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28 SALGA Gauteng approves establishment of Revenue and Debt management war rooms

30 LEARNING LESSONS FROM ONLINE MEETINGS







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#### **GREETINGS COLLEAGUES**

What a time we find ourselves in. Who would have thought – this is where we would find ourselves in a middle of a pandemic? CO-VID-19 has really taken the world by storm and in the process affecting many countries. Dealing with the unforeseen challenges caused by the COVID-19, the pandemic has taken a significant toll on people across the world. This has also affected our government and most businesses of this country.

On the 23<sup>rd</sup> of March 2020, President Cyrill Ramaphosa announced the 21 days national lockdown and we were forced to put everything on hold and obey the regulations. As this was a good move to help contain the spread of the coronavirus, this also affected our economy negatively and the education systems. In this issue we have interesting articles to help our readers deal with their current realities.

We have an article on page 8 about accounting implications of CO-VID-19 by Jeanine Poggiolini from ASB. Page 12 covers an article that is written by the Auditor General, Kimi Makwetu about responding in times of crisis, to list a few.

We are also proud to announce that we will be going digital. CIGFA-RO will be hosting Webinars, e-Learning and Virtual events. Starting with our local government finance week from the 6<sup>th</sup> of July – 10<sup>th</sup> July 2020. These webinars will be focusing on the following topics: Asset Management, Supply Chain Management, Expenditure Management, Revenue Management and GRAP compliance. For more details visit our website or send an email to registration@cigfaro.co.za

We encourage you to keep safe during the lockdown and look forward to your safe return in serving the public with pride and integrity.

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

Happy reading, till the next issue.

Ciao!

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## CIGFARO supporting members through this time.

In support of government's objective to minimise the risk of internal transmissions, and while maintaining business continuity, CIGFARO has decided to implement preventative measures. Employees of CIGFARO will work from home unless required to come to the office.

CIGFARO staff remain available telephonically and via email to discuss any important matters. The measures implemented will be monitored continuously by the organization.

- National Events: registration@cigfaro.co.za Getrude Nkhoma and Seba Ngwana
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#### FOREWORD FROM THE PRESIDENT





Practically Ready for Effective Service Delivery

#### **Dear Members and Colleagues**

We are all currently in the midst of the COVID-19 pandemic lockdown level 4, and we are hopefully all hoping for the speedy return to level 1. We have seen since the lockdown started on the 27th March 2020 that the sovereign rating has been further downgraded into "Junk" status, the economy came to a standstill, banks are in jitters as result of a total collapse of the JSE, which is currently on a recovery path. We receive daily requests from major enterprises and institutions for rates and service relief, residential customers ask for the same and we as Local Government must find a way of addressing those requests from our customers. All these events have a direct impact on our own survival as government institutions and here we come with an edition of the Journal to give you some inspiration on Effective Service Delivery.

It is almost certain that all Municipalities have seen a significant drop in their collection rates and this is in line with the overall position in the economy where most businesses except those trading in essential goods as per the regulations promulgated under the Disaster Management Act, were closed for more than 30 days. This has resulted in low revenue for those businesses and

often a reduction in salaries of most employees. This has resulted in the low collection rates for Municipalities.

The question we should ask is how do we keep the ship sailing in this current climate? The answer is not as straight foreword as we want it to be, but there are some guidelines that we should follow to keep our ship afloat. This requires firstly that all CFO's should rise to the occasion and take up the stewardship of their individual organisations and stand firm against unnecessarily expenditure.

Expenditure should be analysed against "Essential" and "Non-Essential" expenses. All expenses that fall in the category of non-essential should be cut and the filling of vacant positions should be frozen and only allowed if the position is a key managerial position e.g. Municipal Manager, etc.

The theme for this journal is **Practically Ready for Effective Service Delivery** and the situation is almost as if there is a dark cloud over every government institution, but **EVERY CLOUD HAS A SILVER LINING.** We just need to assess our current financial position strategise around our collection of revenue, be realistic as far as the latter is concerned, be upfront to the decision makers give them the factual situation with strategic options to get through this bad patch in the economy.

Redirect funds on the budget towards basic services ensure that the budget will be funded under the current climate and implement according to the IDP and the budget implementation plans. Work together with your Districts if you are a category B municipality and make sure that your plans for the 2020/2021 financial year is within your financial means. The COVID-19 Pandemic has pushed the boundaries for Local Government in which they had to make fast decisions redirect budgets in support of the fighting of the virus.

We should feel proud of ourselves in what we have achieved with regard to the fight against this virus causing the pandemic, but we need to do more now if we want to be financially sustainable with financial capacity to serve our constituents with basic services.

PEET DU PLESSIS
CIGFARO PRESIDENT



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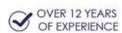


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ARMS has established its base of operations in Gauteng with Headquarters in Johannesburg, and regional offices in Polokwane and East London.

ARMS assists clients with all matters relating to assurance, advisory, risk management and governance. The founders and partners of this firm bring decades of accounting and auditing experience to the business. This group of professionals are leading the company as it establishes a reputation of providing high quality professional services.

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#### MESSAGE FROM THE CEO





## ANTICIPATING POSITIVES POST COVID-19

e are all swimming in a same situation of fear, anxiety and uncertainty, amongst others, due to the much unexpected Corona virus pandemic. The entire world has experienced what some Researchers say, was last experienced by some fewer countries more than a decade ago. Some Researchers cite the 1918 Spanish Flu as being one of the worst to have been experienced.

Our social lives as well as the World's economy have been dealt a serious blow. The plans which were well developed and captured in very convincing strategic planning documents, have being adversely affected for majority of organizations. There are however some fewer organizations that have realized the

positive impact, such as the Network Service Providers and manufactures of Personal Protective Equipment (PPE's), inter alia.

It is most unfortunate that no human being is capable of accurately predicting what the future holds for us, as nature does not depend on human being's plans in order to present itself. We however need to be reminded that our Creator does know everything, as prophesized by Isaiah "For my thoughts are not your thoughts, neither are your ways my ways, saith the Lord." "For as the heavens are higher than the earth, so are my ways higher than your ways, and my thoughts than your thoughts." Isaiah 55:8-9 (King James version).

We do have a consolation that after every storm, there will be rivers flowing with plenty of water when there was drought before. The storm might have caused maximum damage but we will need water for recovery processes. Water keeps us clean and alive by providing food through irrigation schemes. Farmers do succeed when there is sufficient water for their crops and cattle.

The post COVID-19 pandemic period should be approached with a positive attitude of finding light at the end of this dark tunnel. We need to be more innovative and creative than ever before. The unbearing lessons learned should instill a sense of doing things differently for maximum output.

One philosopher, Napoleon Hill, presents to us a message of hope and comfort, when he says; "Every NEGATIVE event contains within it the seed of an equal or greater BENEFIT."

WE SHALL OVERCOME!

ABBEY TLALETSI CIGFARO CEO



## Accounting implications of COVID-19 by Jeanine Poggiolini, ASB



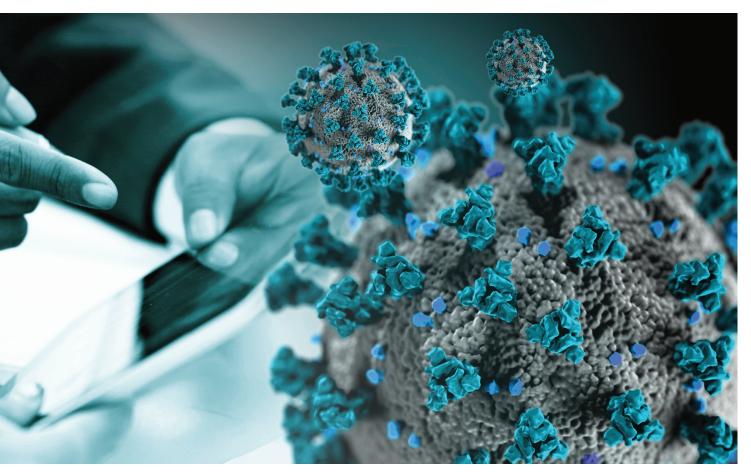
nationwide lockdown came into effect from 27 March as a result of the COVID-19 crisis. The effect of the lockdown and the ongoing crisis means that the economy will experience a significant downturn, while there will be an increased need for government services and assistance. In response, the staff of the ASB has issued guidance outlining the potential implications of the COVID-19 crisis. The purpose of the document is not to provide detailed accounting guidance on issues, but rather to highlight issues to preparers that they may need to pay attention to in preparing the financial statements. Some of the key issues relevant to municipalities outlined in that document are discussed below.

#### Presentation of information in the financial statements

Given that the COVID-19 crisis may (a) give rise to new transactions or events, and (b) require municipalities to prepare financial statements in uncertain times, attention should be given to the presentation and disclosure of information to users of the financial statements. This should include the following:

- A review of the accounting policies to ensure that they deal with all a municipality's transactions and events and describe in detail how the principles have been applied by the municipality.
- Consider materiality in deciding whether any items relating to COVID-19 should be presented or disclosed separatelybecause they material either due to their nature or Rand-value.
   The Guideline on The Application of Materiality to Financial Statements should be applied when considering materiality.
- Enhance disclosures on key assumptions and areas of estimation uncertainty applied by management, particularly for the measurement of assets and liabilities. Given the uncertain environment within which municipalities will prepare financial statements, preparers should strive to explain management's most complex, difficult and subjective assessments made in preparing the financial statements.
- Consider whether users will require any other information not specifically required by a Standard of GRAP. In making this assessment, preparers should consider what information





is relevant to users to hold entities accountable and to make decisions. Users include those that provide resources to a municipality, as well as those that are dependent on a municipality's services.

• Identify any statutory reporting requirements.

#### Reviewing the valuation of assets

It is likely that the COVID-19 crisis will require municipalities to review the measurement of their assets at reporting date. While there are specific considerations for non-monetary (physical and intangible assets) and monetary assets (those that are settled in cash), there are overarching issues that are applicable to all assets. These are as follows:

- (a) Consider the value at reporting date.
  - When fair value is applied, measure assets at fair value so that market conditions are reflected in the values of assets at reporting date.
  - For non-monetary assets measured using the revaluation method, consider whether the carrying value is materially different from the fair value at reporting date. Where municipalities have a policy of only determining fair value at specified intervals, this may need to be revisited in

- this reporting period. Where a valuation methodology is applied to determine fair value, consideration should be given as to whether the methodology is still appropriate, and whether/what inputs needs to be revised.
- (b) Depreciation. Consider whether there is an indication that there has been a change in the useful lives of assets (and residual values, where applicable). This could be due to changes in the manner or extent to which assets are used, the level of maintenance during the year, or changes in condition.
- (c) Impairment. Consider whether there are any indications that assets are impaired at reporting date. For all assets, this is driven by an event that has occurred that potentially indicates that the carrying value may be higher than the value in use (non-monetary assets) or the expected cash flows that a municipality will receive (monetary assets). As many consumers and ratepayers are likely to have been unemployed or unable to operate for a period of time, municipalities should pay particular attention to defaults on agreed payment terms as well as identifying particular debtor's that are experiencing financial difficulty in determining their impairment losses for monetary assets.

## Accounting implications of COVID-19 continued... by Jeanine Poggiolini, ASB

Potential delays in the production, development or construction of assets (including inventory) may affect what costs are eligible for capitalisation, or recovery (for construction contracts). Where a municipality capitalises borrowing costs, consideration should be given to whether interruptions in the development of the asset affect the amounts that are eligible for capitalisation.

#### Increased expenditure on government programmes

Many promises and commitments have been made to provide goods, services, or support to those in need. Municipalities would need to understand whether any promises or commitments made by themselves, or another level of government, give rise to liabilities and expenses in their financial statements.

In principle, municipalities should assess whether a past event has occurred, that gives rise to an obligation to incur an outflow of economic benefits or service potential, which the municipality has no realistic alternative of avoiding. Municipalities will need to apply the relevant Standard of GRAP depending on how the liability arises (e.g. contract, legislation, or past practice), how it will be settled (cash or goods and services), and/or its nature (e.g. employee benefits). See the table below.

Standard	Type of liability	How liability arises	How liability will be settled	Nature
GRAP 104 on Financial Instruments	Financial liabilities	Contract	Cash	Unconditional obligation to pay cash flows.
GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets	Accruals, provisions	Contract, legislation, past practice	Cash, or goods and services	Liabilities of uncertain timing or amount
	Contingent liabilities			<ul> <li>Possible obligations.</li> <li>Present obligations where the outflows are not probable, or there is no reliable measure.</li> </ul>
GRAP 25 on Employee Benefits	Liabilities	Binding arrangement	Cash, or goods and services.	Liabilities payable to employees.

As a reminder, any financial or other guarantees that a municipality issues (particularly to its entities), should be accounted for using GRAP 19.

#### Revenue

Municipalities should be aware of the following in relation to revenue recognition:

- Revenue is recognised based on whether there will be a probable inflow of economic benefits or service potential to the municipality. If consumers, ratepayers and others have a past history of non-payment, or these is doubt about the collection of revenue due to credit risk, municipalities should still recognise the full amount of exchange or non-exchange revenue. Any subsequent non-collection is considered in assessing impairment.
- The determination of costs is a critical part of recognising revenue when a municipality is a contractor. Consideration

- should be given to what comprises contract costs where construction has been interrupted or delayed due to the COVID-19 crisis. This will need to be assessed on a contract-by-contract basis.
- Where municipalities receive financial support from another level of government, they should understand the nature of the support received and whether it is a grant/transfer or a loan. Where a municipality has an unconditional obligation to repay the support received, even if it is contingent on a future event, the support could be a loan rather than a grant or transfer.

#### Other issues

Other issues, particularly related to the presentation and disclosure of information, are discussed in the guidance that is relevant to municipalities. The complete document can be accessed on the ASB's website by following this link: https://www.asb.co.za/covid-19/.

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## Audit offices responding in times of crisis by Kimi Makwetu, AGSA



The outbreak of the global coronavirus pandemic has demanded an extraordinary response by governments around the world. This fight against the biggest health threat of our time requires of every Parliament, organisation, company and individual to respond quickly to this challenge. It cannot be business as usual. The same applies to national audit offices.

Not only are governments faced with having to protect citizens through new health policies and procedures, emergency procurement and other requirements of declaring a state of disaster, but it also has to ensure that certain essential services continue and that the economy of the country does not grind to a complete halt. Throughout the world, it is evident that governments are also investing massive amounts in support programs, partly in an effort to sustain economies during the crisis period, and partly to assist in repositioning these economies for the inevitable rebuilding phase that will follow the crisis.

For developing countries, where one already sees massive unemployment and poverty, generally poor health care, aging and often inadequate infrastructure, as well a poor financial disciplines, this is a massive challenge. Responding quickly and getting resources to citizens is an absolute priority and often that goes hand in hand with an increased risk of fraud and corruption. Emergency procurement sits at the heart of government's reaction to the pandemic, and is particularly prone to exploitation. The same goes for economic support and stimulus packages. The easing or refocusing of controls and the streamlining of processes and procedures to respond to the crisis may unintentionally expose government to the risk of rampant misuse and abuse of public resources.

National audit offices exist and function to influence citizens' trust in what government does on their behalf, through their audit work. One of the cornerstone audit standards that guide national audit offices - INTOSAI-P-12 "The Value and Benefits of Supreme Audit Institutions-making a difference to the lives of citizens" require of audit offices to be very responsive to how government is reacting to the challenges of this crisis. Government's sustained ability to address the challenges of the pandemic, both in health and economic terms, depends largely on its ability to account to all involved, most importantly citizens, that the proposed interventions will indeed reach intended target, preventing any instances of misappropriation, fraud and corruption. Commentators across



the world, political and economic, are reminding governments that transparency and accountability cannot take a backseat in this COVID-19 crisis, especially when they increase the level of expenditure under abnormal conditions. Some of these nonnegotiable measures for government should include:

- providing guidance on procurement strategies in the crisis,
- · retaining documentation related to procurement,
- instituting relevant preventative and deterrent controls,
- enhancing contract management and finally to
- subject emergency procurement to audit and oversight.

An important principle is that that internal controls should be reoriented to the context of the crisis, but not diluted. Internal controls are the preventative mechanisms, rules and procedures implemented by a government entity to ensure the integrity of financial and accounting information, promote accountability and prevent fraud and error. Besides complying with legislation and protecting expenditure against misappropriation and fraud, preventative and deterrent controls can also help improve operational efficiency by improving the accuracy and timeliness of reporting, which in turn lead to better decision-making.

It is imperative that audit offices understand the plans that government is executing, as well as the sources of funding that will enable the crisis response and the related economic support.

Although the South-African government has been lauded for its very firm and quick response to the early stages of the spread of this pandemic, the good work can easily be undone should these risks of fraud and corruption, both in government spending and the related reporting systems of government, not be addressed pro-actively and with the same vigour. National audit offices have a definite role to assist governments to safeguard their ability to account to their citizens in times of need and crisis.

The role of national audit offices in times of crisis

Building on the responsiveness requirements of INTOSAI P-12, the global community of Auditors-General has developed a series of guidelines, contained in the ISSAI 5500 series of the framework of public sector auditing pronouncements, to enable audit offices to respond decisively in times of crisis. These guidelines deal with a wide range of considerations from testing government's preparedness to deal with disasters to explicitly focusing on how audit offices respond to the increased risk of fraud and corruption during and following a disaster event.

Over the past two decades we have seen audit offices respond quickly to crisis situations such as the tsunami in Indonesia (2004), the earthquakes in Japan (2011) and the Ebola outbreak in Africa (2015). In the current pandemic, we already see prominent players such as the Government Accountability Office (GAO) - the national audit office of the United States of America – stepping up their work in an attempt to assist government to streamline and strengthen relief efforts, rather than adding to an already overburdened government system.

The assistance typically comes in a quick-response mode, ranging from advice on preventative and deterrent controls that can ensure that allocated funding and resources reach the intended targets during the crisis to providing close to real-time feedback on the success of these efforts. In doing this, it enhances the credibility of the efforts from government, building trust with citizens that government is indeed making good on its promise to guard the health and economy of the nation, free from misappropriation, fraud and corruption.

#### Audit risk and response

It is imperative that audit offices understand the plans that government is executing, as well as the sources of funding that will enable the crisis response and the related economic support. Audit offices are ideally equipped to assess risks associated with such a rapid government response, especially to empower government to pro-actively institute strong, relevant and practical preventative and deterrent controls that should underpin such a massive undertaking, as well as to inform its own audit response.

## Audit offices responding in times of crisis continued... by Kimi Makwetu, AGSA

The way in which it executes its task in times of crisis will also have to be very different. The focus should shift to pro-actively responding as and when government's actions are implemented. Feedback from those charged with the related economic response as well as feedback on the basic preventative measures implemented should guide the actions of auditors to the point of having real-time engagements on the effectiveness of those preventative controls as well as considering more pro-active "early warning" type reporting.

In the South-African context, with a special focus on the efforts to protect the health and well-being of citizens, an immediate area of risk lies in the increase in emergency procurement in the areas of health, education, water services and many others. Beyond that we also see developments such as SME support programs being ramped up, massive utilisation of UIF and other funds to enable government's response.

The President's announcement of a multi-billion-rand economic stimulus package on the 22nd of April 2020, adds to the risks that government face, ranging from challenges related to the financing that underpins this package, the integrity of the databases that will guide the implementation of support measures, as well channelling the support to the appropriate beneficiaries, through the likes of the UIF, SASSA and others.

Many of these activities will be carried out in a system that already contains internal control weaknesses especially in the area of procurement, as evidenced in the Auditor-General general reports over the last number of years. This heightens the risks or misappropriation to government.

#### Commitment

The AGSA is ready to deploy a multi-disciplinary team to assist government to deal with the challenges posed by its responding to the pandemic, especially from an appropriate financial management perspective, finding a delicate balance between enabling quick turnaround delivery to citizens and maintaining a basic, yet strong risk management approach that would prevent

funds intended for services to citizens from being misdirected to the pockets of those that are more interested in enriching themselves than dealing with the crisis, and in the process negating the efforts of government.

The AGSA brings to the table a team of professionals, highly skilled in the processes of risk assessment and linking these risks to preventative and deterrent controls, while fully understanding the context of the urgency with which government has to move to address the crisis at hand.

These skills and capabilities of the AGSA can be utilised either in a pro-active or ongoing design of a framework of risk management, as well as preventative and deterrent controls, together with the key role-players, or providing government with timely feedback as to how well these preventative and deterrent controls succeeded in channelling government's actions to reach the citizens of the country, with the latter being most relevant during implementation of disaster related interventions.

Deployment of such a multi-disciplinary team is possible within days, either as an essential service or as soon as lock-down restrictions are eased, focusing on the most pressing risk management challenges, as deemed by the National Command Council and government. To facilitate very current feedback to government, it would be ideal to handle such an assignment in phases, linked to the payment patterns and cycles during this time of crisis.

#### **Concluding comments**

Over Easter, President Ramaphosa cautioned all South-Africans to expend our "every effort and energy to ensure that this period of hardship does not leave our country in ruins." At the heart of this statement lies the concept of government remaining accountable to the citizens of South-Africa, as it responds to the pandemic. The AGSA stands ready to respond to government's call to work with it to make sure that, as a nation "we shall recover, we shall overcome".

## **CIGFARO ZOOM WEBINARS**

# YEAR END ISSUES 06-10 JULY 2020



and risks related to

**07JULY** 

08JULY

## EXPENDITURE MANAGEMEN

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COVID-19

Improving the quality of Financial Statement and COVID-19 considerations.

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Government Finance, Audit & Risk Officers









## Performance Management Reviews at financial year-end: practical measures to get the best out of the process and improve future performance

by Albert de Klerk, Annette van Schalkwyk and Elmari Wassermann - Altimax



"Performance Management starts from the top by tailoring strategies which can be translated into meaningful targets and trickles down to managers for setting goals and making this process effective by helping them understand the big picture and owning up careers of their team members." - Colin Mendes, General Manager - HR & Administration at Voltas Beko

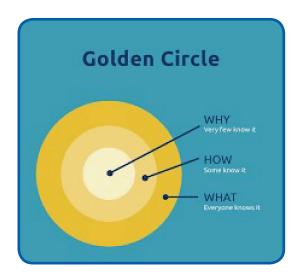
#### INTRODUCTION

Municipalities have the responsibility to engage with their communities and ensure services are rendered to those within their boundaries. This requirement is not new and was required since the inception of Local Government with the promulgation of the Systems Act of 2000. The municipality's Integrated Development Plan (IDP) sets out the municipality's policy priorities, programmes and project plans for a five-year period, as approved by council after engaging with communities, within the scope of available municipal resources. The IDP focuses on strategic outcomeoriented goals for the municipality and objectives for each of its main service-delivery areas aligned to its budget programmes. The IDP and goals are cascaded to the municipal entities to ensure alignment of goals. The IDP, therefore, sets the basis for the performance of the municipality and, if implemented properly, should ensure that the needs of the community are met. Sadly, this result is rarely if ever, achieved as is evident from the ongoing service delivery protests. Could the lack of proper performance management reviews be a contributing factor to the ongoing poor delivery of municipal services?

The golden circle of reporting – IDP – Budget and Service Delivery Budget Implementation Plan (SDBIP) – Performance Reporting

But how does a municipality ensure that the IDP is implemented to achieve the goals and objectives as agreed with the community and how can the proper review of annual performance contribute to the success of the municipality?

The Golden Circle is a concept developed by Simon Sinek who says, "people don't buy what you do, they buy why you do it." According to Sinek, most people communicate by starting with the "what" they do aspect and eventually work their way back to talk about "how" and "why" they do what they do.



Strategic planning and performance reporting work in the same way. The responsibility for the operations of the municipality is anchored in the Councillors and Executive Management, but everything starts and ends with the community as they provide the mandate to the municipal leadership for the five-year year



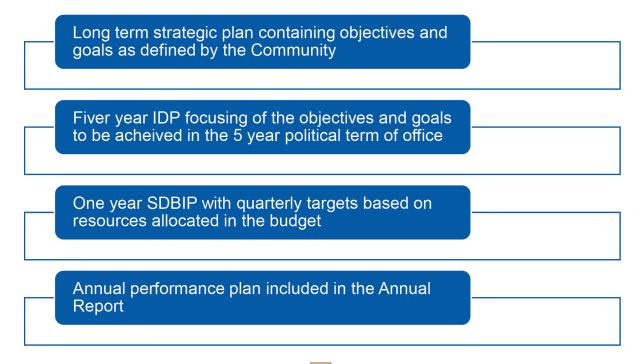
IDP term – the municipal leadership needs to understand this mandate as it forms the WHY in the golden circle. If this mandate is not executed, the community will surely not renew the mandate (by voting for a different political leadership) or will revert to service delivery protests. The WHY is represented by the outcome and impact in performance management terminology. Let us use housing as an example. The community, through the IDP process, expresses the need for integrated human settlements and, by voting for the political leadership, gives the mandate for the existence of the municipality for the next five years – TO PROVIDE SUSTAINABLE HUMAN SETTLEMENTS.

The next step is HOW. This is represented by OUTPUTS which finds its way into the SDBIP. The municipal leadership (both political and administrative) must now plan how the integrated human settlements will be provided. The following goals may be set:

- 1. Construction of 5 000 housing units over the 5 years;
- 2. Provision of municipal infrastructure to service the 5 000 housing units (i.e. water, sanitation, roads, etc.);
- 3. Construction of 2 clinics to ensure the health of the residents within the new residential area; and
- 4. Construction of a multi-purpose community centre, inclusive of a library and an indoor sports centre.

The implementation of these projects will ensure the achievement of the IDP objective of providing sustainable human settlements. These goals must be funded in the Budget and targets set for the implementation of the various projects in the SDBIP. In practice, the INPUTS required for the achievement of the OUTPUTS as indicated above must be funded over the five year budget period in the budget and the OUTPUTS must be defined in the annual SDBIP for each of the five years of the IDP term.

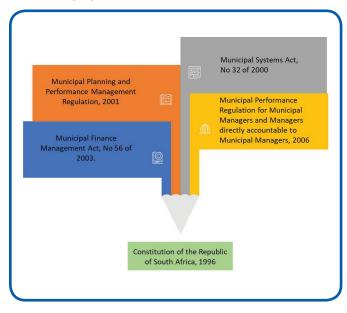
The last layer is the WHAT – what must be done by whom and when? This last, and very important link, will take the OUTPUTS from the SDBIP and define the ACTIONS required to be implemented by the various staff members in the municipality and these must be documented in the annual performance plan for each senior manager and cascaded to all staff members. The performance management system is critical to inform stakeholders how the municipality has performed in the implementation of the IDP. At the end of the cycle, the performance of BOTH the municipality and the individuals are assessed.



## Performance Management Reviews at financial year-end: practical measures to get the best out of the process and improve future performance *continued*...

by Albert de Klerk, Annette van Schalkwyk and Elmari Wassermann - Altimax

The performance framework is based on, and must be aligned to, the following legislative framework:



The Local Government: Municipal Planning and Performance Management Regulations, 2001 put all the aspects together and states that:

"A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

## Practical measures to improve performance reporting and review at year-end to get the best out of the process

The theoretic process was outlined above, and most practitioners understand the process very well, but still struggle with the practical implementation. This article intends to simplify a few critical processes that will improve the process to a great extent. As the old saying goes: how does one eat an elephant? ... bit by bit. The same applies to the performance management process. To establish a sustainable human settlement is a mammoth task – but to buy bricks is fairly simple ... so, state the actions clearly and simply so that each manager and staff member know exactly what is required and that the achievement of those targets can be easily monitored.

The **first step** will be to compile a performance policy and procedure manual that defines the process. The procedure manual should include Standard Operating Procedures (SOPs) with detailed actions on the performance information process.

There are multiple benefits to documented SOPs:

- Serves as a training tool for new employees to understand the business procedures
- Assists with internal control development as the process is visually unpacked so that risk areas can be identified
- Supports the internal and external auditors in evaluating the legislative compliance
- Serves as a quick reference guide to staff members not working on the process frequently.

The **second step** is the identification of a set of key performance indicators (KPIs) that will support the achievement of the strategic objectives. These indicators should reflect equity concerns and value for money in the use of resources.

Suitable indicators need to be specified to measure performance to inputs, activities, outputs, outcomes and impacts. The performance indicators develop should have the following characteristics:

- Reliable: The indicator should be accurate enough for its intended use and respond to changes in the level of performance.
- Well-defined: The indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.
- Verifiable: It should be possible to validate the processes and systems that produce the indicator.
- Cost-effective: The usefulness of the indicator should justify the cost of collecting the data.
- Appropriate: The indicator should avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.
- Relevant: The indicator should relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives.

The **third step** is setting baselines and targets. The municipality must include the baseline in respect of each strategic objective and programme performance indicator. In most instances, the baseline is the level of performance recorded in the year before the planning period.

This will assist the municipality to evaluate targets to ensure they are realistic and achievable.



The **fourth step** is the development of Technical Indicator Descriptions (TIDs) or SOPs for each KPI in the SDBIP. The minimum information required for the TIDs are:

- **Key performance indicator number** is the unique number for each performance indicator in the SDBIP
- Indicator title title of the indicator verbatim as given in the SDBIP
- **Definition** meaning of the indicator and an explanation of technical terms used in the indicator
- Source of data where the information is collected from
- Method of calculation or assessment how performance is calculated (quantitative) and how performance is assessed (qualitative)
- Means of verification how the information is going to be verified
- Assumptions factors accepted as true and certain to happen without proof
- Disaggregation of beneficiaries a target for women, a target for youth and a target for people with disabilities (where appropriate)
- Calculation type cumulative (year-end), cumulative (year-to-date) or non-cumulative
- Reporting cycle quarterly, bi-annually or annually
- Desired performance information about whether performance that is higher or lower than targeted performance is desirable
- Outcome/Impact indicates what the municipality wishes to achieve and aim to change, and
- Indicator responsibility who is responsible for managing or reporting on the indicator.

#### AN EXAMPLE OF A TID

#### KPI TECHNICAL INDICATOR DESCRIPTION

#### KEY PERFORMANCE INDICATOR NUMBER



#### **KPI 1.1a**

#### INDICATOR TITLE

Percentage compliance with water quality standard South African National Standards (SANS) 241 Class 1 and Class 2, in terms of Health: Accute

#### DEFINITION

SANS 241 specifies the quality of acceptable drinking water which is classified in 4 categories being health (acute or chronic), aesthetic and operational

#### **SOURCE OF DATA**

SANS 241 report

#### METHOD OF CALCULATION OR ASSESSMENT

Confirm if the performance for all four categories are > 98% as per the SANS report

#### MEANS OF VERIFICATION

Copy of SANS report with actual performance to be maintained in the POE file as the MOV

#### **ASSUMPTIONS**

Availability of the latest SANS report

#### DISAGGREGATION OF BENEFICIARIES (WHERE APPLICABLE)

N/A

#### **CALCULATION TYPE**

No calculation required - data as at reporting date

#### REPORTING CYCLE

1 July 2019 - 30 June 2020

#### DESIRED PERFORMANCE

98.00%

#### OUTCOME / IMPACT

**Organisational efficiency and effectiveness:** Improved water quality standards leading to improved health of community members

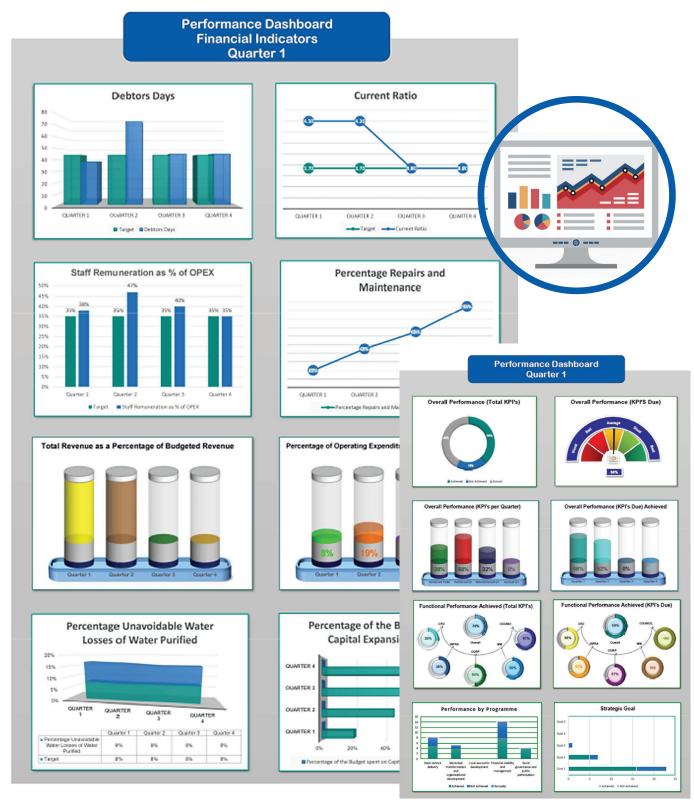
#### INDICATOR RESPONSIBILITY

HOD: Infrastructure

The **last step** discussed in this article is to measure the actual performance against the targets. Keep your eye on the goal all the time – the WHY- if any of these indicators are not met, the main objectives will not be met. Once you are left with outstanding and incomplete performance targets, it will be very difficult to catch up.

A quarterly tracking system is recommended where the actual performance is evaluated on an ongoing basis so that early warning signals of poor performance can trigger the appropriate corrective action. The municipality can invest in highly sophisticated IT systems, or use Excel based dashboards as illustrated below to ensure the Accounting Officer is at all times aware of the progress made in the implementation of the SDBIP.

Performance Management Reviews at financial year-end: practical measures to get the best out of the process and improve future performance continued... by Albert de Klerk, Annette van Schalkwyk and Elmari Wassermann - Altimax



#### Conclusion

The evaluation of performance and the achievement of quarterly and annual targets are the cornerstone of the achievement of outputs, outcomes and impacts which eventually lead to the achievement of the objectives set in the IDP – the very reason for the existence of municipalities.





## Public Sector financial reporting simplified

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#### NEDBANK PUBLIC SECTOR BANKING IS COMMITTED TO SUPPORTING LOCAL GOVERNMENT THROUGH **TOUGH TIMES**





Phumela Xanywa National Head of Public Sector. Nedbank Business Bankina

ovid-19 has affected us all, and while everyone must still play their part to contain the spread of the virus as South Africa moves to level 3 of the lockdown, we are here to guide you through these unprecedented

The spread of the virus presents major business challenges. Among others, it disrupts the supply chain, delays debtor payments, impacts contractual obligations and affects many workforces, and no business will be exempt. To be aware of and acknowledge these challenges and risks are the first steps to steer your organisation in the right direction, but amid this storm, every business must still survive.

At Nedbank, our bigger-picture approach to business banking addresses every aspect of a

Given the strategic importance of the public sector to the economy and the country at large, we are committed to supporting our clients during these challenging times ...

municipality's needs, and we have already partnered with several municipalities throughout the country.

Phumela Xanywa, National Head of Public Sector Banking at Nedbank Business Banking, has confirmed that in the past year Nedbank was appointed as primary banker of seven local government entities – Mangaung Metropolitan Municipality, Overstrand Local Municipality, Garden Route District Municipality, Lekwa Local Municipality, Nama Khoi Local

Municipality, Ndwedwe Local Municipality and the Nelson Mandela Development Agency. 'We are also the bank of choice of four metropolitan municipalities in the country eThekwini, Ekurhuleni, City of Cape Town and Mangaung,' she says.

'Given the strategic importance of the public sector to the economy and the country at large, we are committed to supporting our clients during these challenging times', says Xanywa. In line with our purpose of doing good, we go beyond banking, contributing to several worthy causes around the country aimed at uplifting communities and building a better South Africa.

Find out how **Nedbank can partner** with you to support your public-sector requirements. Send an email to the public sector team at publicsector@nedbank.co.za.

## Let COVID not render us Powerless by Clarion Energy

hen the World Health Organisation declared the coronavirus (COVID-19) outbreak a pandemic, utilities in the power and energy sector had to act swiftly to adapt to the new normal of working remotely to keep the lights on while adopting safety measures for their employees.

ESI Africa's primary focus is to provide support to the industry through the good times and the bad. To honor this promise in the month of April, along with our global colleagues, we aired a COVID-19: Utility Crisis Management webinar series covering four regions.

The aim of the discussions was to bring the best insights from utilities in Africa, Asia, Europe and the US who have undertaken to keep services operational in an age of physical distancing and lockdown conditions.

#### The following transpired during the Africa-focused discussion: Managing the grid in Ghana

Presenting the case in Ghana, Jonathan Amoako-Baah, CEO of GRIDCo, noted that there is no single country that can claim to have the solutions to curb the pandemic. "In Ghana, we took proactive measures at the onset of the pandemic, which resulted in reduced numbers of confirmed cases." The government introduced economic interventions to reduce the plight of citizens like the provision of free water, free transport and no tax on allowances for frontline health workers.

At GRIDCo, most staff were advised to stay at home. While, in the event of emergency work being required, "one person at a time is requested to perform the work and report on the status. It is only critical staff that are allowed to enter the office area," he clarified.

Responding to an audience question on whether utilities will cope with the increase in electricity demand once the lockdown is lifted, Amoako-Baah noted that this depends on the state of the infrastructure and whether a good maintenance regime had been established in the past. As demand in some countries has drastically decreased, "I don't think that post-COVID-19 we are going to have an unmanageable increase in demand."

Amoako-Baah envisions that the system in Ghana will cope once industry returns to pre-pandemic levels and that, with the lessons learnt during this time, utilities worldwide will be in a better position to deliver services.

On a query around new projects materializing in the future, the GRIDCo executive pinpointed opportunities arising in the use of technology in ensuring business continuity, rather than traditional projects such as for transmission lines and substations. The possibility of technology projects for automation to minimize human intervention and person-to-person contact will become prevalent. "This crisis has revealed inherent vulnerability in some business processes and practices ... we now have an opportunity to review them to enhance business operation, efficiency and productivity."

#### The legal standpoint

Adding a legal and financial perspective to the conversation, Gadi





Taj Ndahumba, Head of Power at African Legal Support Facility (ALSF), stated that they had not seen a decrease in developments since the beginning of the crisis. However, he noted that this might change if the pandemic continued for a long time.

According to Ndahumba, ALSF anticipated the following power sector trends:

- Short-term impacts: Different approaches to COVID-19 will lead to different impacts on utilities; complete lockdown vs. semi or no lockdown.
- Mid- to long-term impacts: Different economies will experience distinct pressure in their power sectors; level of inter-dependency with the global economy (US vs. China); type of commodity (drop in price does not necessarily equate a drop in energy needs); importance of tourism.
- Even a global recession will have limited impact on the electricity demand in some African countries.

He did, however, admit that it was difficult to anticipate how the above impacts would unfold considering that not all countries would be affected in the same way. At this stage, the extent of the economic crisis in Europe and US is difficult to anticipate, but if it is a significant global downturn, and a lasting one, "you can expect the capital that was earmarked for African investments to be reallocated to other investments in the US and Europe".

Responding to an audience question on how utilities could handle IPPs' payment capacity in the event of lengthy reduction in demand resulting from lockdown, Ndahumba said: "This is a tricky question in the sense that it is possible under most contracts to claim force majeure to avoid having to make some of the periodic payments to the IPPs."

However, he noted that there will be a mechanism in most PPAs where the developer or operator will be in a position to trigger termination. In most cases, if not the utility, then the government will have to pay a significant compensation. Suspending payments, even if the contract allows, is a short-term solution. As such, he stressed that it is important to have a sector approach, where the whole market develops a response that will allow utilities to remain financially stable.

#### An island nation's COVID-19 response

Painting a picture for the audience from a Mauritian perspective, acting GM at the Central Electricity Board (CEB), Shamshir Mohammed Mukoon, pointed out that the island nation is used to abnormal situations like cyclones. However, he admitted that they never anticipated something like COVID-19.

As such there was no contingency plan against the pandemic. "Since the declaration of this pandemic reaching Mauritius, from the 20th of March was a cancellation of incoming and outgoing

## Let COVID not render us Powerless continued... by Clarion Energy



flights; and on the 23rd a complete lockdown ensued. The measures were acted upon after having registered seven confirmed cases of the virus," he stated.

We are focusing exclusively on emergency power restoration, street lighting where public safety is at risk, and leaving the non-essential work, which includes repairs caused by vandalism as well as capital projects.

Mukoon stressed that as the head of the utility, he feels the responsibility and pressure of keeping the power system functioning day and night, which is demanding for a team working with a minimum taskforce. Since the lockdown, he notes that fortunately all the power plants are in operation-mode with no maintenance currently scheduled. "All planned maintenance has

been kept aside. On the transmission side, the network is being operated by the SCADA team – with a minimum of two staff per SCADA; that is, six staff, rotating between eight hours to keep the network control on."

As an importing country, he highlighted that procurement of fuel is a concern. "When South Africa declared its lockdown plans, we feared that our cargo would be stuck; unable to leave the continent for Mauritius to deliver coal." Fortunately, through the ministry of foreign affairs, the ship left South Africa before the implementation of lockdown. "We recognize that COVID-19 has shaken all of us and the way we used to work," said Mukoon, adding that this has given the sector an opportunity to reinvent itself and, as such, "we will be embarking on a post lockdown phase".

In terms of the financial impact, Mukoon said CEB is aware that many customers will struggle to meet their electricity bills. "Because of this, we are working on a plan that will allow them to pay their bills over an extended period. COVID-19 has taught us





a lesson: that we are all equal – and we need to work together to move forward," he said.

#### A maintenance approach for South Africa

Adding to the discussion, the City of Cape Town's executive director of energy, Kadri Nassiep, underlined that the pandemic has presented an opportunity to complete the much-needed maintenance programme. Since the load has shifted from intensive power users to mainly residential, "we have sustained a significant decrease in demand".

This means there is going to be a knock-on revenue impact for the city "and our initial projections indicate that we might be sitting with well over a R150 million lost at the end of this financial year – which is at the end of June – of a drop-off in sales." However, there's a silver lining that is attached to this, stated Nassiep, which is to perform maintenance from the Eskom side and alleviate loadshedding.

During the webinar, several audience questions focused on how utilities will continue with maintenance while protecting employees. Nassiep explained that due to the City of Cape Town's efforts to minimize health risks, maintenance work was limited to emergency repair work for the lockdown duration. "We are focusing exclusively on emergency power restoration, street lighting where public safety is at risk, and leaving the non-essential work, which includes repairs caused by vandalism as well as capital projects." However, the biggest concern for the first-line response team is the availability of PPE equipment such as masks, for which there is a shortage of stock that has been made available across the entire essential services value chain. This includes water and sanitation as well as primary health care.

In conclusion, the four panelists took cognizance of the fact that the pandemic requires utilities to be flexible and dynamic in their responses to operational situations. They agreed that there is no knowing what a likely long-term post-pandemic scenario would look like. However, they felt it has galvanized all industries to evaluate the template for business as usual. In the future, it's possibly going to create an avenue for further decarbonization of economies and in particular, power and transportation.

## Power Generation by Independent Producers and how Municipalities can get into this "game" for revenue generation

by Ntiyiso Consulting





In line with the aforementioned, the Department of Energy has published new draft regulations which will permit municipalities to apply for establishing new generation capacity. This not only allows municipalities to get into the "game" of revenue generation, but also has the potential to be the "game changer" from the perspective of the municipalities. Utilising this permission and in accordance with its constitutional mandate, municipalities can tackle two pressing issues at the same time i.e. ensuring continuity of service at an affordable cost.

Municipalities can now theoretically treat Eskom just as a generating station among others and go about procuring power from other generators at a better negotiated price. The price advantage and benefits can be shared by the municipality and its residents. Further, it can also insulate itself and its residents from unpredictable tariff increases and ensure better price certainty for the power procured during the tenure of the power purchase agreement. Moreover, Municipalities can also have the prerogative to procure despatched or self-despatched power, based on the load profile of the municipality.

The benefits are not just limited to price certainty, but also to the continuity of supply. The country has faced rolling blackouts in the recent years due to strain on Eskom's generation capacity and the municipalities had to remain a mute spectator in most instances. Further, Municipalities have had limited influence overload shedding schedules and its stages.

This looks set to change as Municipalities can, likely soon, procure from IPPs and offset this purchased quantity against Eskom load shedding targets. A case in point is Kelvin Power Station, which at times has been used by the City of Johannesburg to stave off load shedding in the City. Furthermore, the municipalities can also procure excess generation from its own customers, thereby unlocking social and economic opportunities further.

With the advent of distributed generation, many customers have installed their own generators including roof solar panels in their own premises within the Municipality's area of supply. Municipalities could regulate and procure the excess capacity of these embedded generators.

Nonetheless, municipalities contributing to the generating pool will assist to alleviate some of the generation capacity stress faced by Eskom. Additionally, these new independent power producers contribute to the unlocking of new investment, economic and employment opportunities directly within the municipal limits, especially due to their physical plant location being within the municipal boundaries in most instances.



In the contemporary world, it is prudent for a country striving to grow and create opportunities that the role players in the private and public sector work closely. It is also crucial that different sectors are opened to private participation in varying degrees. The REIPP programme was a step in the right direction, albeit for Eskom. It is now the time for Municipalities to play their part in galore.

A word of caution – Sneak peek into the previous programmes reveals that, there could be challenges and hurdles that will be encountered through the process. However, REIPP has set the right precedent, having successfully manoeuvred through much more challenges and hurdles back then. And there is no reason why the success cannot be replicated, even exceeded.

## SALGA Gauteng approves establishment of Revenue and Debt management war rooms by Maphefo Mgadi, SALGA





n accordance with the prescripts of the Municipal Systems Act 32 of 2000, section 96, a municipality must collect all money that is due and payable to it, and for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies.

In a bid to aid the collection of municipal revenue in the Gauteng Province, the SALGA Finance and Fiscal Policy Working Group lead by Cllr. Farouk Bhayat recently approved the establishment of four (4) revenue management war rooms. Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) is honoured to partner with SALGA Gauteng to assist the Municipalities in the Gauteng Province, where mechanism will be used to strengthen revenue management controls as well improve interaction and cooperation between government departments, businesses and civil society operating in the jurisdiction of these municipalities.

The aforementioned suggestion was informed by numerous interventions which were undertaken by SALGA through the provision of capacity building programmes and peer learning sessions to different municipalities in the province. It has been noted that there is a need for integrated revenue and debt management committee in the municipal level comprised of various departments such as electricity, water, community services, infrastructure, and disaster management.

The war room will be convened monthly on a virtual platform, championed by the office of the Municipal Managers with the objective of assessing the municipal collections against the work that is done by the executive within municipalities to address the following:







- (a) Improved revenue collection from prepaid households.
- (b) Installation of prepaid meters in unmetered areas if any.
- (c) Municipal Infrastructure challenges such as water linkages.
- (d) Ensure 100% collection in areas where the municipality is able to collect.
- (e) Involvement of Civil Society to promote educational programmes to communities on revenue management related matters (specifically in zero rate collection areas).

With the alarming amount owed to municipalities steadily increasing every year, it is applauded that SALGA initiated a crucial decision to devise strategies that will assist its members.

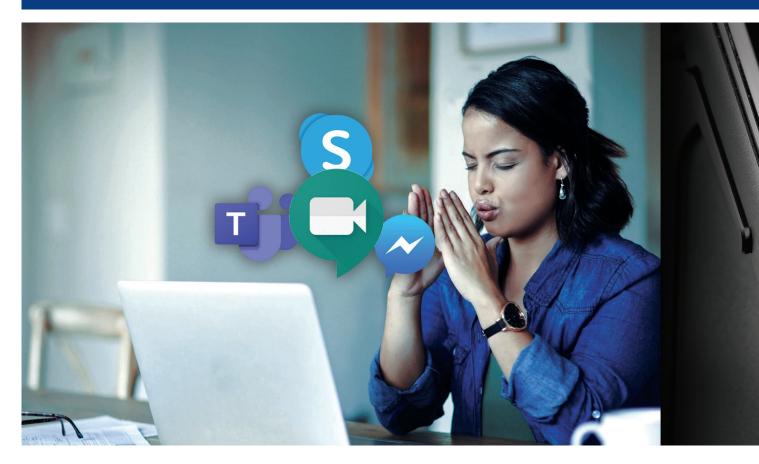
Mr Abbey Tlaletsi, Chief Executive Officer at CIGFARO said; "As CIGFARO our main mission is providing, within the statutory framework effective financial accounting advice, as well as setting and maintaining high financial standards and controls in public finance and governance, to all levels of government and stakeholders, to benefit the community.

Therefore, participating in such a platform was crucial." Inadvertently, debt owed to municipalities undermines the ability of municipalities to deliver services to its citizens as well as undermines the financial stability of these institutions. Even more critical to the plight of revenue collection is the advent of Covid-19 pandemic which has become a threat to the livelihood of many South Africans and thus a threat to municipal revenue collection and financial stability.

The Revenue Management War Room initiative therefore supports SALGA's mandate to support and advise municipalities on improving revenue management, credit controls as well as how to manage outstanding debt.



## Learning Lessons from online meetings – a two-day online workshop experience by Peter Ahmad, City of Cape Town



## Greetings from lockdown.

For many South Africans, the last five weeks have represented a mass disruption to our work environment and daily routines. New ways of working, the frustration of being reliant on infrastructure – computers, Wi-Fi etc. – and for many, the challenges of managing the home / work environment with new responsibilities like home schooling have all tested our patience and skill sets.

What's clear is that a return to the "old ways" of office-based working and mass meetings are a distant ambition for now.

Skype, Business for Skype, Microsoft Teams, Zoom, WhatsApp Web – the list of communication platforms and is endless and we've all had to shift, adapt and learn the basics of these – often with mixed results. One day great, the next day no so great... "But Rome was not built in a day" and nor can we all be expected to adjust without some teething problems.

Last week my team and I hosted a two-day online workshop in support of a project that remains important during this period of lockdown.

What was originally designed to be a limited invitation meeting in an office venue became a much broader opportunity for internal and external discussion and debate. At its peak, more than 50 people participated in each of those sessions over those twodays.

Beyond the findings, there were many lessons learnt about how to facilitate the online workshop and to work with the technology available. Here are my main take home points!

#### Role allocation:

- I. Clarify who is going to chair the meeting: like the agenda / programme you need someone to start and drive the programme, steer the conversation and be able to make sure everyone feels like they are welcome and able to contribute. It's a good idea to identify a deputy chair that in the event of an IT failure or unscheduled body-break / distraction for the chairperson that the meeting can continue uninterrupted.
- II. Identify a meeting trouble-shooter: the person who people can contact if the "link doesn't work", "my mic won't unmute", "I can't hear". It's impossible to deal with that and chair the meeting.

#### Before the meeting:

- I. Be sure to sort out the software and meeting settings that dictate who can share / present their desktop particularly if it is not you as the meeting organiser who is presenting.
- II. All meetings irrespective of mode require a strong programme / agenda prepare it, discuss it, communicate it. Be sure to





include body-breaks if it's a long meeting! Just because most are working from home, remember that people need to stretch, refuel and head to the bathroom.

- III. Be sure to "open the call / link" ten minutes prior to the start to avoid the inevitable delay of participants once that link is open.
- IV. Confirmation and follow-up with participants that they understand the requirements – an email may not be sufficient, a phone call may also be required to clarify expectation and arrangements
- V. Be sure to declare which platform you are going to use and ensure that your invited participants are able to access that platform – software is often available via a web-based app and does not always require installation which can raise issues, particularly if there are administrator rights issues with council issue IT.
- VI. The onus in on each participant to be able to use and test their mic / speakers setup prior to the meeting but you may want share a link or screengrab of how to adjust those as a value add to your guests.

#### During the meeting:

 Remind participants to mute their microphone when not addressing the meeting – more than 2 or 3 active microphones in a meeting is likely to cause feedback and distract the flow of the meeting.

- II. People will join the meeting late it's inevitable but you won't be able to play catch-up on their behalf all the time welcome them in the chatbox and keep the meeting moving...
- III. Encourage questions and comments via the chat function available with most of the platforms. This allows the presenter to complete his/her presentation and to "log" queries as the presentation continues.
- IV. Just like any meeting respect the timing you've set out just because it is being executed online people have other meetings / responsibilities and if the meeting is running overtime, either catch up that time or ask the permission of the group to extend the meeting further.
- V. Allow the conversation to flow and bring in participants on the basis of the material available in the chatbox. Identify issues which may require more in-depth discussion outside of the session.

#### After the meeting:

- I. Close the meeting / link having thanked your participants.
- II. It's not a bad idea to copy and paste the chat into a word document to archive the content and the flow of the conversation.
- III. Upload and share the links of the presentations with the participants – be sure to have created a dedicated folder so that the material doesn't all get lost in noise and aftermath of the meeting.
- IV. Make a note of what worked / what didn't and how to improve the next online engagement.



"Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers." - *United Nations, Universal Declaration of Human Rights*.









NEW DESIGNATIONS





#### CIGFARO NEW DESIGNATIONS



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

PREVIOUSLY	NEW
Student (SIMFO)	Student (Student-CIGFARO)
Junior (JIMFO)	Registered Government Finance Practitioner (RGFP)
	Registered Government Internal Auditor (RGIA)
	Registered Government Risk Practitioner (RGRP)
Licentiate (LIMFO)	Registered Government Finance Technician (RGFT)
	Registered Government Internal Audit Technician (RGAT)
	Registered Government Risk Technician (RGRT)
Associate (AIMFO)	Professional Government Finance Officer (PGFO)
	Professional Government Internal Auditor (PGIA)
	Professional Government Risk Officer (PGRO)
Senior Associate (SAIMFO)	Chartered Government Finance Officer (CGFO)
General (GIMFO)	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;



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			
Province	Organisation	Surname	Name
Gauteng	Ntiyiso Consulting	Madlongolwana	Mhlanganisi
Western Cape	Brasika Consulting (Pty) Ltd	Venter	Helen

CHARTERED GOVERNMENT FINANCE OFFICER			
Province	Organisation	Surname	Name
Gauteng	Ntiyiso Consulting	Nkuna	Tondy
Limpopo	Ntiyiso Consulting	Maredi	Frank
Mpumulanga	Private	Tshabangu	Maria
Limpopo	Provincial Treasury - LP	Rapholo	Gladys

PROFESSIONAL GOVERNMENT FINANCE OFFICER			
Province	Organisation	Surname	Name
Gauteng	Pensioner	Van Zyl	Larry
Gauteng	Ntiyiso Consulting	America	Andrew

PROFESSIONAL GOVERNMENT INTERNAL AUDITOR			
Province	Organisation	Surname	Name
North West	North West University	Ngobeni	Stanley
Kwa Zulu Natal	Edumbe Municipality	Hadebe	Mfanukhona

REGISTERED GOVERNMENT FINANCE PRACTITIONER			
Province Organisation Surname Name			Name
Kwa Zulu Natal	Naidu Consulting	Dlomo	Brian
Limpopo	Provincial Treasury - LP	Matlou	Rebecca

REGISTERED GOVERNMENT RISK TECHNICIAN			
Province	Organisation	Surname	Name
Northern Cape	Private Sector	Asvoel	Vusi
Rest of Africa	City of Harare	Chigodora	Terrence
Kwa Zulu Natal	uMfolozi Municipality	Mfekayi	Zanele
Kwa Zulu Natal	Zululand District Municipality	Msibi	Noxolo



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4. DATA VISUALIZATION

5. CLOUD SERVICES

**6.** CUSTOM SOLUTIONS

### LEGAL CORNER - COVID-19 Supplementary National Budget Interrogation

by Louise Muller, CIGFARO Board Member



# **COVID-19** SUPPLEMENTARY NATIONAL BUDGET INTERROGATION

South African Finance Minister, Tito Mboweni, tabled an adjustment budget on Wednesday 24 June 2020 to accommodate the historic nature of the COVID-19 pandemic and resulting economic downturn.

Minister Mboweni was relying on the provisions in the Public Finance Management Act, read together with the Money Bills Amendment Procedure and Related Matters Act, which empowers the Minister of Finance to table an adjustments budget when necessary.

#### Why should there be a special adjustment budget?

This special adjustment budget was proposed to achieve two objectives. Firstly, it lays out the financial response package for

COVID-19 in an Adjustments Appropriation Bill and a Division of Revenue Amendment Bill which, on approval, will be enacted. Secondly it lays the path for the direction set by President Cyril Ramaphosa on 21 April to "not merely return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality". Therefore, the Supplementary Budget sets out a roadmap to stabilise debt at the national levels through improving spending patterns while still creating a foundation for economic revival.

Currently, for every R1 in tax collected, only 79 cents can be used by government as the remaining 21cents is required for the interest payment on past debt. This indebtedness condemns South Africa to ever higher interest rates. A reduction in debt will reduce interest rates for everyone, unleashing investment and growth.

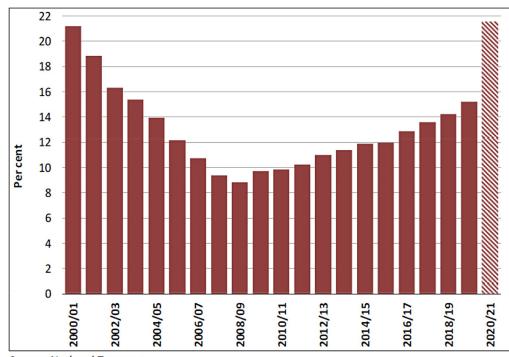




Our Herculean task is to close the mouth of the Hippopotamus! It is eating our children's inheritance. We need to stop it now! Our Herculean task is to stabilise debt.

Minister of Finance, Tito Mboweni – Supplementary Budget June 2020

Figure 1.1 Debt-service costs as a proportion of main budget revenue



Source: National Treasury

# LEGAL CORNER - COVID-19 Supplementary National Budget Interrogation continued...

by Louise Muller, CIGFARO Board Member



The February 2020 Budget was built on the assumptions that the global economy would expand by 3.3 per cent over the financial year. It is now expected that there will be a global contraction of 5.2 per cent this year, bringing about the broadest collapse in per capita incomes since 1870 with a huge increase in unemployment. The South African economy is now expected to contract by 7.2 per cent in 2020. This is the largest contraction in nearly 90 years. Inflation will likely register 3 per cent in 2020.

The new supplementary consolidated budget deficit amounts to R761.7 billion, or 15.7 per cent of GDP in 2020/21 compared to the deficit of R370.5 billion, or 6.8 per cent of GDP projected in February. This increase is mainly due to the revised revenue projections and pay-outs from the Unemployment Insurance Fund. Early projection is that gross national debt will be close to R4 trillion, or 81.8 per cent of GDP, by the end of this fiscal year compared to an estimate of R3.56 trillion or 65.6 per cent of GDP projected in February.

To ensure that this deficit doesn't almost entirely consume all of the South African annual domestic saving, Government intends to borrow about US\$7 billion from international finance institutions to support the pandemic response. Minister Mboweni has emphasised that this is not a source of revenue – it is debt that must be paid back.

### What needs to be funded and how is this done at national level?

In April the President announced a R500 billion relief package to support the economy, providing a safety net for households and businesses to cushion the impact of restrictions to economic activity brought about by the lock-down. Funding was secured by

shifting resources from existing programmes and drawing down surplus funds from institutions such as the Unemployment Insurance Fund (UIF).

This special adjustments budget announced on 24 June 2020 revises government's spending plans for 2020/21 in line with the fiscal relief package announced in April 2020. Consolidated spending for 2020/21 has been revised from R1.95 trillion as tabled in February to R2.04 trillion, mainly due to additional funding of R145 billion allocated for government's COVID-19 response. Budget allocations across national, provincial and local government will fund this amount mainly from within existing allocations for 2020/21 including R109 billion in the temporary suspension of baseline allocations and adjustments to the skills development levy. The balance of R36 billion is to be financed through an increase in the main budget deficit.

# What does this Supplementary Budget mean for the other spheres of government?

The division of revenue presented in the original 2020 National Budget is being revised and the national share for 2020/21 increases from R758 billion to R790 billion; the provincial share decreases from R649 billion to R645 billion and the local government share increases from R133 billion to R140 billion.

Provinces will reallocate at least R20 billion in their own budgets to respond to the COVID-19 pandemic, while R13,8 billion in provincial conditional grants will be temporarily suspended.

The targeted reprioritisation is further supported by the temporary suspension of R54,4 billion in national department allocations and R12,6 billion in local government conditional grants. Further suspensions may be considered as additional spending



pressures emerge from the COVID-19 pandemic, but these will be effected in the October adjustments budget.

Local government, being at the heart of the response to the pandemic, is receiving an additional R11 billion through the equitable share. This is to cover the additional expenditure required of local government due to the pandemic and maintaining service delivery despite experiencing a drop in income. The adjustments to the equitable share range between 0,19% right up to 23,14% with the smallest adjustments being to district municipalities. The new allocations are all available from the National Treasury website: http://www.treasury.gov.za/documents/National%20Budget/2020S/

A further R9 billion is being reprioritised within allocated Local Government conditional grants with the condition it is used to fund the provision of additional water and sanitation services and cover the costs of the sanitisation of public transport.

How were these suspensions and reprioritisations identified?

Departmental underspending due to lockdown was identified and will be temporarily removed from the baselines of these departments. This is also supported by suspending allocations for capital and other departmental projects that could be delayed or rescheduled to 2021/22 or later as well as identifying and suspending the programmes with a history of poor performance and/or slow spending. The majority of the suspensions resulted in the funds being repurposed, within the grants, towards the CO-VID-19 response within functions or towards governments fiscal relief package.

The two main focus areas were the reprioritisation of the education infrastructure grant to provide water, sanitation and personal protective equipment to schools as well as to construct temporary classrooms and fund continual deep-cleaning of facilities. Local government is predominantly affected with the reprioritisation of the municipal infrastructure grant to provide water to households and to sanitise public transport facilities in municipalities that do not receive the public transport network grant.

Table A.2 Transfers to local government, 2020/21

	Budget 2020	Revision	Adjusted allocation	Amount repurposed
R million				within
Equitable share	74 683	11 000	85 683	1-
Direct conditional grants	43 819	-3 599	40 219	9 034
Municipal infrastructure	14 671	-	14 671	4 401
Integrated urban development	948	-	948	190
Urban settlements development	11 282	-1 100	10 182	2 257
Integrated city development	317	-	317	-
Public transport network	6 446	-1 902	4 544	1 096
Neighbourhood development	559	-68	492	-
partnership				
Integrated national electrification programme	1 859	-500	1 359	-
Rural roads asset management systems	108	-	108	-
Regional bulk infrastructure	2 006	-	2 006	401
Water services infrastructure	3 445	-	3 445	689
Municipal disaster relief	354	-	354	-
Energy efficiency and demand-side	218	-22	196	-
management				
Municipal emergency housing	159	-	159	-
Infrastructure skills development	153	-8	146	-
Local government financial management	545	-	545	-
Expanded public works programme	748	-	748	-
integrated grant for municipalities				
Indirect conditional grants	7 628	-1 008	6 620	409
Integrated national electrification programme	3 001	-1 000	2 001	-
Neighbourhood development	63	-	63	-
partnership				
Water services infrastructure	579	-	579	-
Regional bulk infrastructure	3 857	-	3 857	409
Municipal systems improvement	128	-8	120	_

# LEGAL CORNER - COVID-19 Supplementary National Budget Interrogation continued...

by Louise Muller, CIGFARO Board Member



### What are the main functions identified for funding?

National government is running with the relief packages outlined in April 2020.

The majority of the public health system that provides care for COVID-19 patients falls under the responsibility of the nine provincial governments. Besides this onerous tasks, provinces must also manage the re-opening of schools and the provision of social welfare services. This will be primarily funded through the reprioritisations of funding at provincial level.

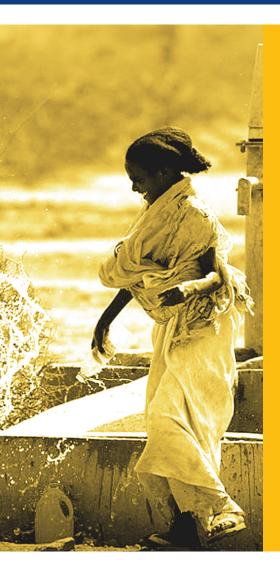
The big ticket items for local government include providing improved access to water and sanitation in informal settlements and rural areas, providing temporary shelter for homeless people, and sanitising public transport facilities.

How are these adjustments accommodated in the provincial and local government spheres?

The R20 billion Provincial reprioritisation will take place through adjustment budgets tabled in each of the provinces. The reprioritised funds come from cancelled activities due to the restricted economic activity (including travel and venue hire) as well as the postponement of projects until 2021/22. The greatest contribution towards the adjustment budget comes from public works and the roads and transport sectors and is supported by funds made available through the postponement of planned sports, arts and culture events.

At least R15 billion (in total across the 9 provinces) is for increased capacity in the public health system with the further R5 billion required to augment the education catch-up plan, social welfare







support for communities, provision of quarantine sites and other responses. Provincial reprioritisations will be complemented by reprioritisations within provincial conditional grants amounting to R7 billion.

The nationally gazetted frameworks for conditional grants will include provisions that allow grant funds to be used for COVID-19 response activities.

Each municipality will also need to pass an adjustment budget to accommodate the change in equitable share and grant allocations as well as any other changes in reasonably anticipated income. The additional equitable share allocation to municipalities is divided with two-thirds going to the basic services component to provide for a temporary increase in the funding of free basic services for households. The remaining one-third is allocated through the community services component to support the ad-

ditional costs for municipalities to safely maintain service delivery during the pandemic. Most of the funds in this component are allocated to poorer municipalities. The R9 billion in reprioritisations within conditional grants already allocated to municipalities is to fund additional water and sanitation provision and the ongoing sanitisation of public transport.

National government is urging communities to hold councils accountable for the spending of COVID-19 funds. National Treasury will also monitor the spending through monthly and quarterly reports.

### Why is this additional cost not funded out of existing income?

Gross tax revenue collected at national level during the first two months of the 2020/21 national financial year was R35,3 billion

# LEGAL CORNER - COVID-19 Supplementary National Budget Interrogation continued...

by Louise Muller, CIGFARO Board Member



behind target with R142 billion received compared to the initial forecast of R177.3 billion. As a consequence, gross tax revenue for the 2020/21 fiscal year is revised down from R1.43 trillion to R1.12 trillion, a drop of over R300 billion. This is partially due to the measures announced earlier this year to give taxpayers outright relief of R26 billion and delays in tax collection of approximately R44 billion as contained in the Disaster Management Tax Relief Bill and the Disaster Management Tax Relief Administration Bill.

Provinces are anticipating a decline in own revenues of approximately R4 billion, or 18.7 per cent of the amount tabled in their 2020/21 budgets. These reductions are being seen mainly in the decline of tax receipts from casinos and horse racing. Fees paid for public health services have also fallen as fewer patients are accessing non-COVID-19-related health services.

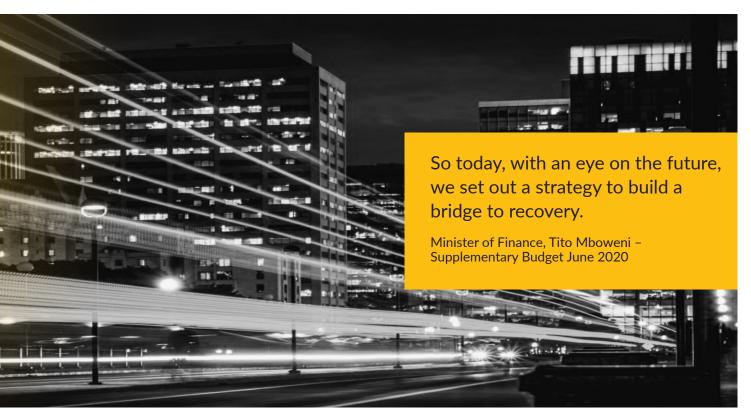
Municipalities, largely dependent on own revenues, face significant financial stresses with the reduction in payments for rates and service charges due to a combination of lower demand for services such as electricity and water to commercial enterprises due to the lock-down imposed, and significantly higher non-payment rates for municipal bills. A greater demand for free services

is also being experienced as more indigent households emerge due to job losses. Economic recovery has to be fast-tracked, with numerous new job opportunities created to compensate for those lost as well as addressing the pre-COVID unemployment levels. Unless this is achieved, the ability of local government to provide services to the community at past levels without additional funding provided from national government will be impossible.

### What is the longer term financial strategy?

Government will stabilise debt at 87.4 percent of GDP in 2023/24 as well as targeting a primary surplus by 2023/24. President Cyril Ramaphosa warned that there would be no quick fixes for the economy and has noted that South Africa was already facing weak economic growth and an unemployment crisis pre-coronavirus. The Medium Term Expenditure Framework process will be guided by the principles of zero-based budgeting which will be applied as a series of overlapping evaluation exercises targeted at large programmes. Spending adjustments of about R230 billion will need to be found over the next two years while tax measures of R40 billion over the next 4 years will also be required. Details on these medium term tax proposals will be contained in the 2021 Budget. In 2020/21 nearly half of all consolidated revenue will go towards





the compensation of workers in the public and negotiations are underway with partners in the labour movement to find a balanced solution that sets compensation at an appropriate, affordable and fair level.

Infrastructure is seen as the major leverage point for long term growth in the economy. The aim of the investment is the provision of superior-quality infrastructure allowing for the economy to be more efficient, improve productivity and raise long-term growth and living standards. The impact of investing will be focused around the provision of basic services and infrastructure development on sectors such as power, healthcare, transport, education, small medium and micro-sized enterprise development and housing.

Sector specialists, technical and financial structuring experts and policy departments have considered 177 infrastructure projects across public and private sectors. In light of these and other important initiatives together with the acknowledgement that the private sector accounts for most of the investment spending in the economy, Government has already committed R100 billion over ten years toward the Infrastructure Fund and has recently

released a paper on Sustainable Finance working closely with the private sector to green the South African economy.

The way forward is certainly not going to be easy, but with fortitude, South Africa can balance the protecting of the lives of its citizens against the protection of the economy, giving as many South Africans as possible the chance to play a positive role in the future of our country.

The SA Reserve Bank Governor Lesetja Kganyago said it was important to make the most of having low inflation currently to forge a path for economic recovery. "We can set out now on a new path with low interest rates if we guard and value them. We have nearly all the ingredients needed to get permanently stronger economic growth, create jobs, and rid ourselves of poverty and inequality," he said.

### **SOURCES:**

Eyewitness News 24 June 2020 - Supplementary Budget 2020

National Treasury Website - Supplementary Budget 2020

 $\hbox{EWN - 23 June 2020 The to Mahlakoana - Sustainable Infrastructure Development Symposium.}$ 

 $\label{lem:https://www.polity.org.za/article/no-quick-fixes-for-economy-ramaphosa-2020-06-22$ 

Fin24 – 18 June 2020 - Lameez Omarjee Kganyago warns: Full-blown quantitative easing could bankrupt SA Reserve Bank

# TRAINING SCHEDULE 2020

	ADVANCED EXCEL CONTENT			
DATE	TOPIC	PLACE	DAYS	SEATS
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 Janury	Advanced Excel Content	KwaZulu Natal	2	30 seats
01-02 February	Advanced Excel Content	Free State	2	30 seats
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	CASH AND LIQUIDITY MANAGEMENT			
	Cash and Liquidity Management	Western Cape	2	30 seats
	Cash and Liquidity Management	KwaZulu Natal	2	30 seats
01 February	Cash and Liquidity Management	Gauteng	2	30 seats
	Cash and Liquidity Management	Eastern Cape	2	30 seats
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	mSCOA Budgetin	Gauteng	2	30 seats
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			DEBT MANAGEMENT			
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WORKSHOP		Supply Chain Manag	gement - Contract Management	Gauteng	2	30 seats
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	01 October	Fine ter for IQn-Fin	nancial Managers	Gailer g	2	30 seats
TRAINING		Finance r Non-FQ	ancial Managers	. · · cern Cape	2	30 seats
		Finance for Fin	nancia Maragodasod °	KwaZulu Natal	2	30 seats

### CONTRACT MANAGEMENT, COMMITMENTS AND CONTINGENT LIABILITIES IN THE LOCAL GOVERNMENT

In terms of section 63: Municipal Finance Management Act (MFMA), assets and liabilities management, the accounting officer:

- is responsible for the management of liabilities of the municipality;
- must take all re<mark>asonable steps to ensure th</mark>at the municipal<mark>ity ha</mark>s and maintains a management, accounting and information system that accounts for assets and liabilities of the municipality; and
- that the municipality has and maintains a system of internal control of assets and liabilities including an asset and liabilities register.

Section 112: MFMA states that a supply chain management policy of the municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and must cover procedures and mechanisms for negotiating final terms of a contract.

Section 116: MFMA, contracts and contract management, states that the accounting officer must:

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement; and
- establish capacity in the administration to oversee the day-to-day management of the contract or agreement.

Section 122: MFMA - preparation of financial statements, states that:

- every municipality and municipal entity must, for each financial year, prepare annual financial statements which fairly present the state of affairs of the municipality or entity, its performance against budget, management of revenue, expenditure, assets and liabilities, its business activities, financial results, and its financial position as at the end of the financial year; and
- the annual financial statements must be prepared in accordance with the generally recognized accounting practice prescribed in terms of section 91(1)(b).

Contract management refers to processes and procedures that institutions implement to manage contract execution which covers the performance, modification and termination of contract terms. It is the most critical function in supply chain management unit. However, most local authorities including other state organs pay less attention to this function which then results in several lawsuits instituted by service providers (contractors) against municipalities.

The inability to establish a sound contract management function and legal function has, in several cases, led to a lack of early identification of poor performance by contractors due to the absence of control activities aimed at early identification of poor performance to allow for corrective measures. Lack of effective contract management and failure to maintain a proper contract register to monitor the performance of contractors has caused the following problems:

- excessive delays in the completion of projects;
- failure to charge penalties and interests where the project has been delayed;
- contractors under-quoting during the tender process and then utilize the variations clauses to increase the tender amount even in instances where contractors should have known of the costs; and
- excessive legal costs in defending lawsuits.

Lack of maintaining a proper register for contingent assets and liabilities has led to challenges when preparing disclosures on contingent liabilities for certain municipalities. Another challenge has been around the application of GRAP 19: Provisions, Contingent Assets & Liabilities where contingent liabilities have been reclassified and recognized as provisions visa versa. This has also prevented municipalities in attaining clean audits due to material non-compliance and findings in internal controls.

Certain municipalities and departments struggle to maintain an accurate and complete commitments schedule which often leads to material audit findings identified by external auditors and these prevent most municipalities from attaining clean audits.

Our role as MNB Chartered Accountants has been critical in addressing the issues raised by Auditor General as most municipalities have improved their audit outcomes.

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# REPORTING REQUIREMENTS - LOCAL GOVERNMENT

# JULY

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	то wном
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	Annual Budget not approved yet	MFMA 55	Promptly	Mayor	MEC (Loc Govt)
9	Impending shortfalls in budgeted revenue & overspending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
10	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
11	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, 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 - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
17	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
18	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
19	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
20	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
21	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
22	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
23	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
24	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
25	Prep & submit Consolidated Fin Stmnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
26	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
27	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
28	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
29	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
30	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
31	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
32	All annual returns		Middle July	Acc Officer etc	Nat Treas
33	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
34	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qrtr	Acc Officer etc	Nat Treas
35	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
36	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA



# AUGUST

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	то wном
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 & overspending & 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	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
21	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
22	Prep & submit Consolidated Fin Stmnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
23	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
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©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
	Submit copies of Council mtngs (annual report	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas,
28	discussions)	` ,			Prov Lgovt

# REPORTING REQUIREMENTS - LOCAL GOVERNMENT

# SEPTEMBER (1ST QUARTER OF FINANCIAL YEAR)

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	то wном
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 & overspending & 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	Prep & submit Consolidated Fin Stmnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
21	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
22	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
23	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
24	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
25	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
26	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas



# CELEBRATING A DECADE OF BONA TALENT



ACCOUNTING SERVICES • MANAGEMENT CONSULTING
PERFORMANCE MANAGEMENT • EXTERNAL AUDITING
REVENUE MANAGEMENT • TRAINING & DEVELOPMENT
ASSET MANAGEMENT • INTERNAL AUDIT & RISK MANAGEMENT

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We always go an extra mile to improve customer experience of our services.

# Some of BonaPeople's Key Achievements:

The vast experience of our people has led to improved audit outcomes in various public sector entities. Through BonaPeople, we have been able to:

- complete over 40 sets of GRAP Compliant Fixed Asset Registers.
- assist over 15 municipalities with simplified Revenue Enhancement.
- complete over 60 Annual Financial Statements for the public sector.

BonaPeople often are deployed as CFO's, Asset Managers, Accountants, and Auditors Internal on а consulting or secondment basis. This demonstrates capacity, experience reliability of our people.

Through BonaPeople, we have developed some innovative solutions housed under the FAR System Suite, i.e.

- Asset Management System
- Revenue Management System [Meter Auditing and Meter Reading]

These systems have proven to be effective in enhancing service delivery for our clients.

#### Durban

**T:** 031 201 1241/2 **E:** admin@bonakude.co.za

#### **Johannesburg**

**T:** 010 442 5796 **E:** admingp@bonakude.co.za

WE ENVISION





# Premier Innovators in Management Consulting

## "We empower institutions that enable Africa's development."

Founded in 2005, Ntiyiso Consulting is an authentically African and globally wired management consulting firm with expertise across all major industries. We deliver sustainable solutions through five subsidiaries, viz. Ntiyiso Revenue Consulting, Ntiyiso Business Transformation Consulting, Ntiyiso Industrialisation Consulting, Ntiyiso Aviation Services and Tickipay Payment Services.



The past few months have introduced us to a new way of living and working. Ntiyiso Consulting is at the forefront of that evolution, and has the following capabilities that can be leveraged during and post the COVID-19 pandemic.



### **BILL PRESENTMENT & PAYMENT SOLUTION**

This solution aims to improve revenue collection by providing convenient statement view and a payment platform for municipal accounts. The system offers guaranteed statement delivery, ensures that payments are made easy, and provides the municipality with a customer engagement platform.



### DRONE ENABLED OPERATIONS SUPPORT

We can help your organisation modernise their operations and improve service delivery by using drones to facilitate planning (mapping & surveying solution), monitor construction progress, building inspections, broadcasting (announcements), surveillance and monitoring of critical infrastructure.



### SHORT & LONG TERM REVENUE RECOVERY AND GENERATION

To ensure the financial sustainability of the municipality, our revenue recovery service line spans across:

Stakeholder & Customer Engagement - To drive continued engagement and education of municipal ratepayers on the importance of paying their municipal accounts

Debt Collection - To encourage the up-to-date payment of municipal accounts with our state of the art customer collection strategy



### **BASIC NEEDS VOUCHER**

We provide a digital and distributable voucher, in line with the government's COVID-19 food parcel delivery initiative. Our solution enables qualifying residents in the townships, villages and informal sector to apply for, and receive a digital voucher, which could be redeemed for a basic needs parcel consisting of food, hygiene and pharmaceutical products.

### TRUTHITRUSTIRESULTS

Building 3, Stanford Office Park,



**U** 012 940 5435

