from local to national level of government. This must be done to avoid misalignment among government spheres.

The developing country case and SADC case studies highlighted the issues experienced in developing countries, such as lack of funding and capacity. A lesson learned was that the South African government should continue to prioritise cooperative governance in marine resource management throughout the country. This insight was made, given the negative effect limited cooperative governance had on implementing marine re-



source policy in Tanzania, a country that locates all power to conduct marine management in the hands of its ministers and president. From the Namibian country case it was learned that policy must be utilised to solve the various issues experienced in the marine resource environment, given the fact that no policies had yet been completely developed in this country. Lastly, from the case in Mozambique, it was suggested that the South African government should build up its institutions to support marine-related decisions and furthermore include communities in their decision-making process. These actions were identified challenges in Mozambique.

RECOMMENDATIONS

Given the key findings identified in this research, the following recommendations were suggested with respect to the policy framework and role-players.

Legislation and Policy Recommendations

It was found that the legislation and policy for cooperative governance in marine resource management in South Africa were, on paper, effective and coherent. The policy overview showed the significant extent to which principles of cooperative governance are prioritised in the field of marine resource management and development. The research conducted argued that the major issues experienced in terms of cooperative governance in marine resource management are concerned with a

lack of implementation of policy and development in the marine industry. With that being said, it was recommended that the existing policy framework for cooperative governance between local government and DAFF, and with additional spheres of government and stakeholders, be improved. This is explored in the following sections.

For one, DEA, which mainly deals with coastal issues and the implementation of the ICMA, should consider exploring the possibility of amending the ICMA to mandate that coastal municipalities establish compulsory MCCs. Currently this Act states that these committees may be implemented by coastal municipalities on a voluntary basis. This recommendation is made considering the advantages that MCCs bring in coastal management and in cooperative governance. MCCs bring about further coastal development at a local level and provide a localised approach to problem-solving. Changing this Act may be a challenge, however, as amendments would need to align with Acts relating to municipal roles and responsibilities (for example, the Municipal Systems Act) as well as what is stipulated in the South African Constitution.

A major issue with cooperative governance in marine resource management has been the implementation of policy functions and actions. A way to improve implementation may be through the establishment of an implementation protocol, which fast-

Developing Cooperative Governance in Marine Resource Management at Local Government level *continued...*

by the Local Government Sector Education Training Authority (LGSETA)

tracks implementation through roles, responsibilities and actions with respect to a specific issue identified. Such a protocol highlights the ways in which local government can effect change in marine resource management and cooperative governance. This is further elaborated on in what follows.

In addition to this, cooperative governance may be enhanced through various actions, by different role-players. In more detail, the following was suggested for different stakeholders:

Department of Agriculture Forestry and Fisheries

- Enhance coordination and collaboration with various departments and community stakeholders through policy and implementation alignment
- Coordination and policy alignment between DAFF and DEA must be strengthened

These recommendations are given considering the silo effect in government currently experienced with respect to marine-related issues.

- Further investigate the issue of limited funding for marine-related developments in local municipalities.
- Provide capacity to local governments by establishing additional extension officers to consult with local government and community members. For example, in the small-scale fisheries sector, provide extension services aimed to bridge the gap between fishermen and local governments.
- Play a facilitating role in educating stakeholders on their roles and responsibilities with respect to marine resource management.
- Investigate the establishment of an implementation protocol that directly relays the roles, responsibilities and actions of stakeholders concerned with effective cooperative governance in marine resource management.

National Department of Environmental Affairs

- Coordination and policy alignment between DAFF and DEA must be strengthened.
- Play a facilitating role in educating stakeholders on their roles and responsibilities with respect to marine resource management.
- Investigate the establishment of an implementation protocol that directly relays the roles, responsibilities and actions of stakeholders concerned with effective cooperative governance in marine resource management.

Provincial Government

- PCC should consider a more functional approach to marine-related issues, seeing that this platform is better attended than municipal coastal committees. Here, functional refers to an approach that is more efficient and hands-on.

- Provincial Coastal Committees should seek more ways to gather or rework financial budgets to allow funding to go further than its current use.

Local Government

- Promote cooperative governance through local partnerships with traditional leaders, communities and private organisations. This may enhance marine management and development and can be conducted through the use of local extension officers and forums. Cooperative governance between these role-players is fundamental to marine and coastal management as these actors are directly affected by operations within this field.
- For local municipalities without MCCs it is recommended that this committee be prioritised for establishment which would ultimately promote cooperative governance in marine resource management.
- For local municipalities with already established MCCs, it is recommended that engagements between other local stakeholders be enhanced, as members of the community and traditional leaders have been arguably left out of certain decision-making processes regarding the coast and fisheries in particular. MCCs must enhance engagements with communities, local leaders and private organisations to raise awareness about coastal management and to raise funds for marine-related issues. Furthermore, these committees should play a more significant role in marine management and cooperative governance.
- For local municipalities who are in the process of establishing a coastal committee, it is recommended that they collaborate with district municipalities to receive financial and human resources support. It is also recommended that officials of this potential committee localise the issues that will be dealt with so as to gain additional support from the municipality and beneficiaries.

These recommendations are made considering the current challenges faced in the South African marine policy environment and the solutions taken by different countries as investigated in this research project as well as stakeholder-provided recommendations. [C](#)

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GALLERY - mSCOA Budget Seminar



CIGFARO CEO - Abbey Tlaetsi



National Treasury - Ria von Rönge



National Treasury - Matjatie Moshoeshoe and Kgomotso Baloyi



National Treasury - Abigail Maila



Exhibitors: INCA Portfolio Managers and Novus 3 (PTY) Ltd



Presenters



Delegates

CIGFARO ANNUAL CONFERENCE



Minister of COGTA: Nkosazana Dlamini Zuma



CIGFARO President: Peet du Plessis



Ntiyiso Consulting Group Chief Advisor: Alex Mabunda



eThekweni Municipality Deputy Mayor: Belinda Scott



Delegates in the plenary session

DAY ONE



KZN Provincial Treasury Economic Advisor: Jacob Twala



CIGFARO Past Presidents: Jane Masite and Dr Krish Kumar



Delegates in plenary session



Exhibitors engaging delegates



Delegates with CIGFARO Mascot

CIGFARO ANNUAL CONFERENCE



Auditor General: Kimi Makwetu



Standard Bank: Bongi Kunene



Provincial Treasury: Xolani Ndlovana



CIGFARO Board member: Bradley Brown



Exhibitors engaging delegates

DAY TWO



Thought Leadership Discussions in plenary



Exhibitors engaging delegates



Delegates



Stimulating discussion in the Breakaway Sessions

CIGFARO ANNUAL CONFERENCE



CIGFARO President and Motivational Speaker: Umbusi Ziqalo



CIGFARO Board Member: Asma Sheik



CIGFARO Board Member: Zanele Malaza



CIGFARO Board Members



Exhibitor Award: Ntiyiso Consulting – Best Customised Stand Winner

DAY THREE



Staff Recognition



Exhibitors Award: Nedbank – Most Original Stand Winner



Exhibitor Award: CCG Systems Shell Scheme Stand Winner



Delegates

SocialMediaComments

Chartered Institute of Government Finance, Audit & Risk Officers - CIGFARO
@cigfaro_editor

The conference went well and I was very impressed with the continuous technological innovations and improvements that you guys always embark on, the APP was again very helpful and improved the interactions.

Most of the speakers were also on point and very informed and relevant.

Overall the conference was well done and I would give you 9/10 for the job well done.

CIGFARO is now at a level to Tap into the international benchmarking to share best practice and engage.

#CIGFAROTurns90
#CIGFARO2019

CIGFARO NEW DESIGNATIONS



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

WE WELCOME NEW MEMBERS



AFFILIATE MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Affiliate	KZN	MICT Seta	Thango	Mfundo	16-Oct-19
Affiliate	KZN	Amanquhe Data Doctors Analytics & Revenue Services (Pty) Ltd	Madondo	Richard	01-Oct-19

CHARTERED MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Chartered Government Finance Officer	WC	Knysna Municipality	Jagaysor	Avitha	29-Oct-19
Chartered Government Finance Officer	MP	Nkangala District Municipality	Stander	Alice	29-Oct-19
Chartered Government Finance Officer	EC	National Treasury	Best	Andisile	24-Oct-19
Chartered Government Finance Officer	KZN	Department of Social Development - KZN	Ndaba	Brian	21-Oct-19
Chartered Government Finance Officer	KZN	Morar Incorporated (Chartered Accountant)	Samarjith	Vishall	21-Oct-19
Chartered Government Finance Officer	WC	Action iT (Pty) Ltd	Klein	Robert	16-Oct-19
Chartered Government Finance Officer	EC	Buffalo City Metropolitan Municipality	Peter	Siyabulela	16-Oct-19
Chartered Government Finance Officer	KZN	Ethekwini Municipality	Pillay	Collin	16-Oct-19
Chartered Government Finance Officer	KZN	KwaDukuza Municipality	Rajcoomar	Shamir	16-Oct-19
Chartered Government Finance Officer	EC	Engcobo Municipality	Siwahla	Nontobeko	04-Oct-19
Chartered Government Finance Officer	KZN	Provincial Treasury - KZN	Maliza	Nandipa	02-Oct-19
Chartered Government Finance Officer	MP	Nkangala District Municipality	Lengwate	Thandiwe	27-Sep-19
Chartered Government Finance Officer	GP	City of Tshwane	Maake	Refiloe	26-Sep-19
Chartered Government Finance Officer	EC	Unakho Business Solutions	Zamane	Mfuyo	26-Sep-19
Chartered Government Finance Officer	KZN	Zululand District Municipality	Hlongwa	Ntokozo	26-Sep-19
Chartered Government Finance Officer	NW	Prov Legislature: North West	Mothupi	Aucharlie	23-Sep-19
Chartered Government Finance Officer	KZN	Okhahlamba Municipality	Gambu	Thokozane	10-Sep-19
Chartered Government Finance Officer	LP	University of Limpopo	Maapea	Isiaiah	05-Sep-19
Chartered Government Finance Officer	NC	Sol Plaatje University	Marais	Lientjie	05-Sep-19

PROFESSIONAL MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Professional Government Finance Officer	GP	Morar Incorporated	Mtusva	Wellington	14-Nov-19
Professional Government Finance Officer	KZN	uMfolozi Municipality	Mhlongo	Samukelo	13-Nov-19
Professional Government Finance Officer	WC	George Municipality	Mitchell	Henry	05-Nov-19
Professional Government Finance Officer	GP	Housing Development Agency	Mathoho	Phathutshedzo	24-Oct-19
Professional Government Finance Officer	NW	Joe Morolong Municipality	Bele	Masego	24-Oct-19
Professional Government Finance Officer	WC	Hessequa Municipality	Joseph	Winston	21-Oct-19
Professional Government Finance Officer	WC	Hessequa Municipality	Joseph	Winston	21-Oct-19
Professional Government Finance Officer	WC	Swartland Municipality	Bolton	Mark	16-Oct-19
Professional Government Finance Officer	GP	City of Johannesburg	Thusi	Nhlanhla	02-Oct-19
Professional Government Finance Officer	NW	Kgetleng Rivier Municipality	Khunou	Maranatha	30-Sep-19

Professional Government Finance Officer	KZN	Dr Nkosazana Dlamini Zuma Municipality	Mtungwa	Phillip	27-Sep-19
Professional Government Finance Officer	WC	Knysna Municipality	Morgan	Anthony	23-Sep-19
Professional Government Finance Officer	NW	Joe Morolong Municipality	Motlhaping	Boipelo	23-Sep-19
Professional Government Finance Officer	KZN	Provincial Treasury - KZN	Pandaram	Darryl	18-Sep-19
Professional Government Finance Officer	EC	OR Tambo District Municipality	Bisha	Vuyolwethu	12-Sep-19
Professional Government Finance Officer	LP	Fetakgomo/ Tubatse Municipality	Mapotsane	Elias	11-Sep-19
Professional Government Finance Officer	KZN	Ethekwini Municipality	Mchunu	Thato	11-Sep-19
Professional Government Finance Officer	MP	Nkomazi Municipality	Marothi	Lucky	11-Sep-19
Professional Government Finance Officer	GP	Sjadu Investments & Business Consulting	Sigaba	Mbulelo	10-Sep-19
Professional Government Risk Officer	KZN	Mandeni Municipality	Xaba	Sibongiseni	16-Oct-19

TECHNICIAN MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Registered Government Finance Technician	KZN	King Cetshwayo District Municipality	Ngcobo	Brenda	29-Oct-19
Registered Government Finance Technician	MP	Emalahleni Municipality - M	Duda	Malibongwe	25-Oct-19
Registered Government Finance Technician	KZN	uMfolozi Municipality	Qwabe	Tamie	22-Oct-19
Registered Government Finance Technician	KZN	Kwa-Zulu Natal Gaming and Betting Board	Mtshali	Nosisa	21-Oct-19
Registered Government Finance Technician	EC	Emalahleni Municipality - EC	Sawa	Yanga	16-Oct-19
Registered Government Finance Technician	NW	Kgetleng Rivier Municipality	Masibi	Thipe	16-Oct-19
Registered Government Finance Technician	LP	Sekhukhune District Municipality	Maponya	Matshidiso	27-Sep-19
Registered Government Finance Technician	KZN	Dr Nkosazana Dlamini Zuma Municipality	Khuboni	Nokuthula	26-Sep-19
Registered Government Finance Technician	KZN	Dr Nkosazana Dlamini Zuma Municipality	Xaba	Nompumeleo	23-Sep-19
Registered Government Finance Technician	KZN	Provincial Treasury - KZN	Tuswa	Vuyolwethu	18-Sep-19
Registered Government Finance Technician	KZN	uMfolozi Municipality	Dlamini	Siyabonga	05-Sep-19
Registered Government Internal Auditor	EC	Alfred Nzo District Municipality	Mtakasi	Aviwe	25-Oct-19

REGISTERED MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Registered Government Finance Practitioner	EC	Private Sector	Tsikai	Epiphania	29-Oct-19
Registered Government Finance Practitioner	KZN	Mandeni Municipality	Zungu	Siphamandla	01-Oct-19
Registered Government Finance Practitioner	KZN	Mandeni Municipality	Cele	Siphamandla	30-Sep-19
Registered Government Finance Practitioner	KZN	Mandeni Municipality	Madikizela	Nombulelo	30-Sep-19
Registered Government Finance Practitioner	KZN	Mandeni Municipality	Mbatha	Phumelele	27-Sep-19
Registered Government Finance Practitioner	KZN	Mandeni Municipality	Dube	Siyanda	27-Sep-19
Registered Government Finance Practitioner	EC	Engcobo Municipality	Sandlana	Xolisa	18-Sep-19

STUDENT MEMBERS					
Member Type	Province	Organisation	Surname	Name	Join Date
Student	WC	Stellenbosch University	Tumwizere	Levi	29-Oct-19
Student	GP	Tshwane University Of Technology	Tseke	Resegofaditswe	18-Sep-19



CYBERCRIME AND CYBERSECURITY

The fourth industrial revolution is well underway and emerging technologies like artificial intelligence, robotics, drones, and the Internet of Things are now all realities in our daily lives. While many are concerned that the rise of emerging tech might displace jobs and deepen socioeconomic inequities, the far more destructive force at this time is that of cybercrimes.

In fact, on 25 October the City of Johannesburg reported a breach of its network the night before and shut down its website and all e-services, hours after receiving a bitcoin ransom note from a group called the Shadow Kill Hackers. The hack occurred at the same time that several banks also reported inter-

net problems believed to be related to cyber-attacks. According to the World Economic Forum cybercrime caused losses to the South African business sector worth approximately R5,8 billion in 2015 alone.

Cyber security is an essential responsibility of the Chief Financial Officer and Finance Department in conjunction with the Information Security and Technology (IS&T) or IT Department.

However, it does not stop there. As systems become integrated and more government information is housed on the internet, finance officers must be aware of the security risks and mitigating strategies for safeguarding sensitive information. Cyber risk and compliance exposure, considering the vast array of service

offerings from local government in particular, is a complex mesh of vulnerabilities. Any organisation is vulnerable through any portal or electronic access for the public in any department and through any electronic and computerised functions within the operations of the organisation.

The effect of a seemingly isolated information or cyber risk can soon become ubiquitous – causing trouble throughout all levels of the organisation and in all areas. Every part of the organisation must be protected as the attack will always come through the weakest link.

Nicky Downing, the CEO at Guideline Biztech, in her article on this matter states that “Cyber security is the process of protecting networks and devices from emerging risks and cyberattacks. A mature cybersecurity system has multiple layers of defence spread across the organisation, but many organisations fail to understand the serious compliance and risk management im-

plications of cyber and information security”. In fact Biztech reports that there were an estimated 10 billion cybersecurity events (breached records) occurring in the last year.

South Africa is working on legislation to deal with this matter. The Cybercrimes and Cybersecurity Bill creates offences and imposes penalties which have a bearing on cybercrime, criminalises the distribution of data messages which are harmful and providing for interim protection orders while also regulating the jurisdiction of and regulating the powers to investigate cybercrime. It also provides for the establishment of a 24/7 Point of Contact placing obligations on electronic communications service providers and financial institutions to assist in the investigation of cybercrimes and to report cybercrimes. In terms of the Bill, the identification and declaration of Critical Information Infrastructure including the measures to protect critical information infrastructure will be regulated.



Kenya, a member of the African Union, passed a Cyber-crimes Act very similar to the South African Bill in 2018. Most other African countries have or are introducing cybercrime Bills. All had followed international best practices.

In Parliament's Joint Standing Committee on Intelligence's annual report in June 2018 it was stated that the main threats to South Africans national security are cyber-crime and international terrorism.

An effective cyber-breach can cause serious structural damage to any organisation. Besides the potential breach of personal information and thus the non-compliance with legislation protecting personal information, the effects of reputational damage and potential financial compromise can cripple even the most resilient of organisations. Although the financial resources may not have been affected, there are often ransoms demanded and fines to be paid, besides the costs of the recovery processes, investigations into areas of weakness, the identification and implementation of more effective controls, replacing or improving firewalls and other aspects that will allow for greater security. If data is accidentally or deliberately compromised, and the appropriate security measures have not been deployed, the organisation may well face fines and regulatory sanctions. In fact, this is taken so seriously that all new bond issues require some input on the cybersecurity measures in place in the organization seeking to issue the bond.

The reputational damage may also have crippling financial effects if the customers no longer trust the systems and refuse to allow for their banking details to be stored for monthly debit order amounts. This could also affect the cash flow and increase bad debts of the municipality.

An article on cyber insurance appeared in the CIGFARO Journal in 2018. Cyber insurance can help mitigate the financial risk associated with a cyberattack by covering expenses, such as legal defense costs, computer forensics, and breach notification and remediation.

A Cyber Policy requires that the insurance carrier is advised as soon as possible once an attack has occurred. The insurance company will monitor how long it took to notice the breach, who was advised and how long it took for the insurance company to then be advised. Further, any Cyber Policy must be clearly scrutinized. A policy for Cyber Insurance must have the right things covered. As a minimum it must cover operational risks of network business interruption; system failure and third party vendor cyber events; Dependent Business Interruption/ Dependent System Failure; Cyber extortion; Digital Asset Restoration. Privacy and Network Security Risk must include privacy and network security liability; privacy regulatory fines and penalties; any financial penalties that may be incurred due to non-payment/ breach event expenses; media liability, etc. While System Failure is if the organisation "hurts itself" – falling over the

cord, a patch that disrupts processes; an upgrade that is flawed; etc. - there is also huge exposure through dependent systems and especially when a third party vendor is involved. It is therefore essential to consider and insure against the potential of a third party vendor experiencing a cyber event, or ensuring that the third party vendor has the necessary insurance with respect to the information held from your organisation.

A full team must be involved in the Cyber Plan And Recovery Strategy – not only the Chief Risk Officer and the Information Technology staff members. Legal Services must be involved in the confidentiality contracts; Human Resources practitioners must be involved regarding staff records and CFO and his/her staff regarding related procedures if payments have to be made manually. It is essential that SCM must set up processes that can be used outside of computer systems, etc, etc.

Besides the Cyber Recovery Strategy, the systems and processes must be tested, audited and reviewed on an ongoing basis.

Cyber Insurance will always have certain terms and conditions which could be negated through lack of attention to detail. For instance, it is essential to ensure that a backup is complete through picking up all the relevant information, it is regularly completed, securely stored and it is manageable versus the data that is being captured, besides testing that it can easily and accurately be restored without any challenges. Some of these tasks may be allocated to junior staff – and yet could compromise the integrity of the insurance policy!

With ANY system changes, all processes have to be tested to ensure they can be restored accurately and completely. Many policies rely on this, as well as the patches and upgrades being done in a timely fashion for all systems used. **C**

Is your municipality/government department/organisation cybersecure?

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TRAINING SCHEDULE 2020



ADVANCED EXCEL CONTENT					
	DATE	TOPIC	PLACE	DAYS	SEATS
TRAINING	20-21 January	Advanced Excel Content	Western Cape	2	30 seats
	23-24 January	Advanced Excel Content	East London	2	30 seats
	27-28 January	Advanced Excel Content	Gauteng	2	30 seats
	30-31 January	Advanced Excel Content	KwaZulu Natal	2	30 seats
	01-02 February	Advanced Excel Content	Free State	2	30 seats

CASH AND LIQUIDITY MANAGEMENT					
TRAINING	01 February	Cash and Liquidity Management	Western Cape	2	30 seats
		Cash and Liquidity Management	KwaZulu Natal	2	30 seats
		Cash and Liquidity Management	Gauteng	2	30 seats
		Cash and Liquidity Management	Eastern Cape	2	30 seats
		Cash and Liquidity Management	Free State	2	30 seats

MSCOA BUDGETING					
TRAINING	February & March	mSCOA Budgeting	Eastern Cape	2	30 seats
		mSCOA Budgeting	Western Cape	2	30 seats
		mSCOA Budgeting	KwaZulu Natal	2	30 seats
		mSCOA Budgeting	Gauteng	2	30 seats
		mSCOA Budgeting	Free State	2	30 seats

ETHICS					
TRAINING	February & March	Ethics	KwaZulu Natal	2	30 seats
		Ethics	Gauteng	2	30 seats
		Ethics	Eastern Cape	2	30 seats
		Ethics	Western Cape	2	30 seats
		Ethics	Free State	2	30 seats

PERFORMANCE INFORMATION FOR MANAGERS AND SUPERVISORS					
TRAINING	April & May	Performance Information for Managers & Supervisors	KwaZulu Natal	3	30 seats
		Performance Information for Managers & Supervisors	Gauteng	3	30 seats
		Performance Information for Managers & Supervisors	Free State	3	30 seats
		Performance Information for Managers & Supervisors	Northern Cape	3	30 seats
		Performance Information for Managers & Supervisors	Western Cape	3	30 seats

RISK MANAGEMENT FOR RISK CHAMPIONS					
TRAINING	April & May	Risk Management for Risk Champions	North West	2	30 seats
		Risk Management for Risk Champions	Limpopo	2	30 seats
		Risk Management for Risk Champions	Eastern Cape	2	30 seats
		Risk Management for Risk Champions	Gauteng	2	30 seats
		Risk Management for Risk Champions	KwaZulu Natal	2	30 seats

TARRIF MODELLING					
TRAINING	01 April	Tarrif Modelling	KwaZulu Natal	2	30 seats
		Tarrif Modelling	Gauteng	2	30 seats
		Tarrif Modelling	Mpumalanga	2	30 seats
		Tarrif Modelling	Northern Cape	2	30 seats
		Tarrif Modelling	Free State	2	30 seats

GRAP ANNUAL FINANCIAL STATEMENT					
TRAINING	May & June	GRAP Annual Financial Statement	Mpumalanga	2	30 seats
		GRAP Annual Financial Statement	Western Cape	2	30 seats
		GRAP Annual Financial Statement	KwaZulu Natal	2	30 seats
		GRAP Annual Financial Statement	Gauteng	2	30 seats
		GRAP Annual Financial Statement	Eastern Cape	2	30 seats

REVENUE MANAGEMENT WORKSHOP					
	May	Master Class Revenue Management	Mpumalanga	2	60
	May	Master Class Revenue Management	North West	2	60
	June	Master Class Revenue Management	Northern Cape	2	60

GRAP - MSCOA IMPACT ON AFS MANUAL					
TRAINING	06 - 07 May 2019	GRAP - mSCOA Impact on AFS Manual	Free State	2	30 seats
	09 - 10 May 2019	GRAP - mSCOA Impact on AFS Manual	Eastern Cape	2	30 seats
	13 - 14 May 2019	GRAP - mSCOA Impact on AFS Manual	Mpumalanga	2	30 seats
	16 - 17 May 2019	GRAP - mSCOA Impact on AFS Manual	KwaZulu Natal	2	30 seats
	21 - 22 May 2019	GRAP - mSCOA Impact on AFS Manual	Gauteng	2	30 seats

DEBT MANAGEMENT					
	DATE	TOPIC	PLACE	DAYS	SEATS
TRAINING	July & August	Debt Management	Mpumalanga	2	30 seats
		Debt Management	KwaZulu Natal	2	30 seats

SUPPLY CHAIN MANAGEMENT - CONTRACT MANAGEMENT					
WORKSHOP	01 June	Supply Chain Management - Contract Management	KwaZulu Natal	2	30 seats
		Supply Chain Management - Contract Management	Northern Cape	2	30 seats
		Supply Chain Management - Contract Management	Gauteng	2	30 seats
		Supply Chain Management - Contract Management	Western Cape	2	30 seats

SUPPLY CHAIN MANAGEMENT - ACQUISITION MANAGEMENT					
TRAINING	01 July	Supply Chain Management - Acquisition Management	Gauteng	2	30 seats
		Supply Chain Management - Acquisition Management	Free State	2	30 seats
		Supply Chain Management - Acquisition Management	Mpumalanga	2	30 seats
		Supply Chain Management - Acquisition Management	KwaZulu Natal	2	30 seats

FINANCE FOR NON-FINANCIAL MANAGERS					
TRAINING	01 October	Finance for Non-Financial Managers	Gauteng	2	30 seats
		Finance for Non-Financial Managers	Eastern Cape	2	30 seats
		Finance for Non-Financial Managers	KwaZulu Natal	2	30 seats



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JANUARY

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	Mid-year budget & perform assessment	MFMA 72(1)(b)	25 January	Accounting Officer	Mayor, Nat Treas, Prov Treas
12	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
13	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
14	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
15	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
16	Entity - Mid-year budget & perform assessm	MFMA 88(1)	20 January	Entity Acc Officer	BOD of entity, Parent Mun
17	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
18	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
19	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
20	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
21	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
22	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
23	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
24	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
25	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
26	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	Non-compliance & reasons of non-complia	MFMA 128(c)	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
28	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
29	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
30	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtr	Acc Officer etc	Nat Treas
31	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
32	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

FEBRUARY

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

REPORTING REQUIREMENTS - LOCAL GOVERNMENT

MARCH (3RD QUARTER OF FINANCIAL YEAR)

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



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info@armsaudit.co.za



+2711 484 1235



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