



JOURNAL CIGFARO

Chartered Institute of Government Finance, Audit and Risk Officers

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THE AUDITOR GENERAL OF SOUTH AFRICA

When Financial Governance is good

positive development results tend to follow

8

10 The effect of The Property Practitioners Bill on the current SA Property Market

20 **REDUCE LONG OUTSTANDING MUNICIPAL DEBT**
Innovative Debt Collection Strategies



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GREETINGS COLLEAGUES.

As we draw closer to the end of the year, it is time to reflect on the year and also start preparing the work schedule calendar for 2018. In reflecting, it is imperative that we account for the achievements and take note of areas of development. Looking at CIGFARO, I think firstly of the 2018 Annual Conference that was held at Cape Town ICC in October. The conference was once again a success, with more than 1200 delegates attending. Amazing pictures have been added in our gallery see page 36-42. Special gratitude goes to our Platinum sponsor CCG Systems, our Diamond sponsor DBSA, our Gold sponsors ABSA, Sebata Municipal Group, EOH Oracles and all our sponsors for their loyal support throughout the years.

To all our conference speakers, your time and support was highly appreciated and most importantly valued. All presentations have been uploaded on the website www.cigfaro.co.za and some have been uploaded on our newly opened YouTube channel account https://www.youtube.com/channel/UCmzTxivVLwVQkRIBQKpL0_w. Please visit our YouTube channel account for more information on the conference proceedings and also like our Facebook and Twitter page. The Host City, the City of Cape Town Metropolitan Municipality staff needs to be applauded for all the support given throughout the conference, you are simply the best!

My favorite time of the year where many prepare for different holiday destinations, kindly allow me to wish you all a Happy Festive Season and may your time with family be of great joy, love, peace and happiness. 2017 was a challenging year for most of us but what is important is that we were challenged to grow within different fields in our respective institutes. As we go to rejuvenate our strength for the upcoming year, may we reflect on the current year and work on our weaknesses with hopes of advancing ourselves for the coming year.

Before I forget, since it's holiday time, kindly note that our CIGFARO offices will be closed from the 22nd December 2017 till the 2nd January 2018. 

Do not miss out on the 2018 CIGFARO Annual activities see page 51 for more details.

- Women in Public Sector
- Audit & Risk Indaba
- Public Sector and
- 2018 Annual Conference

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CIAO - Esther G

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FOREWORD FROM THE PRESIDENT



TOTAL TRANSPARENCY FOR PUBLIC FIGURES?

I recently watched the film “The Circle” and it got me thinking about a world of total transparency. With the ethical issues we are experiencing in South Africa and globally, I believe that this is a very relevant discussion. I fully appreciate that it is a controversial issue with polarized views. However, it is very relevant for public figures and servants. What do you think?

“The Circle” is a story about a young woman (Mae) who is appointed to a low-level job at a huge IT firm, called the Circle. It is the most powerful IT company in the world. It’s CEO (Bailey) is a dynamic and charismatic leader who plays to the idealism of his staff. He accentuates the values of transparency and accountability with each new product released into the market. The company keeps challenging the limits of technology without interrogating the impact.

“I think the currency of leadership is transparency. You’ve got to be truthful. I don’t think you should be vulnerable every day, but there are moments where you’ve got to share your soul and conscience with people and show them who you are, and not be afraid of it.” - Howard Schultz

Mae is pulled more and more into the Circle. Bailey is very adept at coming up with appealing names and creative phrases, as well as selling the new products using personal stories that stir the emotions and awaken the idealism of his employees – particularly Mae. A webcam the size of a twenty cent piece is shown to Mae. It is touted as an instrument to achieve a totally transparent world where no one can escape with any form of discrimination, human rights violations, or crimes. Bailey’s catchphrase is, “Knowing is good but knowing everything is better.”

Soon thereafter, a senator, who attempts to launch an investigation into the Circle is removed from office due to alleged skeletons in his cupboard detected by the Circle’s technology under the cloak of transparency. Mae and the other Circle employees consider this a victory and a cause to hail and applaud the Circle’s part in making the world a better place.

“Transparency is a cornerstone of good governance as it allows citizens everywhere to hold institutions and governments accountable for their policies and performance.” - Dr Siphso Moyo.

Reaching the conclusion that total transparency is virtuous and keeping secrets is evil, Mae agrees to make her life totally transparent by being followed 24/7 by cameras, in effect allowing all the Circle customers to live with her 24/7.

However, her family and friends close to her start to query whether or not total transparency is a beneficial, and begin to doubt the ethics of the Circle’s leadership. It is then that Mae has her second moment of inspiration: as all Circle consumers are distributed far and wide across the globe, why not utilise the company’s IT assets and muscle to locate dangerous and most-wanted criminals or to track down loved ones you have lost touch with? Isn’t this reason enough to keep pushing the digital envelope?

“Transparency is not a choice. The only choice is, does it happen to you, or do you participate in it.” - Alex Bogusky.

I do not intend to provide any clear answers to the moral and ethical questions the film raises. There is no simple answer to these questions concerning total transparency and whether or not being a fully wired planet will create a safer and more ethical world? You will have your own personal views and answers.

I will also not spoil the rest of the story for those of you who want to watch the movie. I know that the movie is an extreme example, however, it raises the following questions: Is it possible to go too far with our digital technologies? Is total transparency a good thing? If the majority of people in the world were digitally connected and our lives were out in the open, could we have a better, more ethical and a safer world? Are people ready to live in a totally transparent, digital world? Or, do we have too many skeletons in our cupboards?

“Honesty and transparency make you vulnerable. Be honest and transparent anyway” - Mother Teresa.

As public figures and s57 employees, we are already required to declare our salaries and performance bonuses in our annual financial statements. We also need to declare any business and financial interests, properties and investments, as well as any gifts and donations. Should we be looking to become more transparent with our lives as public figures and servants? Should we become open books to the public? Should we be subjecting ourselves to financial, tax and lifestyle audits and the results being made public? Is there any duty on us to do so? Are there any family and security concerns? Does the public have a right to know what I do in my private time? Who I am meeting with, etc? Does the public have a right to access to such information? Will people exploit this? Will it make the world more ethical?

Finally, I asked myself: Would I dare to have cameras on me 24/7 and live totally transparent? My answer? Yes, I am willing to do it. I have nothing to hide. I fully support total transparency and accountability. Or am I simply being an unrealistic idealist?

**KRISH KUMAR
CIGFARO PRESIDENT**



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will be in March and not April. The festive season holiday leave which is a period for body and mental renewal as well as rejuvenation will include the forward planning efforts for our 2018 Women in Public Sector Seminar and the Audit & Risk Indaba. We are confident that Limpopo Province will host a very successful Women Seminar on 1st and 2nd March 2018.

We enter the 2017 festive season anticipating an exchange of precious gifts from and to those who value such. We thus position our paradigm in alignment with Rhoda Byrne's advice that says; ***"Look for the gifts in everything, especially when you are facing what appears to be a negative situation. Everything that we attract causes us to grow, which means that ultimately everything is for our own good".***

The CIGFARO Team, with its human resources limitations, has once again delivered one of the successful Annual Conferences with the least challenges. This was achieved through the support of our active and reliable Members, Sponsors, Exhibitors, Host City (Cape Town), Partners and Supporters. We reiterate our message of appreciation with much gratitude.

The 88th Annual Conference has demonstrated that CIGFARO is one of the great leaders in the sector of professionalising the Public Finance Management (PFM). It is evident that we are leaders ***"who model their values in the way they treat their people, create environments where everyone can find significance in what they do and vision they serve. Leaders who are passionate about creating a motivational experience for everyone who comes in contact with their organisation... not only to improve their quality of life but also will produce significant success".*** (Ken Blanchard & Phil Hodges).

Our planning cycle for the first quarter of 2018 has been condensed and brought forward by the Easter period which

I take this opportunity to thank the CIGFARO President, Dr. Krish Kumar, all Board Members, Management Team and Staff for all positive contributions made during the 2017 calendar year. Our Staff members endured the ever increasing work pressure but stood the test of time. We were driven by Richard Nelson Bolles' stance that; ***"What the world needs from you is not to add to their number, but to figure out, and then contribute to the world, what you came into this world to do"***

WE WISH ALL A BODY REFRESHING FESTIVE SEASON AND A PROSPEROUS 2018!!! 

ABBEY TLAETSI
CIGFARO CEO

When Financial Governance is good, positive development results tend to follow

by the Auditor General of South Africa

If ever there was any doubt over the link between financial governance and a country's development results that has surely been dispelled. Various authoritative studies unequivocally demonstrate that good financial governance tends to go hand in hand with good development results, just as poor financial governance is likely to be linked with poor development results.

This is as true across Africa as in any other part of the world.

In recent times, one of the most insightful African-focused reports on the correlation between financial governance and development outcomes has been the 2016 Good Financial Governance Heat Map Report by Germany's development agency, GIZ.

This heat map report focused on public finance management in seven countries, namely Ghana, Kenya, Malawi, Mozambique, Senegal, Tanzania and Uganda, and had the endorsement of the Organisation of English-speaking African Supreme Audit Institutions (AFROSAI). In fact, GIZ presented the report as part of its contribution to the XXII International Congress of Supreme Audit Institutions (INCOSAI) in December 2016.

LIFE-AND-DEATH MATTERS

What makes the heat map report so interesting is its focus on the link between financial governance and a country's progress towards the sustainable development goals (SDGs), and before that, the millennium development goals (MDGs).

In other words, the report homed in on development results that are literally of life-and-death importance to citizens: infant mortality, maternal mortality, life expectancy, poverty reduction and school enrolment, to name a few.

Each country's progress against these development results was assessed, based on a detailed analysis of the state of its public finances. But the report also went further by exploring the broader political, economic and governance context, including corruption and anti-corruption.

The results were illuminating.

First, a link was indeed established between good performance in public finance management and the achievement of SDGs.

But there was also a "but".

It emerged that good public finance management is a necessary condition for achieving good development results but it is not, on its own, enough. There must also be an appropriate enabling environment, referring to a country's political economy and governance, including indicators such as access to information, transparency, and rule of law and anti-corruption measures.

WHOLE-OF-GOVERNMENT APPROACH NEEDED

To quote the heat report, a "whole-of-government approach" is required, meaning it is necessary to holistically understand the strengths, weaknesses and risks of the public finance management system, and how these in turn link up with service delivery and development results.

On this whole-of-government point, the report emphasised the key role that supreme audit institutions (SAIs) play in following up poor audit results and promoting accountability in public finance management. However, it also pointed out that SAIs are not "isolated actors" in this regard and that parliaments have a strong follow-up role to play.

South Africa was not included in the 2016 Good Financial Governance Heat Map Report, but there is no doubt that the country faces severe service delivery challenges and a serious accountability gap. This gap was again brought home when the Auditor-General of South Africa announced the Public Finance Management Act (PFMA) audit outcomes at a briefing in Pretoria on 1 November 2017.

At that briefing, the Auditor-General noted that the 2016/17 PFMA audits had revealed R45.6 billion in irregular expenditure, and that irregular spending had been found in 265 of the approximately 400 government departments and other public agencies that were audited.

At the press briefing to announce the PFMA audit outcomes, one of the questions raised was whether the "political will" exists in South Africa to change the recurring cycle of irregular and fruitless expenditure.

POLITICAL WILL FOR CHANGE

From the AGSA's perspective, it is heartening that our own



CHIEF FINANCIAL OFFICERS ARE CITIZENS OF SOUTH AFRICA AND, AT THE SAME TIME, PROTECTORS OF THE TRUST OF CITIZENS TO USE PUBLIC RESOURCES IN THE BEST INTERESTS OF THE PEOPLE.

parliamentary committee, the Standing Committee on the Auditor-General (ScoAG) has suggested giving us the powers to refer undesirable audit outcomes to investigative agencies to deal with and report back to us.

Once this kind of referral capability is in place – which would necessitate amending the Public Audit Act – it will be much harder for state entities to ignore our audit findings. If an entity knows from the beginning of the audit process that its audit outcome could be subject to independent investigation, there is a better chance that it will start thinking twice about its approach to financial management.

So, by exploring the means to give the AGSA those referral powers, our own committee is demonstrating the political will to change the status quo.

PROTECTORS OF CITIZENS' TRUSTS

In the meantime, it is up to all of us involved in public finance management in South Africa, and especially chief financial officers, to see a role for ourselves in creating a better world for everyone. It starts with working together to raise the standard of public sector financial management by taking a citizen-centric focus and themselves becoming active citizens.

Chief financial officers are citizens of South Africa and, at the same time, protectors of the trust of citizens to use public resources in the best interests of the people.

The time has come for CFOs of South Africa to think beyond their daily job descriptions, be active in the professional bodies they belong to, participate and facilitate capacity-development in those around them, and be role models for good governance and solid public finance management. 

The effect of The Property Practitioners Bill on the current SA Property Market

by Fathima Khan - eThekweni Metropolitan Municipality



At SONA earlier this year President Jacob Zuma announced this Bill with a purpose of establishing a more inclusive, representative sector, towards **Radical Economic Transformation**.

The President said that government is actively involved in the property sector. He estimated that the property sector in our country is valued at approximately seven-trillion rand, with the subsidised sector being valued at one-point-five trillion rand. However, the President noted that less than 5% of the sector is owned or managed by Black people, and Africans in particular. This transformational Bill was published for comment on 31 March 2017.

What is the effect of this Bill for the property Industry?

The Bill is intended to repeal the existing Estate Agency Affairs Act 112 of 1976, regulate property practitioners and introduce sweeping changes to the property industry.

Some of the changes are discussed hereunder.

The Act no longer recognizes “estate agent”. It now uses a broader, more inclusive definition of “property practitioner”. The Estate Agent was a person or entity that markets, sells or lets immovable property on behalf of another, for gain. The “property practitioner” now includes estate agents, rental agents, mortgage originators, property inspectors, property valuers, property managers and more.

The Act defines “property practitioner” as follows:

- A. means any person or business undertaking who or which for the acquisition of gain on his, her or its own account or in partnership, in any manner holds himself, herself or itself out as a person or business undertaking who or which, directly or indirectly, on the instructions of or on behalf of any other person-**
- (i) *by auction, in sale of execution or otherwise sells, purchases, manages or publicly exhibits for sale property or any business undertaking or negotiates in connection therewith or canvasses or undertakes or offers to canvass a seller or purchaser in respect thereof;*
 - (ii) *lets or hires or publicly exhibits for hire property or any business undertaking or negotiates in connection therewith or canvasses or undertakes or offers to canvass a lessee or lessor in respect thereof;*
 - (iii) *collects or receives any monies payable on account of a lease of a property or a business undertaking;*
 - (iv) *provides, procures, facilitates, secures or otherwise obtains or markets financing for or in connection with the management, sale or lease of a property or a business undertaking, including a provider of bridging finance and a bond broker, but excluding any person contemplated in the definition of “financial institution” in section 1 of the Financial Services Board Act, 1990 (Act No. 97 of 1990);*
 - (v) *assesses property to determine the defects, value for money and fit for use as part of the conclusion of an agreement to sell and purchase, or hire or let a property;*
 - (vi) *in any other way acts or provides services as intermediary or facilitator with the primary purpose to, or to attempt to do so, effect the conclusion of an agreement to sell and purchase, or hire or let, as the case may be, a property or business undertaking, including, if performing the acts mentioned in this subparagraph, a home ownership association, ...*
 - (vii) *renders any other service specified by the Minister on the recommendation of the Board from time to time by notice in the Gazette;*
- B. includes any person who sells, by auction or otherwise, or markets, promotes or advertises any part, unit or section of, or rights or shares, including time share and fractional ownership, in a property or property development;**

- C. includes any person who for remuneration manages a property on behalf of another;**
- D. includes a trust in respect of which the trustee, for the acquisition of gain on the account of the trust,...**”

The Act applies to property practitioners as defined and in the marketing, promotion, managing, sale, letting, financing and purchase of immovable property, and to any rights, obligations, interests, duties or powers associated with or relevant to such property.

The Bill specifically excludes :-

- a. a person who does not practice as a property practitioner in the ordinary course of business; where a natural person offers a property that belongs to him, for sale, in his personal capacity;
- b. an attorney or candidate attorney;
- c. a Sheriff of the Court when he or she performs any functions contemplated in (a) above irrespective of whether or not he or she has been ordered by a court of law to do so.

With respect to State owned (including Municipal) property, employees acting on behalf of the State to lease or sell or anyway encumber State land are regarded as property practitioners.

The Authority

The Bill establishes the Property Practitioners Regulatory Authority, known as the Board of Authority, that will replace the Estate Agency Affairs Board.

The Authority will regulate compliance with the Act as well as the conduct of the property practitioners in dealing with the consumers in so far as marketing, managing, financing, letting, renting, hiring, sale and purchase of property. The Authority must also implement measures to ensure that the property sector is transformed in accordance with Governments Radical Economic Transformation.

The Office of the Ombud

Section 20 of the Bill introduces the establishment of the Office of the Ombud. This is a welcome introduction as complaints are taken away from the Regulatory Authority to an independent body.

The effect of The Property Practitioners Bill on the current SA Property Market

by Fathima Khan - eThekweni Metropolitan Municipality



The Property Sector Transformation Charter applies to all property practitioners. All organs of state are obliged to utilize the services of only BEE compliant property practitioners.

The Ombud must consider and dispose of complaints lodged in terms of prescribed process, in respect of the financing, marketing, managing, letting, hiring, sale and purchase of property. The Bill also allows for a mediation and adjudication procedure.

Appointment of Inspectors

The Bill empowers inspectors of the Regulatory Authority with the power to enter any premises (other than the private home) of a property practitioner and to seize certain articles, without a warrant.

This is seen as a potentially dangerous power to put into the hands of inspectors who may abuse the power.

"The Authority may appoint inspectors to determine whether the Act is being complied with. The inspector may at any reasonable time and without prior notice, conduct an inspection and may without a warrant:

- (a) *enter and inspect any business premises of a property practitioner;*

- (b) *require the property practitioner, manager, employee or an agent of the property practitioner to-*
 - (i) *produce his or her fidelity fund certificate and/or any book, record, or other document related to the inspection and in the possession or under the control of that property practitioner, manager, employee or agent; or*
 - (iii) *furnish him or her with such information in respect of the fidelity fund certificate, book, record or other document at such a place and in such manner as the inspector may determine;*
- (c) *examine or make extracts from, or copies of, any such fidelity fund certificate, book, record or other document; and*
- (d) *seize and retain any such fidelity fund certificate, book, record or other document that may afford evidence of sanctionable conduct under this Act."*

The Fidelity Fund

The former Estate Agents Fidelity Fund will continue to operate under the name Property Practitioners Fidelity Fund. The running costs of the Authority including insurance premiums will also be paid from this fund.

The Bill specifies that the prescription period starts running from the date of rejection of the initial claim.

“No person may commence any action against the Authority for payment from the Fund later than three years that the Authority indicated that it rejected the claim.”

Fidelity Fund Certificate (FFC)

Every property practitioner must annually apply to the Authority for a FFC.

“No-one may act as a property practitioner unless he or she or it is in possession of a Fidelity Fund certificate, or if he or she or it employs any other person as a property practitioner, that person is also in possession of a Fidelity Fund certificate.”

Section 49 prescribes the instances where a property practitioner is automatically disqualified from obtaining a FFC by the Authority. Trading without the FFC is prohibited and any person who contravenes this requirement must repay any amount received as a result of any property transaction during such contravention.

Three new qualifying criteria for the property practitioner has raised much concern:

1. Possession of a tax clearance certificate – this requirement impedes upon Section 22 of the Constitution that provides that every citizen has the right to choose their trade, occupation or profession freely. A dispute with SARS may disqualify a property practitioner from obtaining a FFC thereby precluding that person from practicing his trade; or even worse, turning him into a criminal for practicing without the FFC.
2. being on the Treasury tender defaulters list as a provider disqualifies the practitioner. ; and
3. possession of a BEE certificate. The practitioner is automatically disqualified without the BEE certificate. The newly designated practitioners employed by the State will have to obtain the FFC.

Trust Account

Each property practitioner must open and keep one or more separate trust accounts and appoint an auditor. This includes

assessors, Estate Agents working in big estate agencies and registered valuers. Interestingly, valuers are already regulated under their professional body which is the Institute of Valuers.

Section 53(8) provides that the Minister may prescribe circumstances under which a property practitioner may be exempted from keeping a trust account.

This may be the saving grace for State employees now designated as property practitioners. The Minister will probably exclude practitioners employed on a permanent basis by the State.

Mandatory Disclosure Form

Mandatory Disclosure forms to sell or lease property must be obtained from the seller or landlord for both commercial or residential property. This disclosure form discloses all and any defects on the property. If a written disclosure is not included then it is deemed that no defects were disclosed in the agreement.

Drafting the Agreement

Section 67 of the Bill requires the seller to draft the agreement to sell. This is in contradiction to Section 83(8)(a) of the Attorneys Act 53 of 1979 which prohibits any non-attorney from drawing up or preparing any agreement relating to immovable property (except leases not exceeding 5 years).

Property Sector Transformation

The Property Sector Transformation Charter applies to all property practitioners. All organs of state are obliged to utilize the services of only BEE compliant property practitioners. The Authority is tasked with introducing measures to redress the imbalances of the past.

Thus far, the Bill has not taken an explicit view on how it intends to implement transformation. The regulator will have to provide solutions and practical interventions on the barriers to entry.

The Bill will need to be reviewed and amended to iron out some of the anomalies. [C](#)

Institutionalising Integrated Strategic Asset Management in Municipalities

by Emmanuel Ngcobo – iLembe District Municipality and Dr. Naren Ramsamooj – KZN Provincial Treasury

INTRODUCTION

The purpose of this paper is to explore the theoretical framework underpinning integrated strategic asset management practice in Local Government, and current processes and practices currently existing. The framework looked at is based on the international concept from the Australian Asset Management Collaborative Group's (AAMCOG) Guide to Integrated Strategic Asset Management (2012).

Asset Management in local government has its specificity primarily arising out of service delivery imperatives. This specificity is also significantly influenced by compliance to legal regulations to which local government is subject to. More importantly, the reported value of built assets across the country exceeds billions of rands. These assets are crucial for the nation to function optimally. Replacement of these built assets is an expensive and major undertaking and is not often widely considered, planned or budgeted for; neither can it be accounted for accurately; consequently an integrated strategic management of assets is critical.

This paper provides a contemporary, but brief, outline to assist in strategic asset management practice. The paper also emphasises the need to minimise risk, achieve value-for-money, and promote sustainability by articulating key strategies to assist in this process.

DEFINING CONCEPTS

Researchers define Asset Management “as a strategic and integrated set of comprehensive processes (including management, financial, operating, maintenance and engineering) to gain lifetime effectiveness, return from physical assets and utilisation while considering risks” (Schneider, et al., 2006; Woodhouse, 2013).

Asset management is the process of, planning, organizing, designing and controlling the acquisition, care, maintenance and refurbishment, and disposal of infrastructure and engineering assets to support service delivery. It is a systematic, structured process covering the whole life of physical assets.

Integrated Strategic Asset Management (ISAM) is multi-disciplinary in that it brings together strategic management, socio-economics, accounting, engineering, information technology, sustainability and human capital elements to form a holistic approach to the conceptualization, delivery and management of built assets. This approach recognises the combination of these elements into a greater whole highlighting the interrelationships and interdependencies inherent in its application. It focuses on the long-term direction

for overall management of infrastructure and engineering assets, while considering the immediate operational matters for sustainability. The paper provides a basis for decision-making and implementation of integrated asset management.

Integrated Strategic Asset Management seeks to optimise the service delivery potential of assets and to minimise related risks and costs and ensure positive enhancement of natural and social capital over an asset life cycle. Good governance and the intelligent deployment of business systems, processes and human resources are key aspects of this endeavour (AAMCOG Guide, 2012).

Business Case: Implementing an Integrated Strategic Asset Management (ISAM) Strategy

The complexity of the current operating environment has seen a shift from reliance on individual agencies who work in silos to manage assets. Instead a holistic integrated or collective approach to create collaborative synergies in asset management has taken precedence.

The International Standard for Asset Management provides an overview of principles, concepts, attributes and capabilities of assets, asset management and asset management systems.

PRINCIPLES OF STRATEGIC ASSET MANAGEMENT

The following principles guide how Strategic Asset Management integrates with broader government, society, stakeholder engagement and organisational planning:

- Assets exist to support service delivery.
- Agencies should manage assets consistent with whole-of-government policy frameworks and take into account whole of life costing, future service demands and, balance between capital expenditure and maintenance requirements.
- Asset management decisions should holistically consider sustainability outcomes: environmental, social, economic and governance.
- Governance arrangements should clearly establish responsibility for functional performance of, and accountability for, the asset and service delivery (AAMCOG Guide, 2012).

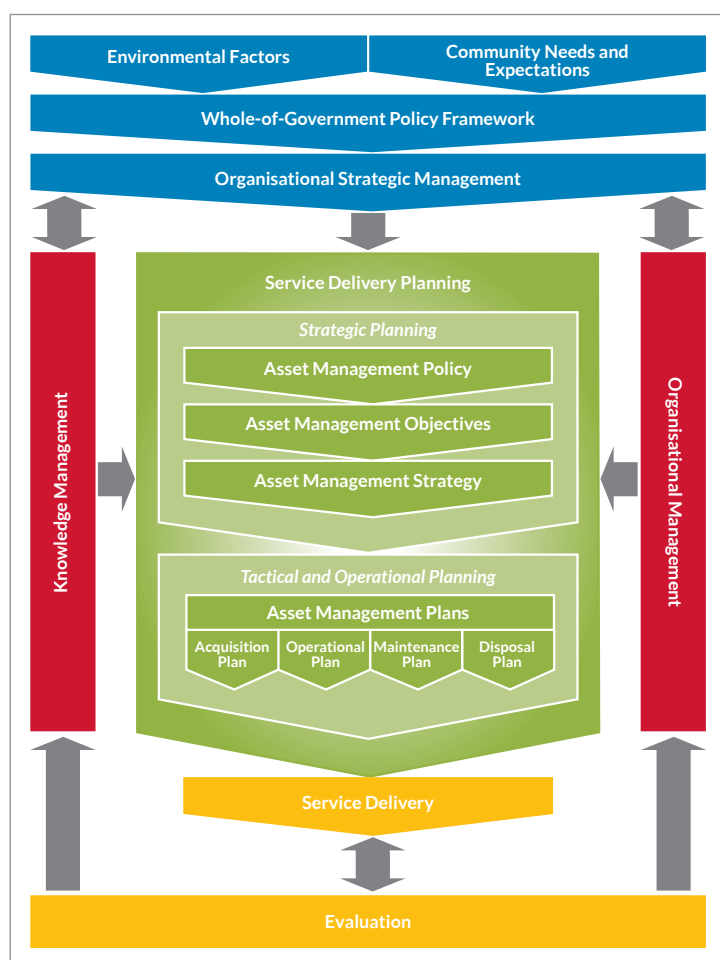
The AAMCOG Guide to Integrated Strategic Asset Management (2012) is an integrated approach incorporating the following key elements:

- **Whole of life asset management:** Requires that organization-wide decisions and actions across the entire lifecycle of the asset from design to disposal be considered.
- **Expanded governance arrangements:** Assets are now owned, governed and operated by an expanded set of decision-makers (AAMCOG Guide, 2012).

INTEGRATED STRATEGIC ASSET MANAGEMENT (ISAM) FRAMEWORK

The following framework reflects the increasingly complex, collaborative and interconnected processes which government and its agencies need to take into account when delivering services. Figure one below depicts an ISAM Framework:

Figure one: Integrated Strategic Asset Management (ISAM) Framework



Source: AAMCOG Guide to Integrated Strategic Asset Management Version 2.0. 28 March 2012

Whilst space constraints preclude a detailed discussion of each process illustrated in Figure One above, it is instructive to discuss key elements in a measure of detail with no attempt made to dilute the importance of the other elements of the framework:

- *Organizational Strategic Management*
- *Service Delivery Strategic Planning*
- *Service Delivery Tactical and Operational Planning*
- *Organisational Management*

ORGANISATIONAL STRATEGIC MANAGEMENT

Organisational Strategic Management gives effect to whole-of-government policy through service delivery. This involves considering the following components:

- Service delivery strategy and implementation planning, including risk identification, whole-of-life operation and maintenance of the assets
- A needs assessment and evaluation for new or reused built assets
- Requisite budgetary considerations, monitoring, and value-for-money evaluation
- Organisational capability maturity including skills capacity, expertise, and knowledge
- The ability to access and leverage existing social and organisational relationships; and
- The local environmental context (physical, social and political) (AAMCOG Guide, 2012).

SERVICE DELIVERY STRATEGIC PLANNING

A Service Delivery Strategy translates the broad aims of an organisation into specific service outcomes to satisfy community needs and obtain value for money.

The service delivery strategy acknowledges the high level of inter-connectedness between both the core stages of the service delivery process and the various stakeholder components. Service delivery rarely occurs through a single-agency or 'siloed' approach. The increasingly complex nature of services required and inter-dependencies between stakeholders, calls for more cooperative and innovative planning both within and among organisations.

To assist in the achievement of value for money service delivery outcomes a number of aspects need to be considered including:

- intra- and inter-agency planning to facilitate seamless and complementary delivery of all municipal services
- alignment of policies, budgetary priorities and resource allocation with the overall strategic direction of service delivery
- challenging accepted assumptions and practices
- considering organisational capability including skills, expertise and knowledge
- examining new ways of thinking and creative responses provided by integrated information systems; and
- utilising business processes and knowledge-based decision-making in the evaluation of service delivery options.

An Asset Management Policy is the translation of the Organisation's Strategy for the process area of Asset

Institutionalising Integrated Strategic Asset Management in Municipalities

by Emmanuel Ngcobo – iLembe District Municipality and Dr. Naren Ramsamooj – KZN Provincial Treasury

Management; as such it is based on the Organisation Policy and Objectives. It has to be consistent with the overall Municipal Policy Framework and the Objectives, and has to help to satisfy the Community needs and expectations.

The Asset Management Strategy (Organisation's Service Delivery Strategy) follows the specifications of the Asset Management Policy and sets out activities, which help to achieve the Asset Management Objectives. In essence it also supports the Organizational Strategy and the achievement of the Organizational Objectives.

How an organisation's Asset Management responds to Community needs and expectations is guided by the Asset Management Strategy which outlines the development of an asset portfolio, risk management strategies and asset performance measures (AAMCOG Guide, 2012).

THE ASSET MANAGEMENT STRATEGY:

- outlines how the organisation's asset portfolio will support its service delivery
- develops an asset portfolio to support service delivery
- sets asset management priorities
- undertakes gap analysis to identify difference between the existing and required assets
- identifies asset-related risks which may potentially affect service delivery
- sets asset performance levels needed to achieve efficient service performance
- provides the basis for the more detailed Asset Management Plans (acquisition plan, operations plan, maintenance plan, and disposal plan)
- meets international and national Standards for Asset Management (AAMCOG Guide, 2012).

SERVICE DELIVERY TACTICAL AND OPERATIONAL PLANNING

The implementation of an organisation's asset management strategy finds expression in Service Delivery Tactical and Operational Planning. The asset management life cycle comprising acquisition, operations, maintenance and disposal plans underpinning the asset management strategy detail how the organisation will effectively and efficiently manage its assets across their full life-cycle to achieve service objectives.

SPECIFIC ACTIVITIES INCLUDE:

- Acquisition plan: decisions to acquire assets are based on consideration of options including non-asset alternatives, risks, life-cycle costs, and are demonstrably linked to an organisation's service delivery requirements, budgeting

processes, and work schedules.

- Operations plan: asset condition and performance is actively monitored and managed and operational costs are accounted for in line with clearly defined responsibilities and standards.
- Maintenance plan: planned and unplanned maintenance occurs and optimises the useful life of assets and the achievement of service delivery needs and performance standards established within the operations plan.
- Disposal plan: Appropriate disposal strategies are developed & implemented for surplus assets based on a consideration of alternatives including non-disposal options. Where appropriate, disposal activities focus on optimising the financial return on functionally inadequate or under-utilised assets including funds available for subsequent capital reinvestment (AAMCOG Guide, 2012).

SERVICE DELIVERY

Service delivery comprises the actual provision and maintenance of services, in accordance with the strategic and tactical plans, and the operational management. Service delivery activities would generally comprise the creation, maintenance, renewal/upgrading and disposal of the assets but may also include operational activities.

For example a building comprising a sports centre would require ongoing expenditure on maintenance and upgrade of facilities as well as expenditure on operating activities such as staff, chemicals and utilities. For optimal service delivery, clear assignment of responsibility and accountability should be established for each asset and its related operations. This includes the identification of assets, the capture of information and the assessment of performance against the agreed level of service (AAMCOG Guide, 2012).

ORGANIZATIONAL MANAGEMENT

Managers at all levels need to be proactive in their support for strategic asset management to enable its effective integration into organisational structures, and to optimise service and asset management outcomes.

A challenge for strategic asset managers is to motivate employees to align their individual goals with organisational and asset management objectives. They therefore need the personal and social competence to lead successfully, as well as the professional skills and techniques needed for their own jobs.

Sometimes an organisation has to change its culture, aspects of work or employee behaviour to achieve corporate asset management goals. The transition is called change management and needs to be led from the top of an organisation.

This integrated approach requires an ability to layer traditional management and leadership skills on top of emergent and necessary cross-boundary capacities and capabilities. To achieve this, organisations will need to audit their current skill sets to identify any gaps and the resources required.

Furthermore 'territorial mentality' between Technical & Financial Municipal Spheres pertaining to Assets, which typically is quite prominent within Municipalities, needs to be addressed as part of an integrated approach to institutionalize asset management practice.

An organisational ethos that promotes optimal asset management outcomes often requires significant and deliberate cultural change. Pushing cultural boundaries may be necessary to embed a sustainable asset management culture (AAMCOG Guide, 2012).

IMPLEMENTATION REQUIREMENTS, OBJECTIVES AND STRATEGIC ALIGNMENT

According to van Heerden and Vlok (2015: 83-97), when the intended integrated strategic asset management system is established or reviewed, it is important to ensure its application is systematic, systemic, consistent and aligned with the internal and external context of the organization. Section 4.1.1 of ISO 5500 stipulates the following benefits of asset management (British Standard Institute, 2014):

- Value creation
- Synergies through creating alignment
- Establishing leadership
- Assuring that asset will perform optimally

RESULTING IMPACT OF A HOLISTIC PHYSICAL ASSET MANAGEMENT STRATEGY

It has been proven by numerous organizations, both in the private and public sector that extensive benefits can be realized through improved asset management by continuously focussing on the whole life cycle value realization (Woodhouse, 2013). The implementation of an integrated asset management strategy using international standards of best practice, by obtaining the best-in-class status will reap significantly larger benefits from improved maintenance practices than those organizations that are still classified as average.

These benefits include:

- Substantial improvement of asset reliability
- Lower costs of servicing, repairs, and maintenance of assets
- Greater uptime and availability
- Less downtimes and outages
- Higher return on assets as well as in invested capital

Additionally, this implementation procedure will allow the organization to adhere to the following objectives which are expected for the future:

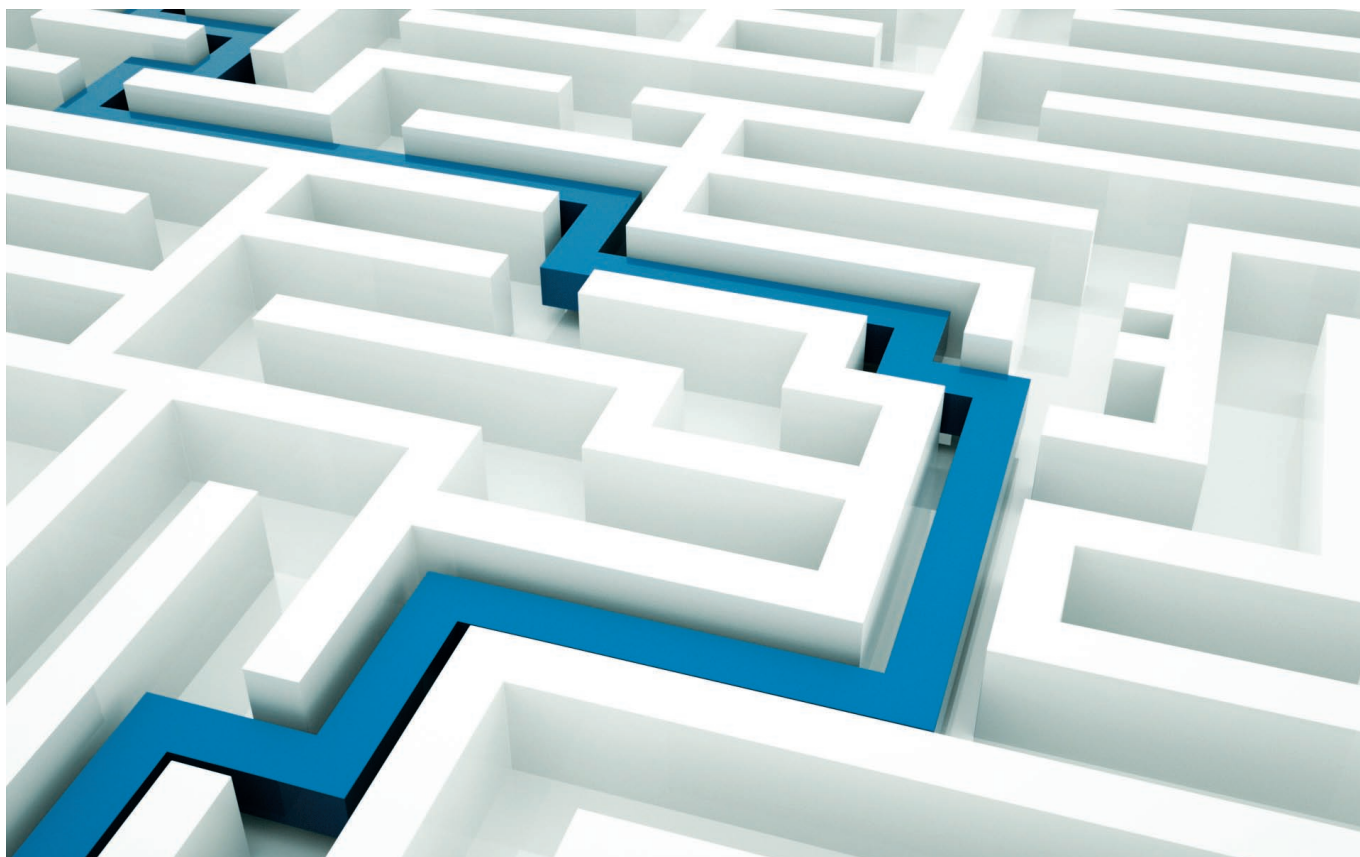
- The organization will be able to develop cross-functional teams, consisting of operators, maintainers, engineers and managers which directly add value to employee ownership and performance as well as equipment performances.
- The organization will be able to be proactive in a dynamic environment and move away from the break-fix approach.
- The organization will be able to successfully manage risks, improve service delivery and outputs, make informed asset investment decisions, improve its financial performance and demonstrate its social responsibility as well as compliance.
- The organization will be able sustain service delivery over time while improving the organization's reputation.
- The process of creating a holistic asset management system will bring new perspectives to the organization and new ideas on value creation from the use of assets. These perspectives will stimulate improvement in other organizational functions (e.g. acquisitions, finance, information technology and human resource) (ISO 55001, section 2.5.2, p. 5).
- Top management will be able to recognize the need to improve communication and interaction across functions which will ensure that assets are managed in an integrated manner. Thus the asset value is said to be improved (ISO 55001, section 2.5.2, p. 5).
- Management will be able to communicate with employees, suppliers and contracted service providers which will increase the improvements on quality of asset information and create asset awareness amongst individuals (ISO 55001, section 2.5.2, p. 6).
- The organization will be aware of robust financial information, which is based on integrated processes between the asset management and finance functions. Therefore, this will allow the organization to improve assessment of financial position and funding requirements in relation to assets (ISO 55001, section 2.5.2, p. 6).

According to Aberdeen (2008), organizations that are implementing or aim to implement integrated asset management programs are better positioned to proactively react to environment dynamics, increasingly stringent regulatory pressures, and demanding citizens (van Heerden and Vlok, 2015: 83-97)

When referring only to these mentioned benefits, it is clear that this approach will aid in establishing a constructive working environment conducive to achieving quality driven success, overall performance and financial success.

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The here-in mentioned international theoretical framework provides a basis for the institutionalisation of asset management in municipalities, the current state of municipal assets and management thereof indicates that the concept of asset management needs to be institutionalised so its becomes a day-to-day operations activity.

CONCLUSION

Integrated strategic asset management has never been more crucial or challenging. Modern societies rely on a well-connected system of purposeful and functional assets to maximise their wellbeing. Economic modelling demonstrates that developing and replacing existing and often aging public assets is an increasingly expensive process, drawing on already constrained budgets. Coupled with this economic imperative is a growing appreciation of the importance of embedding a consideration of the sustainability of the environment in which assets are located. Together these elements call for a more holistic conceptualisation of local government assets and how they combine to provide a comprehensive system of service outcomes.

This paper has presented an overview of a contemporary set of practices to assist those responsible for the management of assets. Rapid advances and evolving knowledge and

technologies mean that asset management practice, and therefore this paper, will be subject to continued evolution and change. 

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Innovative Debt Collection Strategies to Reduce Long Outstanding Municipal Debt

by Daniel J de Lange, Executive Local Government EOH

1. INTRODUCTION

The total outstanding municipal consumer debt amounted to R128.3 billion in the third quarter (31 March 2017) of the 2016/17 financial year, compared to R117.7 billion which was reported in the second quarter according to National Treasury reports. The municipal debt has been increasing significantly every year which is unsustainable, threatening the financial viability of many municipalities.

The recent Constitutional Court ruling on “historical debt” has surprised and shocked many municipal administrators who will have to review policies and procedures to ensure that all municipal debt is collected before a Rates Clearance Certificate is issued in respect of properties being sold.

Innovative debt collection and revenue enhancement strategies will have to be developed to deal with the existing and new challenges that now confront municipalities.

This article will focus on the Municipal Revenue Management and Debt Collection value chain and propose appropriate strategies to deal with some of the debt collection challenges.

2. CONSTITUTIONAL COURT RULING AND IMPLICATIONS FOR MUNICIPALITIES

The Constitutional Court did not mince its words when it ruled on the issue of historical debts, which it stated only exist only because municipalities have not recovered them.

This while the statute expressly obliges every municipality to collect “all money that is due and payable to it” and to implement a credit control and debt collection policy. The Court pointed out that a municipality has a duty to send out regular

accounts, develop a culture of payment, disconnect the supply of electricity and water in appropriate circumstances, and take appropriate steps to collect amounts due. In addition, the Court reminded municipalities that for the sake of service delivery, it is imperative that municipalities do everything reasonable to reduce amounts owing. The Court continued stating that the “statute does indeed provide a full-plated panoply of mechanisms enabling efficient debt recovery in the cause of collecting publicly vital revenue. Here the parts of section 118(3) that are uncontested are integral.

These are the charge on the property against the existing owner, and the municipality’s preference over registered mortgagees. **During argument the municipalities conceded, correctly, that the provision enables them to enforce the charge against the existing owner up to the moment of transfer – and to do so above and before any registered mortgagees.**

The Constitutional Court advised that where there are unpaid municipal debts, the charge enables them to slam the legal brake on any impending transfer by obtaining an interdict against transfer.”

The Constitutional Court ruling describes the municipal debt collection legal environment succinctly, and suggests that municipalities have a favourable legal environment to be successful at collecting outstanding debt.

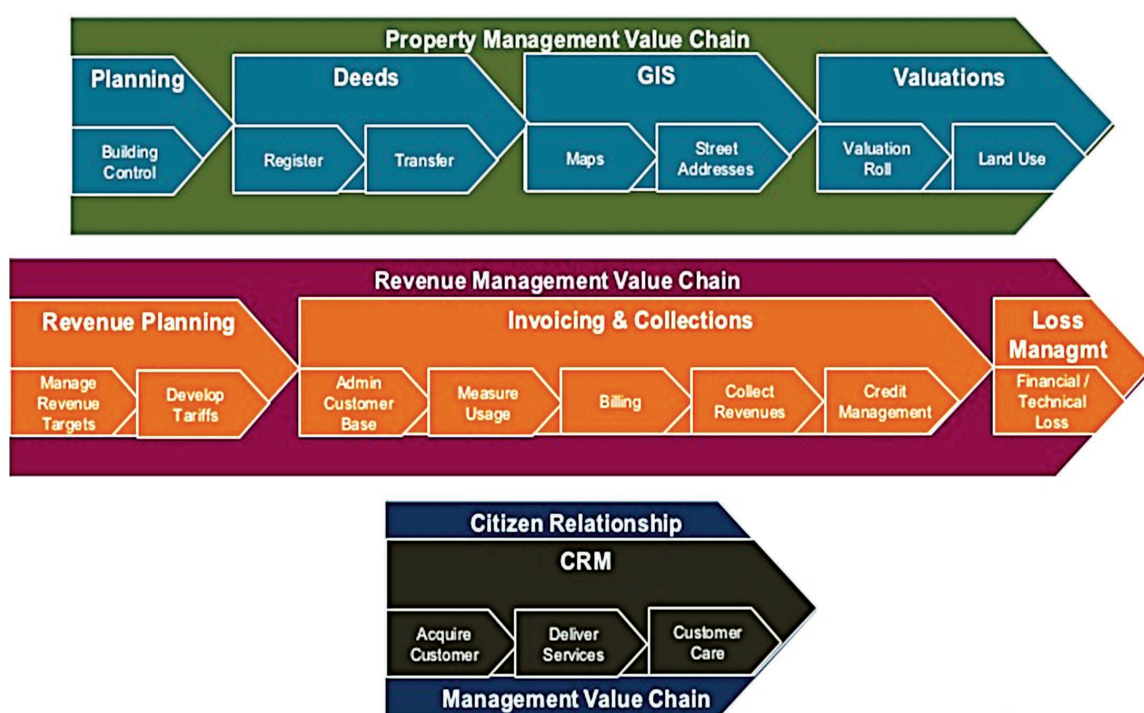
So why are municipalities unable to stem the tide of ever increasing, long outstanding municipal debt? If it is accepted that the legal environment, which includes legislation, policies and by laws, is adequate, the focus should then be on the people, collection processes and technology and the application of these policies and by laws.

3. DEVELOPING APPROPRIATE DEBT COLLECTION STRATEGIES

3.1 Single Centralised Collection Management Division from the Start of Debt Collection Process to Recovery and to the Write Off of Irrecoverable Debt

The Revenue Management and Debt Collection Division (RMADCD) has traditionally been placed within the Finance Department, which enables Credit Control and Debt Collection strategy and policy to be deployed efficiently. The RMADCD operating model provides for centralisation and specialization of functions relating to the Revenue Management value chain as detailed below:

Municipality Process enabled by EOH



Maybe the time is right to relook at the way in which the Revenue Management Divisions are organized and review operating models that arose out of tactical solutions to regulatory or business changes. Organisational design must be based on the functions to be performed and should promote specialization, bearing in mind span of control and segregation of duties. One of the basic audit objectives, when the organization framework is reviewed, is the proper segregation of duties. Though it is basic, it is by far the most potent as it ensures that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business.

Best practice Collection Departments tend to have the following characteristics:

- centralisation of the collection function
- early segmentation of debtors who “can’t pay” from those who “won’t pay”
- use of online customer information systems and credit reference agencies to provide payment histories and build a debtors payment and risk profile

Innovative Debt Collection Strategies to Reduce Long Outstanding Municipal Debt

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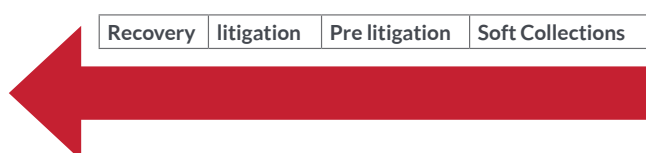
- early determination of a realistic payment plan
- management ensures that collection strategies and policies are constantly updated and effective
- use of automated collection systems with decision support information to prioritise debts and determine the appropriate collection strategy
- Debtor profiling and use of “behavioural” and “collection scoring” to segment customer-bases and determine the escalation process for each debt
- Segmentation of debtors book to determine different collection approaches for different ages of debt
- Monitor cost effectiveness of collection actions versus recovery
- Analysis of collection activities, amounts collected and collection costs to determine most successful approaches to debt collection
- Negotiation of individual voluntary arrangements.
- Using specialized external debt collection agencies for long outstanding debt

3.2 Phased Management in terms of Policies and By Laws

The right communications and actions in early delinquency stage are different from those to be followed when litigation is required. The pressure applied must be progressive and must comply with the legislative and policy framework.



Pressure



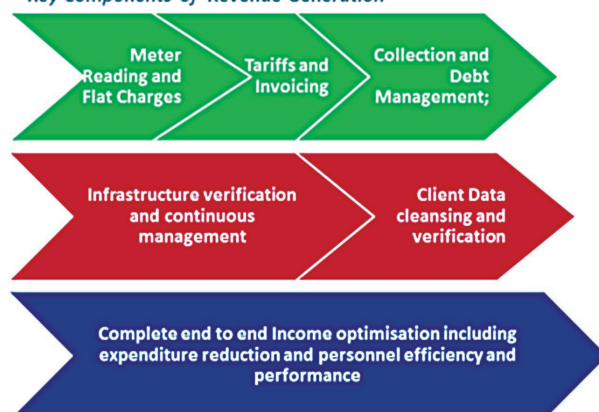
During the early phase of dealing with delinquent debtors, the focus should be on working out a solution with the customer, giving high priority to the protection of customer relationship. The objective should be to reduce the number of cases moving to the litigation stages, thereby significantly reducing the cost of debt recovery. The debt collectors must be aware that they must protect the asset of the municipality, and therefore in the later stages the focus shifts from protecting customer relationships to protecting assets.

3.3 Dedicated Collection Staff and Best Practice

It is essential to recruit and train dedicated staff in the Revenue Management Division who are able to specialize in a specific area, for example dealing with litigation or soft collections. In most municipalities, the end-to-end Revenue Management process is captured in a visual workflow map that records all the decision points, criteria and gates needed to convert a strategy into a set of policies and procedures to be followed.

Income Optimisation

Key Components of Revenue Generation



3.4 Personnel and Capacity Planning

It is technology that makes things possible however it is people that make things happen. Payroll costs are the most expensive item in the RMADCD'S budget. It is therefore important to recruit the

right number of experienced staff to implement the collection and recovery strategies. Training programmes for personnel and the right combination of smart technologies will improve effectiveness and reduce the cost of collections.

Determining Key Performance Areas and collection targets for debt collectors will simplify performance measurement. Through performance management and monitoring whether targets have been achieved, underperformance can be identified and appropriate action can be taken. It also enables management to award incentives to top performers.

Yes, it is important to measure and motivate debt collection staff. Management should continually assess a debt collector's performance and identify opportunities for improvement in areas such as use of technology, compliance with strategy, communication skills and achievement of targets.

3.5 The Right Offer to the Right Customer at the Right Time

Segmentation using customer account analytics generally refers to the process of dividing a specific population into different subsets according to predefined criteria. The Debtors age analysis can be segmented into the following major subsets:

- Handed Over Indicator – Debtors who have been handed over to attorneys for collection;
- Assistance to the Poor (ATTP) Indicator – Debtors who qualify for (ATTP, as per the ATTP Policy;
- Debt Relief – Debtors who qualify with minimum criteria for debt relief;
- Government account Indicator – National and Provincial Departments;
- Municipal account Indicator;
- Business/Industrial
- Dispute or Grace Period – Accounts where Municipality have entered into an agreement with the client or that are in dispute by the client; and

- Other (Normal) – Debtors whose accounts do not comply with any requirements of the above areas. Segmentation enables the debt collector to offer the right customer the right arrangement at the right time.

3.6 Pool vs Ownership

In recent years, it has been established that the approach of dynamically distributing accounts to a pool of debt collectors provides for increased productivity. The pooling approach, linked to individual collection targets for debt collectors and incentives for meeting targets, results in successful collections, improved cash flows, and money in the bank.

It is also common practice to assign debtors accounts to collectors for the full debt collection cycle. This approach ensures that collection agents build a relationship with the customer.

3.7 The Power of Technology and Multiple Contact Channels

IT Innovation in the field of debt collection is essential to reduce the cost of debt collection. The features of a good debt collection software system include:

- The ease with which you can integrate that platform with the rest of the business.
- The speed with which you can adapt, experiment, evolve and refine in the field of data analytics and act on those insights
- Flexibility. IT must be flexible enough to work with non-standard data fields. It can also work out which segments are likely to prove profitable
- It is a fact that the focus on debt collections is becoming ever more a volumes operation, given the cost of collections and payroll costs. The overhead in managing this cost requires either: large volume of accounts and economies of scale or market-leading

Innovative Debt Collection Strategies to Reduce Long Outstanding Municipal Debt

by Daniel J de Lange, Executive Local Government EOH

analytics that enable you to price better and specialise. Both options require flexibility in technology and the use of multiple contact channels to interact with debtors as illustrated below.

Employ multiple contact channels



3.8 Centrally defined Communication Tools and Communication Scripts

The object of debt collection is to obtain an agreement to repay the overdue amount followed by fulfilment of the agreement. Repayment agreements can take many forms depending on delinquency. The agreement terms should be defined centrally and all communication should comply with the guidelines. Debt collectors contacting customers represent the municipality and should be trained to handle customers' arguments effectively. Scripts should be created that take account of the customer's profile and level of delinquency as well as the relevant legislation.

4. Summary and Conclusions

Revenue enhancement including debt collection and debt recovery programmes in the municipal environment should, in the light of increasing outstanding debt and the recent Constitutional Court decision, receive urgent attention.

There is now a need for municipalities to take a long hard and look at current revenue management value chains, policies and practices and to initiate innovative debt collection strategies to optimize revenue. [C](#)

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Every municipality and municipal entity has a chart of accounts that lists all accounts used

in the general ledger. The ledger is used by municipal accounting software to aggregate information into an entity's financial statements. mSCOA targets municipal operations by enforcing a standardisation of municipal account numbers and descriptions in their charts mSCOA.

The mSCOA legislative reform is far-reaching, enforcing the standardised collection of local government transactional information around seven key segments and 15 fundamental business processes. According to the South African National Treasury, mSCOA is set to benefit municipalities in many ways:

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- Deeper analysis of sector comparison
- Uniform recording of transactions
- Uniform data sets
- Standardisation of key business processes
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Reviewing and Applying Revenue Management Policies to Improve Debt Collection

by Daniel J de Lange, Executive Local Government EOH

1. INTRODUCTION

According to National Treasury reports, the aggregate municipal consumer debt amounted to R128.3 billion in the third quarter of the 2016/17 financial year, compared to R117.7 billion which was reported in the second quarter.

“It needs to be acknowledged that not all the outstanding debt of R128.2 billion is realistically collectable, as these amounts are inclusive of debt older than 90 days (historic debt that has accumulated over an extended period), interest on arrears and other recoveries.

“If consumer debt is limited to below 90 days, then the actual realistically collectable amount is estimated at R24.1 billion,” National Treasury said. This means that only an estimated 19 percent would be collected, which is in line with debt collection industry norms when dealing with long outstanding debt.

SALGA is advocating that municipal debt should be written off and strict measures for a better collection system put in place.

Simphiwe Dzungwa, SALGA'S executive director, said at the Business Day Dialogues, presented with SALGA in Johannesburg, that some of the municipal debt is historical debt. The largest component, which accounted for 67.1% or R86bn, related to households.

Dzungwa told Business Day that prospects for the money being recovered are poor, and that SALGA feels some of the historical debt should have been written off, as the debt has in many cases prescribed. He said SALGA would present this on a number of platforms, engage, “and lobby that we write this off. We are putting a rider that writing [it] off should be accompanied by strict measures being put in place

for a better collection system”. He added that pre-paid meters would be one of those measures.

Municipalities have at their disposal a framework of debt collection and credit control legislation, regulations and policies which should give them the edge over the private sector when collecting outstanding debt.

So why is outstanding municipal debt increasing at an alarming rate, and what is meant by a better collection system?

2. Some of the Key Challenges Facing Municipalities

Some of the key challenges facing Local Government management in achieving financial sustainability and growth are:

Income	Completeness, Accuracy, Reliability
Expenditure	Value for Money, disclosure, irregular expenditure
Outstanding Debt	Exponential Growth despite favourable legislative environment
Infrastructure	Aging assets not aligned to Customer data
Client data	Outdated and not aligned to infrastructure
Communications	Internal Silo walls and Communication with community only when enforcement is necessary
MIS	All data in various storage points and diverse formats
SDP	Missing the opportunity to exploit the full potential of the SDP
Control	Internal controls not effective

It is within this environment that municipalities are struggling to maintain debt collection value chains, resulting in the growth of municipal debt.

The elements of the Revenue Value Cycle are all interdependent and integrated, and should continuously be reviewed to ensure that people and technology are achieving desired outcomes and targets. The methodology is depicted in the picture below, starting from the bottom, moving upwards:

eROMS

EOH

Base up Approach



3. Legislative Environment

The focus of this article is the importance of reviewing and application of the Revenue Management Policies to improve municipal debt collection processes.

According to section 7(1) of the Municipal Budget and Reporting Regulations, a municipality must prepare a range of budget related policies, or any necessary amendments to such policies, for tabling in the municipal council by the deadline specified by the mayor in terms of section 21(1) (b) of the MFMA. A list of the principle budget related policies is included in the note to section 7 of the Municipal Budget and Reporting Regulations.

The Revenue Management policies include:

- Tariff policy;
- Rates policy;
- Credit Control and Debt Collection policy; and
- Indigent Support policy.

The municipality should include a section in its budget document listing the budget related policies that are in place, stating when they were last updated and where a member of the public can easily

access them. If the municipality intends amending any of its budget related policies, such amendments must be attached as annexures to the budget document.

In terms of section 17 (3) (e) of the MFMA, any proposed amendments to the budget related policies must be tabled with the annual budget.

4. Policy Review Methodology and Framework

It is important that the policies are reviewed within a structured framework and subjected to a tried and tested checklist. The key questions that need to be answered during the review include:

- Does the policy achieve its stated purpose?
- Are the outcomes and/or principles and objectives expressed in the policy still consistent with local government legislation, regulations, High Court rulings by-laws, strategic plans, delegations and financial plans?
- Is the policy consistent with best practice guidelines?
- Have there been any legislative changes that impact on the policy?
- Is the policy being complied with? If not, what evidence is available to substantiate this?

Reviewing and Applying Revenue Management Policies to Improve Debt Collection

by Daniel J de Lange, Executive Local Government EOH

- Are employees clear about their roles and responsibilities in the implementation of the policy?
- Are there any barriers to compliance, particularly at an operational level?
- Are the supporting procedures/guidelines consistent with the policy and effective in ensuring compliance?

The review team must assess the policies by their effectiveness, completeness, consistency, clarity and legality. The proposed revisions must be in the form of recommendations which will have to be approved by the Council.

Detailed below are just two aspects which illustrate the need to approach the reviewing of municipal policies in a structured manner.

4.1 Objectives, Principles, Roles and Responsibilities and Content

During a desk top review of a number of municipal policies it was evident that it has become standard practice for municipalities to include in their policy documents the objectives to be achieved by the application of the policy, the principles to be applied as well as the roles and responsibilities of the political representatives, officials and stakeholders.

The inclusion of these aspects makes the policy more user friendly for the municipal customers and promotes a better understanding of the need for the policy.

4.2 Rates Clearance Certificates and Historical Debt

To illustrate the importance of scanning for recent Court cases dealing with municipal debt issues, reference is made to the CONSTITUTIONAL COURT OF SOUTH AFRICA -Case CCT 283/16, 293/16 and 294/16 dealing with historical municipal debt, which was decided on 29 August 2017.

The Constitutional Court declared that upon transfer of a property, a new owner is not liable for previous debts under section 118(3) of the Local Government: Municipal Systems Act. The section provides that an amount due for municipal services

rendered on any property is a charge upon that property and enjoys preference over any mortgage bond registered against the property.

Practically, this means that the Municipalities must collect monies owed to it from the entity and/or owner of the property timeously and, if it wishes to rely on the property as security, this must occur prior to transfer of the property to a new owner.

An extract from the Constitutional Court ruling goes to the heart of the matter **“Start with this: as the Minister rightly noted, historical debts exist only because municipalities have not recovered them.** This while the statute expressly obliges every municipality to collect “all money that is due and payable to it” and to implement a credit control and debt collection policy.”

As this Court pointed out in *Mkontwana*, a municipality has a duty to send out regular accounts, develop a culture of payment, disconnect the supply of electricity and water in appropriate circumstances, and take appropriate steps to collect amounts due. In addition, for the sake of service delivery, it is imperative that municipalities do everything reasonable to reduce amounts owing. **And the statute does indeed provide a full-plated panoply of mechanisms enabling efficient debt recovery in the cause of collecting publicly vital revenue.** Here the parts of section 118(3) that are uncontested are integral. These are the charge on the property against the existing owner, and the municipality’s preference over registered mortgagees. During argument the municipalities conceded, correctly, that the provision enables them to enforce the charge against the existing owner up to the moment of transfer – and to do so above and before any registered mortgagees. And they were constrained to concede, also correctly, where there are unpaid municipal debts, that the charge enables them to slam the legal brake on any impending transfer by obtaining an interdict against transfer.

Add this: section 118(1) places municipalities on notice that a transfer within their jurisdiction is

pending. Because the provision embargoes each and every transfer until the municipality issues a clearance certificate for the last two years' debt, prospective transferors and their attorneys are obliged to notify municipalities of every impending transfer. Doing so is indeed indispensable and invariable. **This gives the municipality full power, and full opportunity, to enforce the charge against the existing owner for all recoverable debt, even beyond the last two years.**

In this way, all outstanding debt can be recovered, as a charge against the property, before transfer. Neat. This power does not improve with age. It is no jot or tittle better after transfer than before. **So why wait? If transfer nowise strengthens a municipality's position, why not act pre-transfer?** The municipalities and the Minister had no answer. Indeed, during oral argument, Tshwane conceded perforce and rightly that, should the Court find municipalities have ample power to recover outstanding debt from current owners, there would be little justification for making the charge survive."

It is clear that the Constitutional Court has a strong view that municipalities have adequate mechanisms which they must use to collect all outstanding debt due and payable to them, and has provided municipalities with advice on how to deal with historical debt.

Municipalities need to review their revenue collection and debt management policies with specific reference to the Constitutional Court ruling.

5. Summary and Conclusions

Municipalities need to take note of the Constitutional Court ruling as it will have a significant impact on the way that municipalities manage their municipal debt.

It is interesting to note that during the research stage of preparing this article, a number of municipalities are moving to combining the Customer Care and Revenue Management Policy with the Credit Control and Debt Collection Policy.

This practice could simplify the review process and avoid duplication of certain aspects in the respective policies. The Revenue Management policy review process should therefore focus on the Rates, Credit Control and the Customer Care and Revenue management Policies and By Laws which give legal force to the municipal policies

I believe that allocating more time and energy to reviewing of the Revenue Management Policies and providing assurance that they are consistently being enforced, will result in a significant improvement in debt collection and a reduction in outstanding municipal debt.

Solutions to develop revenue enhancement strategies in the broader sense and improve debt recovery are available.

The eRoms (EOH Revenue Optimisation Management System) end-to-end solution offering includes:

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- Managing, Monitoring & Reporting on Registered Debt Collectors
- Implementing a System (Technology) to support the project
- Communication & Change Management Strategies 

REFERENCES

Municipal Property Rates Act (Act 6 of 2004).
Municipal Systems Act, Act (No 32 of 2000).
CONSTITUTIONAL COURT OF SOUTH AFRICA -Case CCT 283/16, 293/16 and 294/16 dealing with historical municipal debt, which was decided on 29 August 2017.
Historical debt and clearance certificates: are we all unclear? Real Estate Alert Article published on 12 Feb 2016 by Nayna Parbhoo.
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SAIBA and CIGFARO MOU signing

KEMPTON PARK, 7 November 2017 - The Southern African Institute for Business Accountants and Chartered Institute of Government Finance, Audit & Risk Officers (CIGFARO) today signed a Memorandum of Understanding (MoU), confirming their commitment to jointly work to develop the accounting profession in South Africa.



SAIBA is a comprehensive and open professional body that produces high quality designations for accounting and finance professionals that are based on strict qualification, experience and assessment requirements, while CIGFARO is a professional body that plays a constructive role in the policy formulation process relating to Public Sector finance and related professions.

The agreement between the two bodies was signed by SAIBA Education Manager Shandukani Manyaka and CIGFARO CEO Abbey Tlaetsi and recognises the synergies that exist between the respective organisations. Under the agreement the two professional bodies have agreed to look at requirements allowing members of one body to access the other at discounted rates, cooperate on developing membership support and continuing professional development initiatives and liaise on technical matters.

On the one hand SAIBA has registered the designations of Business Accountant, Business Accountant in Practice, Certified Business Accountant and Certified Financial Officer on the National Qualifications Framework (NQF) by the South

African Qualifications Authority (SAQA). On the other hand, CIGFARO has the designations of Senior Associate, Associate, Licentiate and Junior available on the NQF Framework.

All these designations are awarded once a person has obtained underlying minimum academic qualifications as well as relevant experience.

Manyaka said SAIBA and CIGFARO have developed a very fruitful relationship through joint initiatives to strengthen the accountancy profession in the country over the last few years.

"We look forward to taking our relationship to the next level," he says.

Tlaetsi says the MoU provides the framework for regular sharing of information and will ensure that members derive the maximum benefit from both organisations' strengths as well as eliminate any duplications. "It will ensure that all the future professional development and support gaps are covered and that the two bodies efficiently complement each other," he adds. **C**

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KZN Branch Event – Asset Management

The Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO) in partnership with SALGA KZN hosted a highly successful asset management workshop on Wednesday, 08 November 2017 at the Botanic Gardens Conference Venue in Durban. The workshop which aimed to highlight and promote asset management procedures, compliance requirements and efficient management of municipal assets, had an overwhelming response from asset managers and officials from various municipalities within the surrounding region.



1. Asset Management Business Processes

Presented by Ms Nozipho Nkomo and Mr Linda Zondi of Camelsa Consulting Group (CCG Systems). Presenters highlighted the importance of asset management by first defining key concepts related to asset management. Delegates were informed that if a municipality decides not to implement good asset management practices, it risks deteriorating assets, poorly performing assets, asset failure, public health and safety liability, loss of financial and economic viability, and ultimately declining public confidence in the local government. CCG further discussed compliance requirements to various municipal policies and structures as well as the need to maintain an accurate fixed asset register. The key aspect of the presentation which was most beneficial to assist in efficient **integration and implementation within asset management was the unpacking of mSCOA requirements**, implications and best practices which is intended to allow municipalities to better plan, budget and report on asset management.

2. Maximising Municipal Returns on Disposal of Assets

Presented by Mr. Sipho Nzuza of Isivuno Auctioneers who has a wealth of experience spanning over 15 years in assisting municipalities gain maximum returns from asset disposals. Mr. Nzuza addressed the necessary legislative requirements that need to be adhered to according to the MFMA which governs the disposal of municipal capital assets. He further highlighted the **methods available for disposals** together with the relevant processes involved

that will generate maximum returns. He also brought attention to some of the challenges faced in terms of assets not being maintained and utilised or assets being kept for too long that hinders achieving maximum value for assets. He stressed an important point that no asset should be disregarded in terms of having the potential to generate returns especially old assets that are being replaced and encouraged asset managers to implement efficient controls and oversight over these processes.

3. Planning for Infrastructure verification and Conditional Assessments

Presented by Mr. Dasagen Pather from SMEC South Africa, who provided a holistic programmed and phased approach to infrastructure and asset verifications. A useful tool highlighted was the introduction of engagement workshops and GAP analysis. Mr. Pather explained that this exercise ultimately serves as an interim solution to reviewing the conditions and useful lives of the infrastructure assets after which field inspection/physical verifications are to be followed. He further highlighted the need for formation of asset tree structures that will enable for the accurate unbundling or componentisation of assets, in preparation for field inspections, all aimed at collating accurate information to be presented on the fixed asset register. Delegates were briefed on the process flows involved in data collection and field inspections with Mr. Pather commending the advancements in technological evolutions that have made these processes more efficient and reliable. **An important aspect that was addressed was the treatment of assets still under construction and those recognised as work in progress.**

From a recent opportunity to present on an international platform in Canada and having measured a comparison between asset management approaches between Canada and South Africa, Mr. Pather highlighted that South Africa


does in fact have systems in place that other nations can learn and benefit from and this was both motivating and encouraging for asset managers present to continue implementing good asset management systems.

4. Case Study : UGu District Municipality

Presented by Asset Manager Mrs Zandile Khumalo, who shared on the various operational dynamics implemented within the asset management department at UGu District Municipality that has enabled her and her team to function with efficiency, **which included formulating a departmental vision and mission**. She highlighted that the greatest catalyst for efficient performance is establishing strong team relationships with staff and creating an environment that seeks to empower and skill staff to be better at executing their responsibilities whilst also providing them the opportunity to upgrade themselves. She stressed that as managers it is important that information is communicated and knowledge is transferred to lower levels and encouraged managers to acknowledge and reward good performance as this will further cultivate a

culture to strive for maximum efficiency. She stressed the need for managers to be good managers instead of entitled bosses. She inspired delegates to take ownership of their departments and to be the drivers and initiators of accurate asset management.

5. Asset Management and GRAP Standards

Presented by Ms Nomalungelo Xaba of Bonakude Consulting, who highlighted the importance of understanding the definition and recognition criteria for assets to ensure that assets found in the fixed asset register have been correctly included and classified. She enlightened delegates on the **importance and relevance of asset management while making known the various GRAP standards** that are applicable to asset management. Ms Xaba thoroughly explained the accounting requirements and practices for the recognition, measurement, disclosures and disposal of assets. She also provided other important aspects that needs to be taken into consideration which included: capital commitments, audit considerations and amendments to GRAP. 



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CONFERENCE SPEAKERS



Panel Discussion: Leane Manas - Program Director, Dr Ramos Mabangu - FFC, Deputy Minister Andries Nel - Ministry of COGTA, Patrick Kgoale-Thaba Chewu Local Municipality & Dr Krish Kumar - CIGFARO President.



Cllr Johannes van der Merwe - MAYCO Member for Finance



Kimi Makwetu - Auditor General of South Africa



MOU Signing: Xolile George - SALGA Chief Executive Officer & Dr Krish Kumar - CIGFARO President



Themba Godi - SCOPA Chairperson



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Jay Naidoo - Motivational Speaker



Cllr Parks Tau - SALGA President

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Ms Harriet Kasirivu -
Chief Director Financial Governance



Mr Katlego Mahila -
Director Provincial Risk Management



Mr Ndlela Kunene-
HEAD OF DEPARTMENT NW FEED



Ms Wendy Nelson- MEC for FEED- NW



Delegates

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Limpopo	Ms JM Kodi	Student	Tshwane University Of Technology
Limpopo	Ms BC Sathekge	Student	Tshwane University Of Technology
Gauteng	Mr SM Maloa	Student	Tshwane University Of Technology
Mpumulanga	Mr NS Ngobeni	Student	Tshwane University Of Technology
Limpopo	Ms ME Macheru	Student	Tshwane University Of Technology
Limpopo	Ms MR Kokwele	Student	Tshwane University Of Technology
Limpopo	Ms E.T Siima	Student	Tshwane University Of Technology
Limpopo	Mr T Marema	Student	Tshwane University Of Technology
Limpopo	Ms NV Sevhwana	Student	Tshwane University Of Technology
Limpopo	Ms P.K Moseamedi	Student	Tshwane University Of Technology
Limpopo	Ms KE Semono	Student	Tshwane University Of Technology
Mpumulanga	Ms T Mokoena	Student	Tshwane University Of Technology
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Province	Member	Designation	Organisation
Western Cape	Mr AJ Morgan	Accountant	Knysna Municipality
Gauteng	Mr B Dlulane	Administrator: Finance	Council for Scientific & Industrial Research - GP
Western Cape	Ms NY Barnard	Accountant	Knysna Municipality
North West	Ms B Bekwapi	Officer	Dr Ruth S. Mompoti District Municipality
Free State	Mr MF Badenhorst	Trainee	Auditor General South Africa
Eastern Cape	Mr W Mahlasela	Officer: Supply Chain Management	Engcobo Municipality
Eastern Cape	T Dumezweni	Administrator	Engcobo Municipality
Eastern Cape	Mr SD Xinti	Officer: Supply Chain Management	Engcobo Municipality
Rest of Africa	Mr HT Dlamini	Officer: Accounts	Matsapha Town Council
Rest of Africa	Ms SJ Dlamini	Cashier	Matsapha Town Council
Limpopo	Ms RM Phasha	Clerk: Assets	Fetakgomo/Greater Tubatse Municipality
Northern Cape	Mr C Madzimore	Intern	Gamagara Municipality
GENERAL MEMBERS			
Province	Member	Designation	Organisation
North West	Mr BK Marumo	Director: Managing	Karabo Info Centre and Trading CC
Limpopo	Mr MJ Tshilwane	Specialist: Performance Management	Fetakgomo/Greater Tubatse Municipality
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Western Cape	Ms YB Landore	Clerk: Senior	City of Cape Town
Western Cape	Ms RR Solomons	Clerk: Principal	Knysna Municipality
Western Cape	Ms T Tyatyeka	Accountant: Budget	Knysna Municipality
Eastern Cape	Ms C Mgaju	Accountant: Expenditure	Engcobo Municipality
Eastern Cape	Mr A Jezile	Officer: Budget & Treasury	Engcobo Municipality
Gauteng	Mr TB Khunou	Director: Deputy	Department of Defence
Kwa Zulu Natal	Mr TL Mketsu	Chief Financial Officer	Greater Kokstad Municipality
Kwa Zulu Natal	Ms XP Mgaga	Manager: Supply Chain	Uthukela Water Company
Kwa Zulu Natal	Ms EN Dlamuka	Clerk: Assets	Ndwedwe Municipality
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Province	Member	Designation	Organisation
Eastern Cape	Ms N Ntshanga	Chief Financial Officer	Amathole District Municipality
Kwa Zulu Natal	Mr GIS Vilakazi	Officer: Senior	Newcastle Municipality
Western Cape	Mr JP Sass	Manager: Finance	Bergvliet Municipality
Limpopo	Mr A Pitjadi	Internal Auditor: Senior	Fetakgomo/Greater Tubatse Municipality
Limpopo	Ms MM Rabothata	Accountant: Senior	Greater Tzaneen Municipality
Kwa Zulu Natal	Mr SM Gumede	Specialist: Supply Chain	Harry Gwala Development Agency

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Rest of Africa	Ms KT Mabuza	Accountant: Expenditure	Matsapha Town Council
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Kwa Zulu Natal	Ms NP Nkabinde	Practitioner: Supply Chain	Ndwedwe Municipality
Limpopo	Mr RW Mokase	Accountant: Budget	LIM 368 Local Municipality
Eastern Cape	Mr S James	Lecturer	University of the Free State
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“MULTIPLE PURPOSES” is defined in the Local government: Property Rates Act 6 of 2004, (the Act), in relation to property, means property used for more than one purpose.

Very often, properties are used for multiple purposes. A typical example would be a farmer who uses his farm to grow his produce on part of his land; process the produce by making jams, canning, warehousing fruit or vegetable for onward transport, on another part of his land; and his residence may lie on the same farm.

In order to understand how to categorise this farm with its multiple uses, we have to understand the Act.

The Act enables the Municipality to levy rates on different categories of property which is determined according to the use of the property, the permitted use or zoning of the property OR a combination of use and zoning.

The categories of property attract a rate randage which is established during the Municipalities budget process. These categories are determined according to a list provided in

Section 8(2) of the Act. This list is not exhaustive however, as established in the case of **City of Tshwane vs Marius Blom & GC Germishuizen**.

Categories of owner attract exemptions, rebates and reductions as per Section 15.

If a property has multiple uses, like the example of the farm above, then Section 9 of the Act regulates the category. Section 9 states that:

“a property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for –

- (a) A purpose corresponding with the permitted use of the property;
- (b) a purpose corresponding with the dominant use of the property; OR
- (c) multiple purposes in terms of section 8(2)(i).”

In other words, the Municipality, in its Rates Policy, may choose the category:

- According to the zoning of the property. As in the case with the farm, the Municipality may choose to place it in the agricultural category according to the agricultural zone. This may not be wise as the Municipality will lose out on the rates it could derive from the industrial use on the property as well as the residential use;
- According to the dominant use of the property. In the case of the farm, the use that occupies the largest space would be the dominant use. More often than not, the agricultural use would be the dominant use. Here again, the Municipality would lose out on the additional rates. If the farmer uses tunnel farming and does not use too much space for growing his crops and requires much more space for the factories on the property, then the dominant use may be Industrial; **OR**
- According to the multiple purposes on the property. Each of the components are categorized separately and rated separately. This is a more fair and just system of categorizing property.

However, the Act allows the Municipality to choose either of the three methods.

If the Municipality chooses the category (c) Multiple Purposes, then it is bound to split the property according to its various uses and value and rate each use separately. It cannot toggle between zoning, dominant use and multiple purposes as it wishes.

Section 9(2) states that:

“A rate levied on a property assigned in terms subsection (1)(c) to a category of properties used for multiple purposes must be determined by –

- (a) Apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) Applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.”

In the case of **City of Johannesburg Metropolitan Municipality vs The Chairman of the Valuation Appeal Board and Connaught Properties** [2014] ZASCA 5, the court of Appeal

made it quite clear that if the multiple purposes category was chosen by the Municipality then it was bound to determine the rates categories into which those uses fell and to apportion the market value between them in accordance with Section 9(2) of the Act.

In this case, the Municipality’s Rates Policy provided that rateable property will be classified in a category and will be rated based on the zoning or permitted use of the property. It then went on to determine the different categories of property. Amongst the categories was “property used for multiple purposes”.

As a result, the municipality was bound to use Section 9(2) of the Act and split multiple use properties according to its uses. This it did not do. Instead it used zoning in determining its categories.

A ten story building “Park Mews” appealed against their category of Business and commercial. Park Mews had commercial on the ground floor and nine stories of residential units. Park Mews was zoned as “property used for multiple purposes” and it’s permitted use was commercial on the ground floor. The Municipality applied the higher rate randage, being business, and applied it to the whole building irrespective of the use.

The owners filed an objection and then an appeal to the incorrect category. The Appeal Board upheld the appeal and ordered the Municipality to split the valuation in accordance with section 9(2). The Municipality took this decision on review to the High Court and then on Appeal to the appellate division. The Court held that where a property is categorised as having multiple purposes, it is necessary for the municipal valuer compiling the valuation roll to determine and record those uses and to apportion the market value of the property between them.

If the Municipality wanted to apply the dominant use OR the permitted use of the property, it should not have created a category of “Multiple Use” in its rates policy. The moment this category is determined, Section 9(2) applies.

It is therefore very important for the Municipality to understand the Act and couch its Rates Policy in accordance with its vision for the City. **C**

REPORTING REQUIREMENTS - LOCAL GOVERNMENT

FEBRUARY

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

MARCH

(3RD QUARTER OF FINANCIAL YEAR)

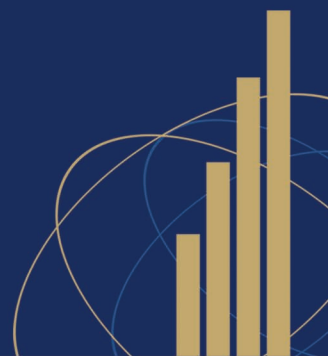
NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas,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

REPORTING REQUIREMENTS - LOCAL GOVERNMENT

APRIL

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Cons report - all withdrawls each quarter	MFMA (11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
4	Exceedance of the Capital Budget	MFMA 31	Promptly	Mun Manager	Prov Treas, AG
5	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
6	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
7	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
8	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
9	Draft SDBIP & ann perform agreements	MFMA 69	14 Days after appr of budg	Accounting Officer	Mayor
10	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
11	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
12	Statement: Budget etc per requirements	MFMA 71(1)	1- 10 Days after month-end	Accounting Officer	Mayor, Prov Treas
13	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
14	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
15	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
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21	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
22	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
23	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
24	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
25	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qtr	Acc Officer etc	Nat Treas
26	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
27	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA

SAVE THE DATE FUTURE EVENTS



2018

WOMEN IN THE PUBLIC
SECTOR SEMINAR

1 - 2 MARCH - LIMPOPO



2018

AUDIT & RISK INDABA

26 - 28 MARCH - CAPE TOWN



2018

PUBLIC SECTOR FINANCE
GRAP SEMINAR

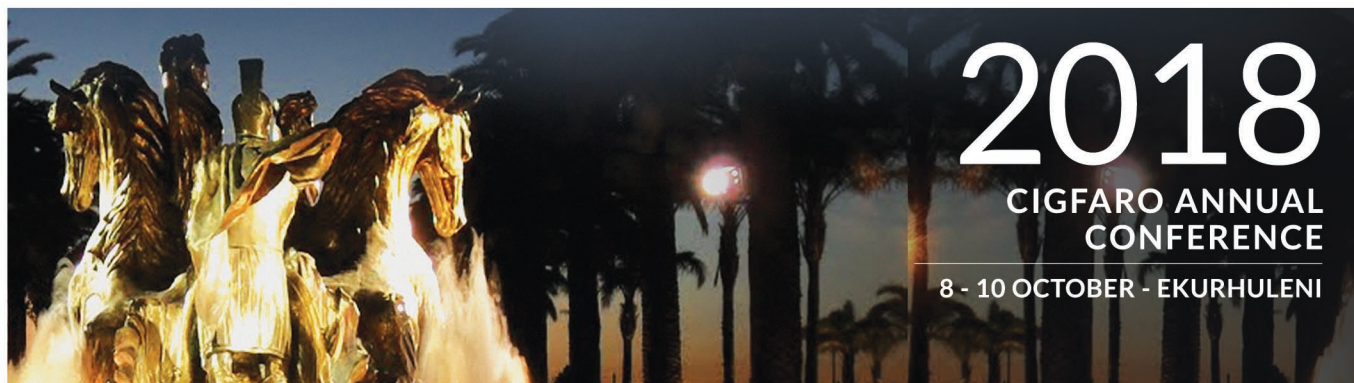
2 - 3 JULY - GAUTENG



2018

CIGFARO ANNUAL
CONFERENCE

8 - 10 OCTOBER - EKURHULENI



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2015

We brought you
the **mSCOA App** and
Business Intelligence



&

2019

We bring you
Artificial Intelligence
(BOTs, Machine Learning)

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SERVICE OFFERING

SYSTEMS DIVISION



ADVISORY DIVISION

