

MUNISOFT

mscoa System Challenges

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Interpretation of GRAP and mSCOA

Classification of assets – NT Chart

Only the expenditure(depreciation) has been fully broken down however the cost and accumulated depreciation is not broken down(e.g. Community Assets depreciation has been broken down to airport, halls, outdoors but cost and accumulated depreciation leg only end on the highest level of posting)

Flexibility of the chart

We are forced to reconvert the Fixed Asset Register every time National Treasury issues a new chart (cost considerations). The municipalities do not timeously reclassify the assets to comply with the new chart which delays the process of transacting on the new chart.



Interpretation of GRAP and mSCOA

- ❖ Work-In-Progress(WIP)
 - mSCOA doesn't have strings for unbundling of WIP(so we cannot recognise the assets from WIP)
 - e.g. we only have one movement string which is addition
- ❖ mSCOA doesn't cater for changes on GRAP, it often does not comply with the standards and reports requirements of GRAP.
 - In general mSCOA only caters for financial reporting information and excludes non-financial information which would be crucial for reporting on predetermined objectives and other non-financial related reporting requirements. In local government the audit covers the IT environment, Financial information, Compliance and audit of pre-determined objectives
 - for reporting on predetermined objectives and other non-financial related reporting requirements. In local government the audit covers the IT environment, Financial information, Compliance and audit of pre-determined objectives

Exchange of info (POPI Act)

Municipality currently have existing contract with certain service providers for certain system, with introduction of the POPI act, its has made it hard to exchange data.

E.g. the existing service provider has a contract with municipality and Munsoft will also have a contract with the municipality and to exchange info the services providers must also have contract with each other on sharing of information.



Period 13, 14 and 15

- ❖ Period 13(Pre-audit Period)
When to close period 13?
- ❖ Period 14(Post audit Period)
When to start transacting on period 14?
- ❖ Period 15(Prior Period Error)
Which mSCOA version to use?
What happens when the error arises from MC(municipal chart)

Example:

MC Vote 57001-001(Catering- Mayor & Council)

SC

The use of the costing segment

Charges

- Direct and Indirect Cost

Recoverable

Recoverable cost (e.g. salary and wages)

Irrecoverable cost (e.g. Insurance on the vehicle use)

NB: RECOVERABLE = CHARGES

VAT

❖ VAT Segment

- The System has moved from having 3 votes (VAT Accrual, Actual and Control) in the MC chart
- On the SC chart for both INPUT VAT & OUTPUT VAT

The purpose of the transfer segment on the new chart is not understood and interpreted differently across the various municipalities

The screenshot displays the 'MUNSOFT SCOA Account Selection' window. At the top, the 'Version' is set to 6.2 and the 'Segment' is 1. The main area shows a tree view under the heading 'ITEM ASSETS AND LIABILITIES'. The tree structure is as follows:

- VAT Receivable
 - VAT Receivable:Input Accrual
 - Input Accrual:Opening Balance (P)
 - Input Accrual:Recognised (P)
 - Input Accrual:Transfers (P)
 - VAT Receivable:Input VAT General
 - Input VAT General:Opening Balance (P)
 - Input VAT General:Recognised (P)
 - Input VAT General:Transfers (P)
 - VAT Receivable:Input VAT Capital
 - Input VAT Capital:Opening Balance (P)
 - Input VAT Capital:Recognised (P)
 - Input VAT Capital:Transfers (P)
 - VAT Receivable:VAT Control
 - VAT Control:Opening Balance (P)
 - VAT Control:Transfers (P)
 - VAT Control:Payments (P)
 - VAT Control:Receipts (P)

Four items are highlighted with red boxes: 'Input Accrual:Transfers (P)', 'Input VAT General:Transfers (P)', 'Input VAT Capital:Transfers (P)', and 'VAT Control:Transfers (P)'. The bottom toolbar includes options for '+ Add', 'Change', 'Delete', 'View', 'Refresh Tree', 'Expand All', 'Contract All', 'Excel', 'Ok', and 'Cancel'.

Schedule A/B submission

❖ Interpretation on Schedule

Currently some there is some different interpretations regarding the A/B-Schedules for example Cash Flow Statement(A7) alignment from data strings, there is a confusion on whether to align Funding segment use together Item segment or Project Segment used together with the Item segment.

The municipalities are also not using the function segment accurately which causes a mess on the A/B schedule



Questions ?