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The conference is here and what a great time to be alive! CIGFARO is officially celebrating its 89th Anniversary and what better way to celebrate our conference with a theme that focuses on reclaiming governance and accountability in the Public Sector.

This journal has encompassed articles and adverts that are aligned to critical topics which will be discussed during the conference. First we get to hear from our loyal sponsor CCG Systems who elevated the standard of our conference from 2016 read their article on page 12. This gave me goosebumps! We then ensured that we include POPI Act in the journal as it's a critical topic which will be presented in one of our breakaway sessions. Another burning issue is tariffs which you can read about on page 20. Make sure you do not miss the panel discussion on Monday at the conference on this burning topic. CIGFARO has worked hard to get expert speakers to present these critical topics extensively. Our Host City will help us celebrate the centenary year of Tata Mandela at the Mayoral Function.

We cannot forget to mention the initiative which brings joy to our hearts, - the 2nd Annual Student Conference. The Student Conference runs parallel to the Conference program where the aim is to equip students and interns with real working challenges and solutions. We are happy to have our stakeholders in the public sector playing a crucial role in empowering young people.

In celebrating 89 years, CIGFARO will continue to inspire practitioners to promote excellence in service delivery. We thus take this moment to appreciate the past leadership; Presidents and board members who have played a strategic role in steering CIGFARO to where it is today. Speaking of great leadership, we would also like to applaud the 2017/18 board for their time in office and great leadership provided over the last 2 years. The CEO and staff would like to wish you all the best with your future endeavors and may you continue serving the country with good ethics and great leadership style. To the in-coming board, the road has been paved and staff is ready for the hard work to continue working as a team to greater heights.

Gratitude to our exhibitors who continue to play a crucial role each year, not forgetting our members and delegates who continue to support us through the years. Thank you for your support and special gratitude to our host city – the City of Ekurhuleni, our platinum sponsor CCG Systems, gold sponsor DBSA & Sebata Group Holdings and our silver sponsors NICS & Ntiyiso Consulting. C

Enjoy the conference.
Esther G.

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STATE CAPTURE & LEADERSHIP

The inquiry by the Commission on State Capture is currently underway and it has revealed some startling and explosive findings about the abuse of power by senior government officials and politicians, as well as the theft of taxpayers' monies. It has already resulted in the Hawks anti-corruption task team unit head being suspended.

Unsurprisingly, the current public perception is that too many leaders, both in government and the private sector, are getting away with fraud and corruption. The Auditor-General has on several occasions bemoaned the lack of consequence management in the public sector.

We also hear of instances where there is interference in disciplinary cases where the case or the charges are 'diluted'. It has been argued that the lax approach to disciplinary action is due to state capture.

I do not want to get involved in the politics, but let us reflect on our own jobs and work environments. What type of new approach do we need to governance, management and leadership to turn things around and make it more trustworthy, ethical and accountable?

Leaders can play a meaningful role in preventing state capture through exhibiting moral and ethical courage and setting an example. We have a world class Constitution, strong laws and regulations, oversight institutions, separation of powers, mechanisms to address conflict of interest, and generally the rule of law applies, however, we still have state capture, abuse of power, fraud and corruption. Global Financial Integrity reported that South Africa had suffered an illegal outflow of R185 billion due to corruption in the public sector from 1994 to 2008. Africa Check reported in 2015 that an estimated R30 billion a year (which is 20% of government's procurement budget) is being lost due to corruption. Why is this?

To me, the main issue is leadership. It has been suggested that what we require is servant leadership. The only goal of servant leadership is service. There are four roles of servant leadership:

- Being a model of credibility and diligence.
- Providing a clear vision.
- Aligning actions to values.
- Empowering others.

The main focus of servant leadership is to think about others more than ourselves. Servant leaders are not motivated by the pleasures and benefits of life, but believe that service to mankind is service to God. They lead by example. They are content with they have, humble, believe that every person deserves love and respect, are willing to go the extra mile for those they serve, and engage fully in the wellbeing of their organisations.

In other words, it is all about providing a service rather than being an authoritarian or abusing any power. It is more selfless. Corruption affects the poorest of the poor the most because less services are rolled out by government. As they say, corruption creates poverty. As public officials and as servant leaders we are stewards of public funds and we hold ourselves accountable for every cent that comes in or goes out. We know that it is taxpayers' monies. We need to ensure that taxpayers are getting bang for their buck. To me, the key is to lead by example. As they say, the fish rots from the head.

Public accountability is a key issue. The main objective is to ensure that public funds are spent efficiently, effectively and economically with minimum wastage and maximum productivity. Transparency may not do much to reverse the disconcerting rise in corruption in both the public and private sectors. But it is a good starting point in promoting public integrity and accountability. In this regard, greater public participation is being suggested in terms of decision making, accountability and oversight. We are being criticized of paying lip service to inclusivity.

Whilst I have full faith in the Commission on State Capture, we also need to take action to ensure that we are personally free from fraud and corruption, and the sections and units we lead have a zero tolerance approach towards fraud and corruption. We need to build a culture of individual accountability. Strong institutions require individual accountability, and they require strong individuals who can effect accountability. Just ask KPMG, which is still under heavy fire for enabling and benefitting from state capture.

In conclusion, I would like to remind you of what Patrice Motsepe had to say at the Nelson Mandela Lecture on 8 November 2017, "In most cases, in order for you to have a corrupt politician, you need an equally corrupt businessman or an equally corrupt entrepreneur." I would go one step further and suggest that in order for you to have a corrupt politician or businessmen, in most cases you need an equally corrupt official. C

KRISH KUMAR
CIGFARO PRESIDENT

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WE'VE ALL HEARD ABOUT PoPIA. BUT WHAT EXACTLY DOES IT MEAN FOR THE PUBLIC SECTOR ?

Article by:
Dr Peter K J Tobin

What is considered to be Personal Information (PI)?

Personal Information not only applies to living individuals and their personal data (such as their financial state, health and employment), but also to juristic entities such as companies and legal structures including all three spheres of government.

What can Finance, Audit, and Risk Officers do to ensure their entity is compliant?

One way would be to set up a multi-functional team that would look at all aspects of compliance to identify risk areas, such as physical and cyber security, and put together reasonable and appropriate, organisational and technical measures to address those identified risks. It's a mistake to think PoPIA compliance is an Information Technology issue – it's much broader than that.

What challenges does the public sector face regarding PoPIA compliance?

Public sector organisations often require a great deal of data sharing to fulfil their mandates. This puts extra pressure on the public sector to respect the rules for legal processing. Specific challenges are in the area of clear consent being obtained and a renewed emphasis on data quality and security.

What are the consequences of non-compliance?

Non-compliance can have a number of implications. Regulatory authorities are enabled to take a number of remedial actions including financial penalties and custodial sentences. Other negative impacts can come from citizens, staff, suppliers or donors who may have a crisis of confidence in the organisation leading to reputation damage and loss of revenue.

Is there still time for government to become compliant by the end of the year?

Yes, there is time – if you start by building on your strengths and only address what is missing. This isn't about ignoring all the good things you already do, but organisations should not underestimate the amount of effort required to become compliant.

What role does technology play in attaining compliancy?

The role of technology can be seen from two perspectives: as an opportunity and a threat. IT can help by providing robust, automated solutions for data protection such as encryption. But IT can also be a threat if we don't understand where the weak points are and leave ourselves open to attack.

How can service providers partner with government on their journey to compliance?

Product and service providers can help organisation with their PoPIA compliance by providing a range of services to help their clients, such as staff training, project management, compliance assessment, technology-based tools for improved information security, policy development and more.

What can help shift employees' mindset around using PoPIA compliant processes?

PoPIA compliance will succeed or fail based on your employee attitudes and behaviour. Give them awareness training on a regular basis, not just as a once-off event.

HOW CAN SEBATA HELP YOU?

Sebata assists municipalities with their PoPIA compliance by providing a range of services to help their clients such as: continuous staff training and empowerment, project management, compliance assessment, technology-based tools for improved information security, policy development and more.

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FIGHT AGAINST ABUSE OF PUBLIC RESOURCES – "THUMA CIGFARO"

We are from a season which has reminded us of the International Day that preaches in favour of the protection of the most precious God's gifts, being children. This is in line with our obligation of nurturing the young and emerging future Leaders of the public establishments.

The abuse of state's scarce and diminishing resources, positions and powers within the public sector has been a thorny issue which is eroding our country's financial and corporate governance good standing, locally and internationally.

We have noted with greatest concern as CIGFARO, the negative ripple effect of all forms of abuse within our societies and economic environment. We are mindful of the fact that our bright future at all spheres of life, is heavily reliant on our ceaseless fight against all such forms of abuse.

We do support the call by the President of our country, his Ministers, Premiers, Mayors, MEC's, other Political, Traditional, and Religious/ Societal Leaders, for all institutions to make a meaningful positive contribution towards changing the current negative face of S.A to a most desirable environment.

Our 2018 Annual Conference will, without fear or favour, dig deeper to unravel the root causes of all deterrents that hinders on the expected high level service delivery. The conference will take into consideration the dawn of a new era that requires efficiency and effectiveness to maximise productivity in the Public Sector.

CIGFARO will continue to beef up its tools and efforts of fighting all forms of abuse to enhance good corporate governance in the entire Public Sector. This will be achieved through our much more improved practical training sessions, workshops and the annual conference. In one solid voice we cry out loud to all Municipalities and Departments **"Thuma mina!!!"** We are willing, prepared and always available to provide practical and viable solutions for all predominant problems, in the areas of Finance, Risk, Audit, Performance and General Management.

"THUMA CIGFARO"
WELCOME TO OUR 89th ANNUAL CONFERENCE

ABBEY TLALETSI
CIGFARO CEO

Daniel Silke - The GDP shock that wasn't

Source: https://www.fin24.com/Opinion/daniel-silke-the-gdp-shock-that-wasnt-20180906

Many commentators seem surprised at the dismal second quarter GDP figures and the move into yet another technical recession. And yet South Africa has largely been left behind in the post-credit crisis crash, suffering a decade or more of economic underperformance.

Global factors, like the end of quantitative easing, a rising dollar, a high oil price and trade wars, to name a few, clearly contribute to our economic malaise – and to that of Argentina and Turkey. But we have failed, domestically, to take bold steps to enhance our attractiveness.

There simply is no cohesive economic policy to speak of. Yes, you can blame the Zuma years for this. But that is only part of the story. The ANC continues to be a political party afraid of its own shadow, and all the contributing shades within that shadow.

No political party that cannot determine whether it supports the markets, or socialism, or communism (whatever that means), or state capitalism, or Chinese-style state capitalism, or even Venezuelan-style redistribution, is ever likely to get it right.

When you're that confused, don't expect economic growth.

MARKET-SCEPTICS

The ANC has not modernised enough to understand that while it might not like the global financial system and the influence of markets, it still needs to take heed enough to make it attractive to that sector.

FEARS OVER LAND EXPROPRIATION ARE UNDERMINING THE ECONOMY

The party harbours market-sceptics who believe that the influence of 'vultures' like currency traders and ratings agencies can be ignored as the country steers its own course. While this view remains influential, don't expect the economic message to shift.

This is where Cyril Ramaphosa comes in. Considering his linkages to the private sector and to business interests carved out of the global financial space, leadership must come from him.

Ramaphosa is the best-paced ANC leader to begin the long, arduous process of playing the global game to the satisfaction of the markets, yet also to the benefit of a developmental state like South Africa.

But when you still don't have a mandate from the electorate, require considerable internal support from market-unfriendly

individuals and party formations, and stare down a radicalised opposition in the form of the EFF, you become somewhat hamstrung by what you can do.

Conundrum

The irony, of course, is that the more you feel stymied by these factors, the more you fail to be brave. The more you fail to be brave, from a policy point of view, the more you hurt your own economy, and – as the cycle goes – stability and belief in your own leadership.

Ramaphosa is locked in a conundrum. He cannot move without bringing his party with him; but his party – at least in significant part – is not ready. He is a victim of an ANC that has had its intellectual core shredded over the last decade and its talented, market-savvy cadres gobbled up by the private sector with a propensity for avoiding the public sector.

Given these issues – together with a global environment hostile to more fragile emerging markets – South Africa's economy is stuck. You can go on blaming the past – namely the Zuma era – for this, but now is the time to do what other African states are doing.

Ethiopia has announced a ground-breaking initiative to privatise state companies as had quasi-Marxist Angola. Such initiatives are market-friendly and instil confidence, yet clearly, the political systems in both countries allow a greater 'autonomy' for the ruling elites than South Africa.

Rama-reboot?

Other African nations like Ghana, Cote d'Ivoire, Kenya and Rwanda are growing at well in excess of 5% annually. They all have two things in common: projecting a coherent, market-friendly approach to foreign investment, and encouraging domestic consumption expenditure to drive their economies.

Both these aspects are sorely lacking in the South Africa of today.

The technical recession might have shocked some South Africans, whose expectations of a Ramarevival continue to manifest, but poorer citizens have been feeling the recession for some time. When job creation was all flatlined and 9.5 million were out of work, they were well aware of it.

President Ramaphosa now has a fully-fledged economic crisis on his hands – officially confirmed by the statistics. Indeed, an agricultural revival in the second half of the year can ameliorate the present empirical recession – but at the heart of the matter is a governing party that needs an economic policy reboot.

If the issue is the core of the ANC and its alliance partners, this 'reboot' may still be some time away.

*Daniel Silke is director of the Political Futures Consultancy and is a noted keynote speaker and commentator. Views expressed are his own. C

CIGFARO Board Members

It's that time of year when we have to bid farewell to our 2017/18 board members. You have been generous with your time in steering this institute to stand tall amongst others in the public sector. Your hard work, dedication, efforts and time shared with us is greatly appreciated. We wish you all the best with future endeavors.

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CCG Systems - 3 Year Journey with CIGFARO

CCG SYSTEMS

CCG Systems, an information systems, communications and technology (ISC&T) company specialising in the supply, development and implementation of systems including: Enterprise Resource Planning (ERP); Supply Chain Management (SCM); Performance Management (PMS); Asset Management; Human Resource and Document Management Systems and mobile applications, etc. in the Public and Private Sectors, started the journey with IMFO now CIGFARO in 2013.

In 2015 we took a bold decision to be the Platinum Sponsor for the Annual Conference for three consecutive years starting in October 2016.

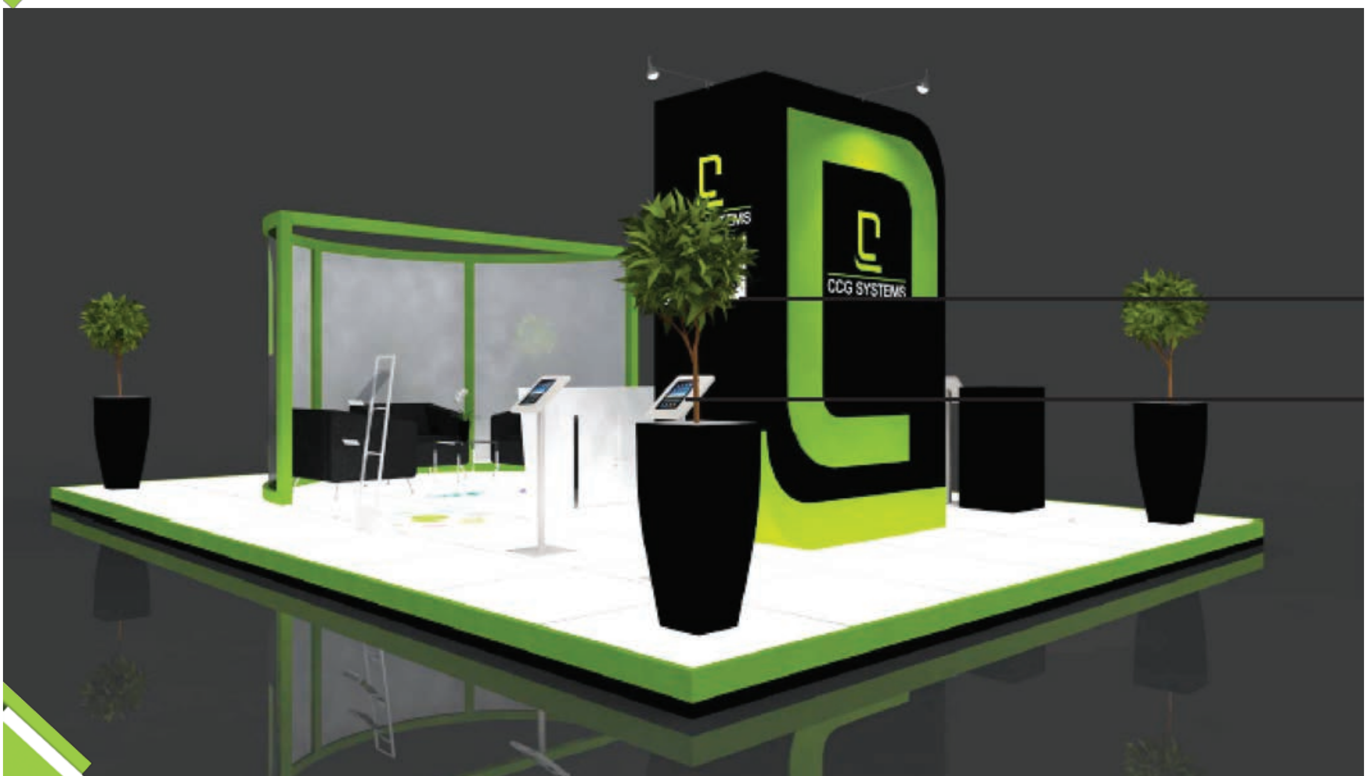
Besides the premium exposure at the conference, the decision to take up Platinum Sponsorship was instilled also by our appreciation of the work done by CIGFARO to promote growth of the Government Finance, Audit and Risk Officer professionals. As an entity whose clientele is mainly municipalities, CCG felt it should plough back into the growth and development of municipal staff.

A strong working relationship was built throughout the years. Since then CCG Systems has been working hand in hand with CIGFARO to establish a collaborative stakeholder relationship which has since now been embedded in all communications strategies and leveraging on the long-term investment relationship, which has paved way for growth opportunities, within the market, not only for CCG but for CIGFARO as well.

With the support from CIGFARO, CCG Systems managed to rebrand creating an unforgettable footprint in the minds of their target market. This was one of the successful and transformational processes established by both parties.

We express our sincere gratitude to CIGFARO for this transformational process and through this we are a diversified group of companies offering different services other than just municipal ERP including AI.

2016, WINNING STAND FOR THE CIGFARO CONFERENCE



CCG - 2017 STAND

INTRODUCTION OF AI – 2017

CCG - 2018 STAND

Big municipal data, a single view of the customer, and customised municipal services – what next?

by Silma Koekemoer, Private

In simple terms, the purpose of the **PoPI Act** is to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another entity's personal information by holding them accountable should they abuse or compromise your personal information in any way.

BIG MUNICIPAL DATA

The attributes of data contribute to the classification thereof as big data and these are volume, velocity, variety, variability and complexity, (SAS, 2017). In the case of municipalities, billing from 10 000 to 850 000 consumers per month for up to 5 services per municipal bill, accounts for only a portion of the transactions which are recorded. Smart metering of services and the use of electronic devices to interact with consumers regarding these bills, has escalated the velocity and variety of data which requires attention. The variability of the data flow between off-peak and peak periods (month end), and the complexity thereof emphasise the importance of effective data management.

All municipalities are required to use a uniform classification framework for financial and certain non-financial data, which is regulated, (National Treasury, 2014). This is needed to bring consistency in terms of their data classification, improve data and information quality, integrity and comparability. Additionally, it enables utilisation of municipal data to identify how public funds have been allocated, where money is spent, who is benefiting from the budget spent, and what has been achieved by the expenditure.

The advantages for municipalities include that they have sufficient data available to create a "single view of every customer", assess the services which are being provided to their customers, including the cost and quality of such, and be in a position to customise their offering to meet the varied needs of the communities they serve.

SINGLE VIEW OF EVERY CUSTOMER

A key component of managing big municipal data is creating a single view of every customer, which includes standard municipal data, i.e. property data, meter numbers, services provided and consumed, account - and account holder details. It also extends to personal data: age and gender (ID number), contact details (billing and residential address, contact telephone number and email address), financial position (indigent, arrear accounts, paying patterns) and individual interactions (service requests, account related correspondence), to mention only a few examples. This data provides sufficient information to create a basic profile of customers and can be further enhanced by information from other municipal services such as library membership, and registration to use e-services and free Wi-Fi networks. The purpose is to create a profile of municipal consumers in order to customise the services which are offered and ultimately, billed and paid for.

Creation and maintenance of big data comes with risks, particularly personal data, which is a target for hackers, posing a security, privacy and safety risk (Davis, 2015). The author contributes that: "If we can't secure data and safeguard privacy, everything from transit systems to our physical safety are at risk." Profiling and use of a single view of municipal customers should therefore adhere to the legislative requirements and only be used to address their needs and expectations, improve service delivery at the personal level and enhance accountability towards the community.

Legislation which aims to protect the personal information of individuals includes the Protection of Personal Information Act, Act 4 of 2013 (POPI). This act establishes "conditions for the processing of personal information; … addresses the rights of persons regarding unsolicited electronic communication and automated decision making; … regulates the flow of personal information across the borders of the country; … and recognises that the right to privacy includes the right to protection against the unlawful collection, retention, dissemination, and use of personal information" (South Africa, 2013).

Van Staden and Sheetekela (2018) propose an architecture for a unified national identity system, comparable to the municipal "single view of the customer" objective. The authors do however qualify the proposal, by stating that the complex nature of government administration hampers the integration of systems towards establishing the data set required to produce, in their case a unified national identity system, and in the case of municipalities, a single view of the municipal customer. Key challenges remain the parallel fragmented and compartmentalised systems, issues around security and protecting the rights of citizens, as well as creating trust in a technical architecture solution based on a personal profile (single view of the customer) approach.

Big municipal data, a single view of the customer, and customised municipal services – what next? *continued...*

by Silma Koekemoer, Private

CUSTOMISED MUNICIPAL SERVICES

Currently, municipal services are provided in a standard way across municipalities, with limited customisation and differentiation, mainly in respect of tariffs based on consumption categories. The recent limitations in supply, load shedding in the case of electricity and drought conditions in the case of water, have forced a rethink in terms of supply and demand. The more affluent consumers have been the first to revert to alternative energy sources and innovative ways to deal with the water crises across the country, as they have the means to access expensive technologies. This change has a dual impact on the revenue base of municipalities, namely a reduction in the demand for core municipal services and a decline in service related revenue.

South Africa is subject to an increased number of service delivery protests, highlighting the expectations for municipalities to improve on service delivery and to ensure a closer engagement with their customers (Khumalo & Pather, 2018). This research found that when beneficiaries of municipal services can co-design solutions, their social, emotional and financial needs are considered. Engagement provides rich qualitative information as design input and creates a sense of ownership and trust in the final product. These customised service solutions therefore are easily accepted and integrated into everyday life.

Smart city capabilities include concepts such as intelligent interconnected cities; integrated and prioritised networks; quality master data; services emanating from single platforms; enhanced project management and delivery capabilities; the creation of standard operating procedures; and end to end process management. All of these are aimed at the experience of municipal customers being matched with their needs and expectations. This can only be achieved through a higher level and availability of real-time customer insight (big data relating to municipal customers), underpinning customer excellence in every aspect of service delivery. Thus, municipalities require integrated systems which allow for management of big data, analytics and information dissemination. This will contribute towards improving decision making in planning and execution of projects, towards creating a great place for citizens to live and work.

WHAT NEXT?

Municipalities are suffering from change fatigue, brought about by amongst other, political change, administrative turn around, regulatory reforms and system re-implementations. Ways to overcome fatigue symptoms include returning to core strategic objectives, designing structures around strategies, focusing on service excellence, working smarter and not harder, whilst using technology to enable services.

Clearly the use of big municipal data, which already is available, can play a major role in this respect. A single profile-based view of municipal customers will enable municipalities to coordinate service planning and delivery, and customising delivery thereof to match their needs. This will improve the trust relationship with the community, and positively impact on service acceptance and revenue collection. C

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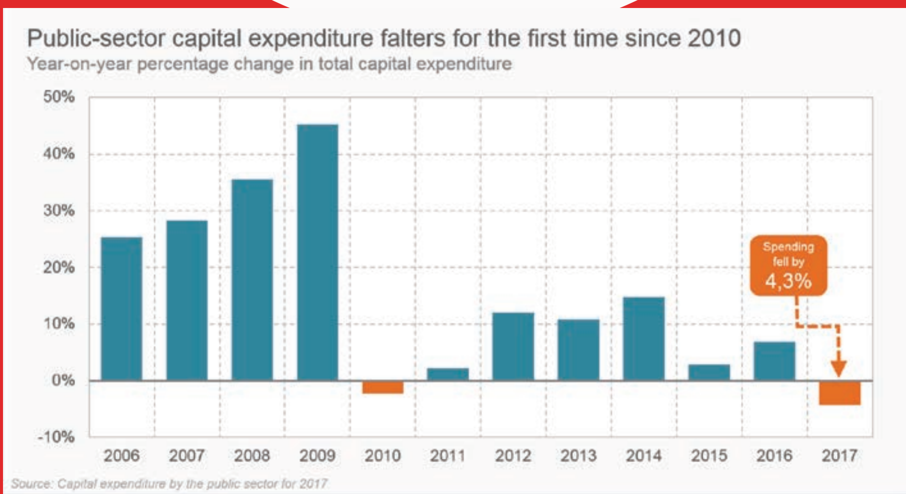
Public-sector capital expenditure shrinks for the first time since 2010

by Malibongwe Mhemhe and Kevin Parry, Statistics South Africa

A pull-back in spending on plant, machinery, new construction works and transport equipment saw capital expenditure in the public sector fall by 4,3% in 2017, according to Stats SA's latest Capital expenditure by the public sector report.

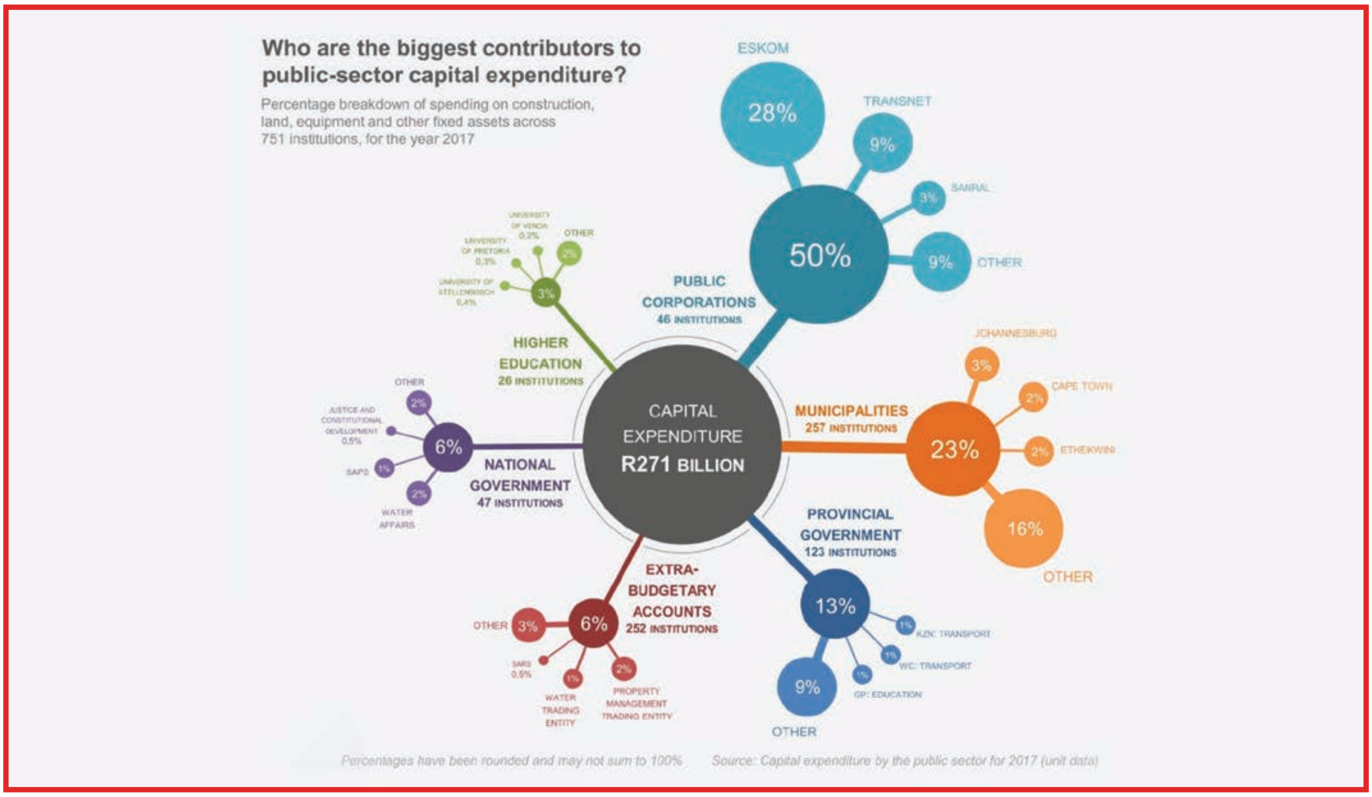
Capital expenditure is money that an institution spends to buy, maintain or upgrade fixed assets, such as buildings, vehicles, land and equipment. A decline in spending on fixed assets by 360 of the 751 public-sector institutions saw total capital expenditure fall from R283,3 billion in 2016 to R271,2 billion in 2017.



Transnet, which operates the country's fuel pipelines, trains and ports, was a major contributor to the 4,3% decrease. The corporation spent R8,2 billion less on fixed assets, a fall from R33,6 billion in 2016 to R25,4 billion in 2017.

The National Department of Water Affairs and the Water Trading Entity were the second and third largest contributors to the decline in public-sector capital expenditure. The Department of Water Affairs scaled back on the maintenance of conveyance systems while the Water Trading Entity spent less on the construction of dams, sewerage pumps and water generators. Together, both institutions reduced capital expenditure by R4,4 billion. In fact, the nine water boards covered in the report indicated a 19% decline in total capital expenditure in 2017 compared with 2016.

Eskom and Transnet were the two biggest public-sector spenders on fixed assets, with Eskom responsible for 28% of total capital expenditure while Transnet was in second spot at 9%. Eskom increased its capital expenditure to R75,7 billion in 2017 from R73,0 billion in 2016, mainly due to its work on the Kusile power station.



South Africa's 257 municipalities were responsible for 23% of total public-sector capital expenditure, with Johannesburg, Cape Town and eThekwini the largest contributors. New construction works represented the bulk (84%) of total municipal capital expenditure. eThekwini, for example, spent R4,9 billion on the construction of the Integrated Rapid Public Transport Network and rehabilitation of various roads within the city.

The KwaZulu-Natal Department of Transport was the largest contributor to provincial government capital expenditure. The department spent R3,5 billion on new construction, focussing on upgrading roads in areas such as Ulundi, Umzumbe, Maphumulo and AbaQulusi.

Higher education institutions, which comprise the country's universities and universities of technology, contributed the least to total public-sector capital expenditure. The University of Stellenbosch, the biggest spender within this group, focused on upgrading lecture rooms and offices.

New construction works represented the biggest portion (69%) of total public-sector capital expenditure in 2017. Plant, machinery and equipment represented 17% of the R271,2 billion, followed by land and existing buildings (6%), transport equipment (2%), and leased assets and investment property (1%). 'Other' fixed assets contributed 4%. C

Should Governments subsidise tariffs?

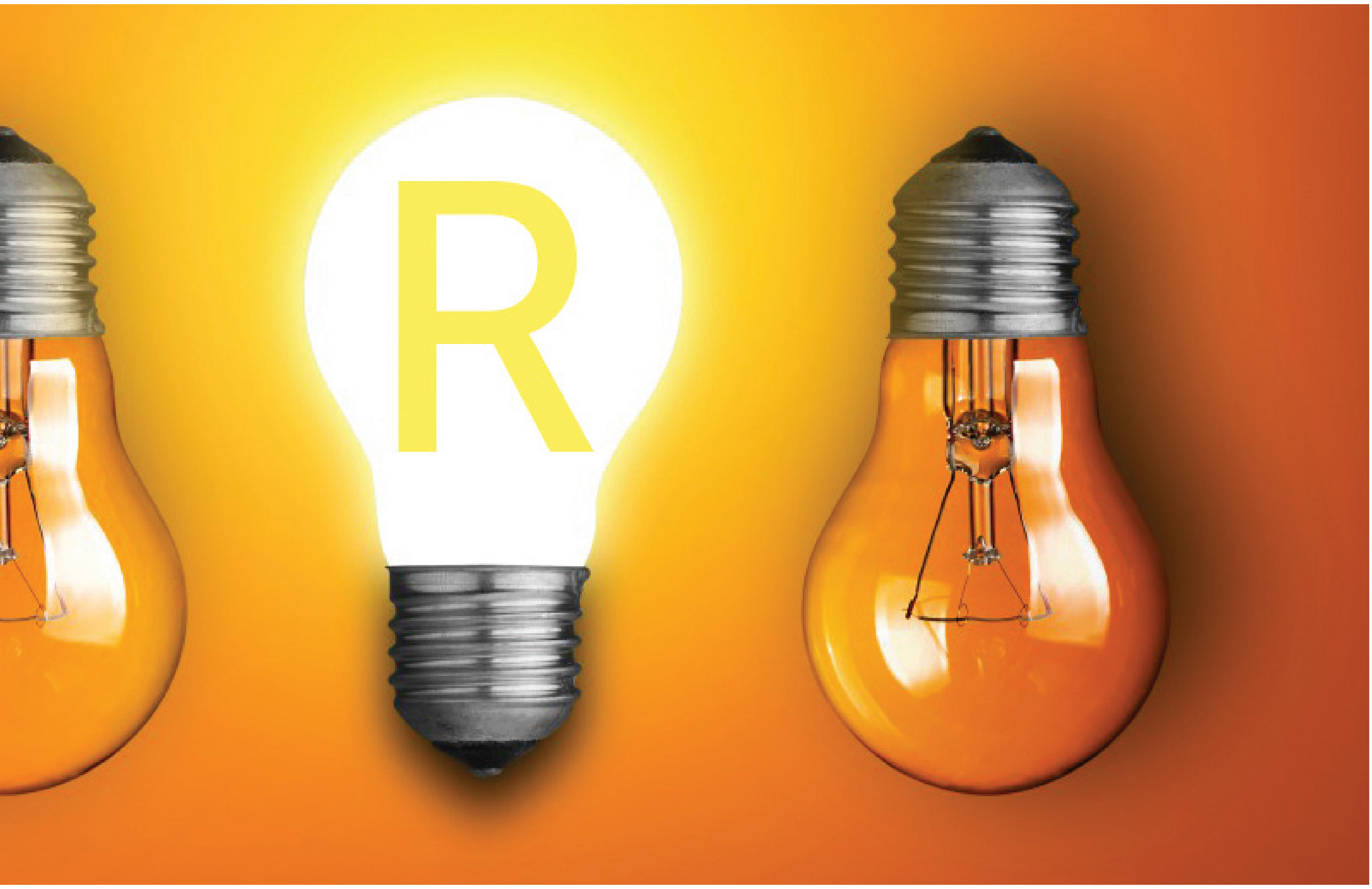
by ESI Africa

Cost-reflective tariffs are an on-going, much talked about topic but why do they continue to be problematic and what are the possible solutions? Daniel Njoroge Butti, energy economist lecturer at Karatina University, a public university in Kenya, explores this trending topic.

Policy makers have consistently found themselves faced with a policy dilemma, trying to trade-off between cost-reflective tariffs and subsidised tariffs – or what politicians will refer to as a pro-poor tariff. I subscribe to the school of thought that fronts argument that all citizens in an economy should enjoy access to affordable electricity, which can be achieved through government cost-subsidising tariffs.

The entire discussion on whether cost-reflective on one hand and cost-subsidised tariff on the other revolves around power purchase agreements (PPAs), which governments enter into with energy investors. What one needs to understand is that the manner in which PPAs are drawn up is over long-term periods – usually 20 to 25 years – and so agreements dictate that for example X amount of billions of dollars is paid for generation of electricity to grid connectors. What this does is to lockdown costs during this period. This means no adjustments; hence, the tariffs will not be cost-reflective over the term of the contract.

Another aspect is that, in Kenya for example, electricity consumers' and end users' bills (for both domestic and industrial consumers) have for a long time not reflected what I would refer to as pass-through charges. These are charges such as adjustments that involve inflation rates, exchange rates and cost of living fluctuations, which in a real sense periodically keep changing. As such, very few adjustments are drawn and captured in power bills. On the other hand, infrastructural costs, or what can be referred to as highway costs, are borne by the government.



What would happen in the event that infrastructural costs were passed on to consumers in the form of high tariffs? It would be chaotic given that only a few consumers would get access to electricity, making most of the economy redundant. Furthermore, not many consumers understand the nitty-gritty or the components in their bills, which in itself is a challenge that must be addressed.

Case study into high tariff charges

In a recent scenario in Kenya, electricity generators incurred KES10 billion ($99 million) and Kenya Power – the grid connector, which is also a retailing and distribution company – saw it prudent to pass the cost on to consumers in the form of high tariffs. Consumers were also burdened with the higher tariff being back-dated for three months. Naturally, this brought about an uproar among the general public, given that most of them cannot afford high electricity prices. What the government did then was to direct Kenya power to suspend the pass-through charges, and levy the lowest tariff possible to clients with the government offering to reimburse and offset the balance – this is clearly not cost-reflective.

The resultant negative impact is that since electricity users are aware of the subsidy programmes by government, there is a tendency to be extravagant and not efficient in their power consumption. This would not be the case should the cost have been borne by the consumers – feeling the pinch would have been a good motivator to use electricity efficiently.

In another scenario, in the Southern African Development Community region, the five-year period through which all member states were supposed to have transitioned to a cost-reflective tariffs regime by the end of 2013 as set out by the ministerial council, saw only Namibia and Tanzania attain this resolution.

In my view, this thematic issue needs to be seen in the totality of the entire economy and not in isolation. In South Africa for instance, the national energy regulator has a mandate from the energy white paper of 1988 to improve social equity and address the requirements of low-income households. This is not going to be achieved if African governments embrace cost-reflective tariff. Rather, governments need to come in with a form of cost-subsidy tariff.

Countries such as Germany, China and most of the OECD countries in Europe are perusing a subsidy tariff regime, particularly in the renewable energy market. Only Australia and parts of the US (New York and Virginia) have walked away from cost-subsidy tariffs.

The way forward

It is my opinion that developing economies are not ready for cost-reflective tariffs; therefore, governments ought not to rush on this issue. There are a number of approaches that African governments need to take into account as they walk across this terrain.

Firstly, there should be a mechanism developed on how to encourage consumers to be aware of the tariffs they pay – vis-a-vis the amount that governments pay for them – so as to really understand the value they get on their power. By understanding the cost allocated to them, they will be more efficient in their power use and avoid extravagant use of power altogether.

STAKEHOLDER CONVERSATION

The Conversation around the below underlying issues must be looked at with a wide lens, by the entire stakeholder spectrum. If one looks at the adopting policy around the tariff issue:

- What is the role of energy in an economy, does it spur the economy for instance?
- Does access to affordable energy lead to new companies being established in the manufacturing industry for example? Does it lead to increased employment in various sectors of the economy?
- does affordable power encourage and motivate foreign direct investment (FDI) as well as spur or act as catalyst in increasing domestic investments?
- Moreover, the political constituents of support, which model when adopted will bring politicians the votes they need to stay in power. The political variable is a component that will remain at play, and cannot be washed away.

This cost-subsidy can be partial or in full, depending on a case-by-case scenario but mostly partial cost-subsidy is highly recommended due to the aforementioned reasons. Therefore, civic education needs to be encouraged in this area given that most consumers do not understand the components in their meter bills.

Secondly, government needs to be sincere with itself, since issues of costsubsidy tariffs – as seen in economies such as Germany and China that have felt the burden – call for a need to allow government to conduct cost adjustments on pricing as well as introduce a legal mechanism, so as to carefully balance the need for universal access to energy for all with cost issues. For instance, there is a need to address, encourage and initiate legal reforms that make it possible to address the contemporary dynamics in the energy industry in our countries. In this, there should be legal provisions that make it possible to have energy generators as well as independent power producers selling electricity directly to grid connectors.

As such, the issues of efficiency and affordable power to end users on the service provider's part will be attained. This will afford grid connectors the discretion on which energy power source they should purchase, which will translate into affordable tariffs for end users.

Another issue is inefficiency in capital procurement and expenditure, and in operational expenditure, which makes the cost of providing electricity expensive. These costs inflate tariffs for poorer consumers, making a cost-reflective policy regime too high for many in developing economies.

What is the remedy?

Regulators should propagate and enforce prudent administrative and managerial procedure especially in areas of both capital procurement and operation expenditure, to reduce the cost of providing the service. This will include dealing with mismanagement, which is a corruption issue as well.

In addition, delocalisation and deregulation of the energy markets is a perfect approach. There is a need for one central control unit, perhaps the grid connectors, but the law should allow energy investors and generators to sell energy directly

As such, the issues of efficiency and affordable power to end users on the service provider's part will be attained. This will afford grid connectors the discretion on which energy power source they should purchase, which will translate into affordable tariffs for end users.

to grid connectors as well as provide the means to deliver electricity to end users. This is what is envisaged in the Energy Bill currently before parliament in Kenya.

Remember the contention has always been that the producers want costs to be reflective but energy consumers want costs to be subsidised. Policy makers in the energy sector need to strike a balance between these entities. In many countries, the issue of generation, transmission and distribution, and the entire supply chain, ought to be borne by the investors. This has been the case in many countries but in most African economies these infrastructural arrangements and costs have always been treated as highways, which belong to governments and are borne by the governments. ESI

About the author

Armed with a Masters in Economic Policy and Management from Makerere University, Daniel Njoroge Butti lecturers at the School of Business, Karatina University on economics and policy analysis, and is a Lead Research Analyst for GBS AFRICA on energy issues. He is currently undertaking a study on: Geopolitics of the East African Oil & Gas pipeline. C

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Separation of powers critical for functioning municipalities

by Ntiyiso Consulting

In June 2018, the National Assembly unanimously passed the Public Audit Amendment Bill, which seeks to give the office of the Auditor-General more teeth. This decision comes after the most recent audit report from Auditor-General, Kimi Makwetu, showed that nearly a third (31%) of the municipalities indicated that they are not financially viable.

Of a total of 257 municipalities across the country, only 33 received clean audits which means only 13 % of South Africa's municipalities are in full compliance with the relevant legislative requirements. The 33 municipalities were the only ones able to produce quality financial statements and performance reports.

The Auditor-General's report shows that irregular expenditure also increased from R 16-billion the previous year to over R 28-billion this year with the Eastern Cape faring the worst and accounting for half the irregular expenditure.

The Eastern Cape is followed by North West and Gauteng provinces respectively.

What makes this already bleak picture worse is that the number of performing municipalities fell from the previous year's 48 well-functioning institutions. It is no wonder then that parliament felt the need to pass the Public Audit Amendment Bill.

Makwetu himself suggested the Bill would help halt the deterioration in municipal finances. He said his office's repeated advice and warnings to municipal accounting officers over the past five years had been ignored.

"Not only were municipalities failing to take action on the Auditor-General's findings, but the environment in which auditing teams had to work had become steadily more hostile, with increased threats to staff," he said.

While we at Ntiyiso Consulting understand the decision by parliament to introduce the Bill that gives the Auditor-General more teeth, we are concerned that this puts the Auditor General's office in a situation where he is both the player and referee.

It is critical that we look at the Auditor-General's office as an independent body.

When we start adding powers to the Auditor-General beyond making recommendations and giving comment, we may fall into the trap of unfair and excessive interventions. We need to be very careful in terms of the teeth or the additional powers given to the office.

As it stands, there are other organisations whose mission is to ensure that all municipalities consistently perform their basic responsibilities and functions. These include the South African Local Government Association (SALGA), and the Department of Cooperative Governance and Traditional Affairs (COGTA). Compliance with the Municipal Finance Management Act (MFMA) is the responsibility of National Treasury and thus enforcement of the outcomes of the audit should be their responsibility.

SALGA 's role is to represent, promote and protect the interests of local governments and to raise the profile of local government. They lobby for local government and they also assist municipalities with the delivery of services such as water, sanitation and electricity.

Comment: This includes policy analysis research and monitoring; knowledge exchange and support to municipalities on a range of issues in order to assist them to effectively execute their mandate (13/363)

SALGA established a partnership with the HDA to guide and assist municipalities on land acquisition and alienation processes for housing development. (43/363). SALGA also developed and submitted substantial comments on the Free Basic Refuse-Removal policy Document: https://www.salga.org.za/Documents/Documents%20and%20Publications/Annual%20Reports/SALGA-AR-2009-10.pdf

COGTA's mission is to ensure that all municipalities perform their basic responsibilities and functions consistently. MPAC's role is that of oversight and governance.

The current roles of these institutions show that both provincial and national governments, as well as their agencies, already monitor the operational performance and financial performance of municipalities.

We make the argument that if these institutions were to properly perform their function, more financial management problems could be identified and dealt with during the course of a financial year before they culminate into large figures.

Municipalities also have within them specific committees that have been vested with powers to act on matters of non-compliance. These committees are the Audit Committee, Municipal Public Accounts Committee (MPAC) - the equivalent of SCOPA (The Standing Committee on Public Accounts, the Finance Management Portfolio and other committees. The Audit Committee's role is to oversee the financial reporting and disclosure process. The Audit Committee also oversees, performance and independence of the external auditors. Finally, the Audit Committee bears over oversight of the regulatory compliance, ethics, and whistleblower hotlines.

MPAC, as delegated by Council, promotes transparency, public accountability and ensures good governance in the municipality. One of their main responsibilities is to monitor good governance to ensure optimal utilisation of municipal resources to enhance and sustain service delivery and financial management. MPAC's provision of oversight and governance should be a strong feature within municipalities and we believe this must be honed in and drummed in so it becomes institutionalised. Not only is greater cooperation between oversight committees essential, but the model of municipalities needs be looked at.

The problem with the passing of the Public Audit Amendment Bill is that the role played by these organisations now becomes unclear. We need to strike a balance and be very careful about the powers we confer upon the office of the Auditor-General, also bearing in mind that the Auditor-General's office is also the supplier of audit services to the municipalities.

The Auditor-General's office is currently doing a great job in uncovering deficiencies within the system and in making key recommendations. We need not inflate the position.

It is true that there has been a cumulative increase of 75 % in irregular expenditure. Makwetu cited a lack of appropriate financial and management skills, political interference and infighting in council as the real cause. He added that the failure to fill key personnel positions is also a problem, as is the fact that there's clearly a lack of political will to ensure accountability.

Another point to consider is that in as much as municipalities are presided upon by political leadership, they are also commercial entities. The mix between the two should be managed. Synergies between the political governance and the administrative functions need to be continuously fostered and kept in balance.

Take for example the administration side, you will find that the requisite skills that should be in place are not in place. There are vacancies that should be filled; there is accountability that the municipal manager should take; and there is also the fact that some municipalities in the rural areas are starved of funding. These municipalities do not have strong revenue value chains and this needs to be put in place. There is a greater need to review the governance model and funding model of municipalities.

In as much as it appears to be desirable to confer more powers to the Auditor-General, this may not necessarily be the solution to the long standing problems within municipalities.

The AG should perhaps consider the capability and capacity of municipal officials in so far as skills are concerned. There could very well be a lack of requisite skills in some of these municipalities.

Provincial and National governments must support municipalities to perform their functions and not merely seek to take over some of the responsibilities. They can do this in various ways, such as providing on-going training, technical support and capacity building workshops. Financial governance capacity in key issues such as debt collection, risk management, internal audit and revenue management needs to be strengthened.

It needs to be that municipalities become the employers of choice for people who want to leave the private sector or any sector for that matter. We must look deep into the professionalisation of local government.

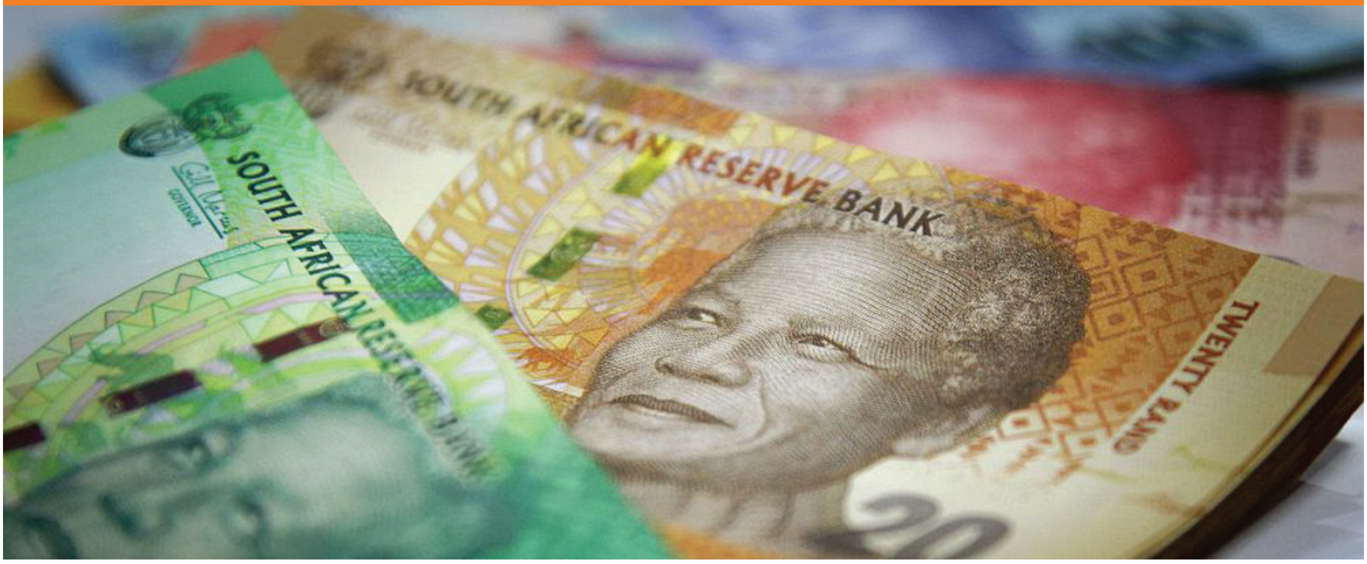
Overall, we can classify the matter as an issue of governance. Within governance there is leadership to see who is leading, and the trajectory followed within the municipality.

This is a complex machinery and simply giving the Auditor-General's office more power will not solve these governance and oversight issues. C

by Malibongwe Mhemhe and Kevin Parry, Statistics South Africa

Four facts on municipal debt

Eskom announced earlier this year that it would roll out power cuts to several defaulting municipalities. The inability of particular municipalities to honour debt payments has been a thorn in the flesh of local government administration. The following are a few key facts about municipal debt, from Statistics South Africa's latest Financial census of municipalities (FCM) report.

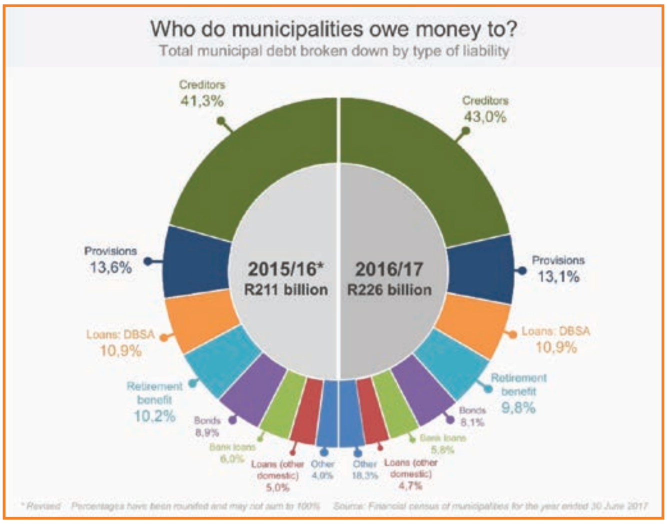


Fact 1: Free State municipalities experienced the biggest rise in debt

Total South African municipal debt increased by 6,8% in 2016/17 compared with 2015/16. Municipal debt, which includes monies owed to municipal lenders, suppliers and other creditors, amounted to R225,8 billion in 2016/17, an increase from the R211,4 billion recorded in the previous financial year.

Municipalities in Free State saw their debt rise by 26,8%, followed by Northern Cape (up 19,3%) and Mpumalanga (up 15,1%). Western Cape and KwaZulu-Natal experienced the lowest increases.

Fact 2: Bank loans contribute 5,8% to total debt



Debt owed to creditors, which include registered suppliers and service providers such as Eskom and the water boards, contributed 43,0% to total municipal debt in 2016/17. The debt for trade creditors is mainly for goods and services purchased on credit. Also included in that amount are credit balances in consumer debtors, amounts received in advance for services still to be rendered, consumer deposits, retentions and accrued interest.

Provisions (contributing 13,1%) largely includes the provision for bad debts, unspent conditional grants (deferred income) and leave pay-outs. Loans from the Development Bank of Southern Africa (DBSA), which are mainly used for infrastructure acquisitions, contributed 10,9%. Retirement benefits contributed 9,8%. This includes pension benefit obligations that are due to municipal employees when they go on retirement.

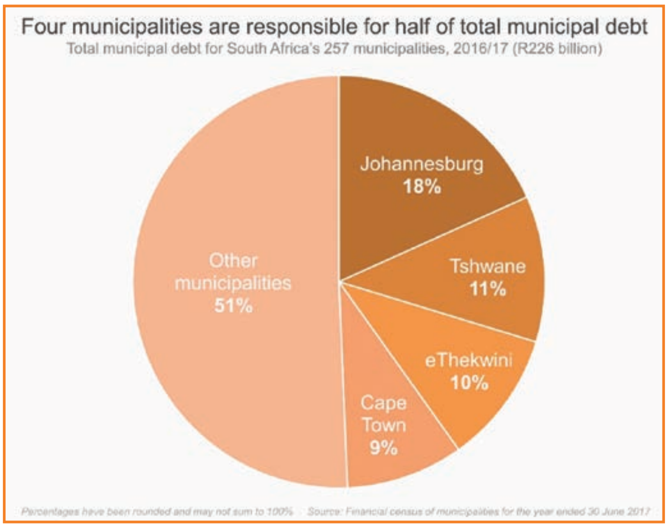
Bonds contributed 8,1% of the debt pie. Of South Africa's 257 municipalities, only four metropolitan councils (i.e. Johannesburg, Cape Town, Tshwane and Ekurhuleni) have issued bonds.

Bank loans contributed 5,8%. The four largest commercial banks (i.e. First National Bank, ABSA, Standard Bank and Nedbank) were the major players. The Infrastructure Finance Corporation Limited (INCA) was previously also a notable lender, although it's no longer granting new loans to municipalities.

Other payables contributed 18,3%, and this includes Value Added Tax (VAT) due to the South African Revenue Services (SARS), bank overdrafts facilities arranged by banks for municipalities and finance lease obligations.

Fact 3: Four metropolitan municipalities are responsible for almost half of total debt

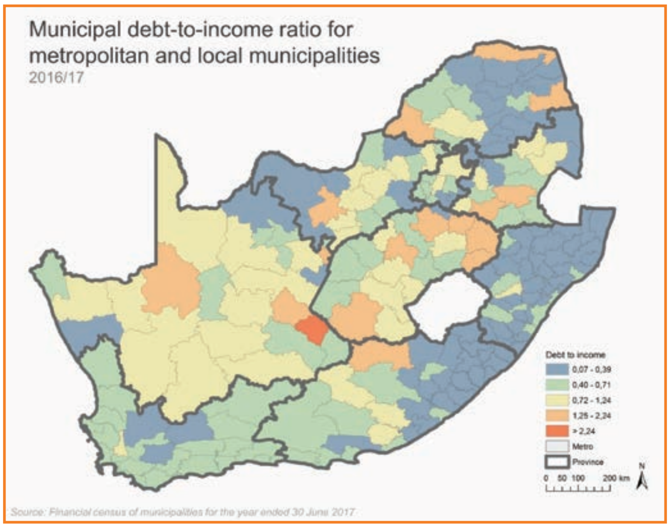
Together, South Africa's eight metropolitan municipalities contributed almost two-thirds to municipal debt, amounting to R142,2 billion in 2016/17, followed by local municipalities at 32% (or R72,8 billion). District municipalities accounted for the remaining 5% (or R10,8 billion). This is not surprising as most district municipalities provide an administrative role and are not involved in procuring services such as electricity, water, refuse removal and sanitation.



The metropolitan municipalities of Johannesburg, Tshwane, eThekwini and Cape Town contributed 49% to local government liabilities in 2016/17. Together, these four cities have a population of almost 17 million people, making up 30% of South Africa's total population.

Fact 4: Renosterberg local municipality has the highest debt-to-income ratio

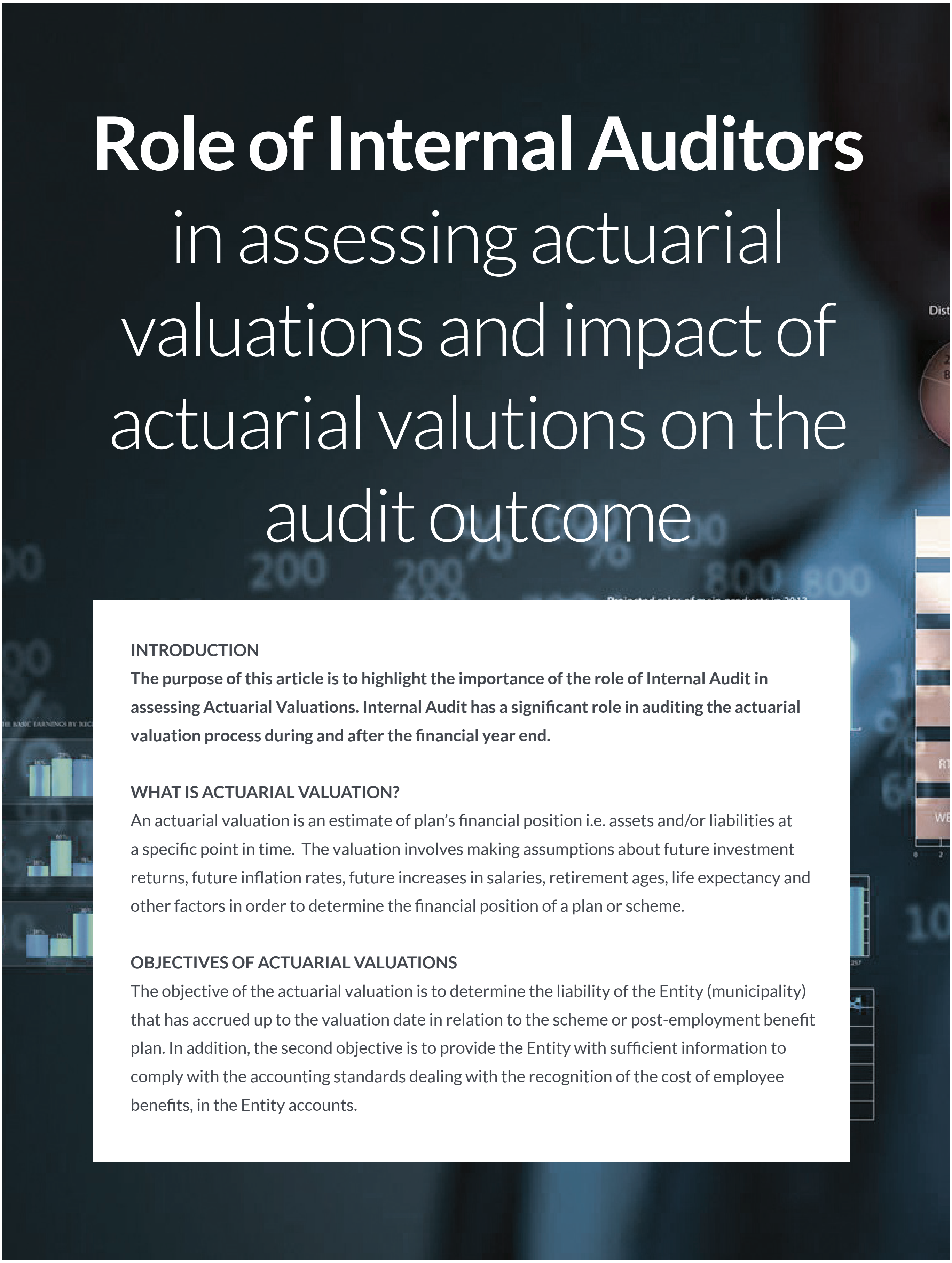
The debt-to-income ratio is the amount of debt divided by annual income. A high debt-to-income ratio can raise the risk profile of a municipality, making it more difficult for a municipality to obtain funding from creditors. It must be noted that the total income for municipalities includes capital transfers or grants that make it slightly higher than operational income (i.e. income received in the form of property rates and service charges). Should these be excluded, the ratios would be slightly higher across the board.



Municipalities with low debt-to-income ratios (blue and green on the map) are located in predominantly rural provinces such as Eastern Cape, KwaZulu-Natal and Limpopo. Municipalities with high debt levels are scattered across six provinces. Seven municipalities with a debt-to-income ratio higher than 1 are located in Free State. The municipality with the highest debt-to-income ratio is Renosterberg in Northern Cape (6,25).

When interpreting the debt-to-income ratio, one should keep in mind that there are many factors at play, such as the powers and functions that differ across different types of municipalities (as mentioned above), accessibility to finances, cash flows, and the state of the regulatory environment.

The data within the report are verified against the annual financial statements received from municipalities as well as data from National Treasury, South African Reserve Bank, Development Bank of South Africa (DBSA), and other relevant publications within or outside Stats SA. Please note that all the figures in this article are expressed in current prices.



Role of Internal Auditors in assessing actuarial valuations and impact of actuarial valutions on the audit outcome

INTRODUCTION

The purpose of this article is to highlight the importance of the role of Internal Audit in assessing Actuarial Valuations. Internal Audit has a significant role in auditing the actuarial valuation process during and after the financial year end.

WHAT IS ACTUARIAL VALUATION?

An actuarial valuation is an estimate of plan's financial position i.e. assets and/or liabilities at a specific point in time. The valuation involves making assumptions about future investment returns, future inflation rates, future increases in salaries, retirement ages, life expectancy and other factors in order to determine the financial position of a plan or scheme.

OBJECTIVES OF ACTUARIAL VALUATIONS

The objective of the actuarial valuation is to determine the liability of the Entity (municipality) that has accrued up to the valuation date in relation to the scheme or post-employment benefit plan. In addition, the second objective is to provide the Entity with sufficient information to comply with the accounting standards dealing with the recognition of the cost of employee benefits, in the Entity accounts.

ROLE OF MANAGEMENT IN ACTUARIAL VALUATIONS

Executives and Senior Management are the custodian of information that is used for actuarial valuations. Therefore, in line with section 78 of the MFMA, senior management must design and implement internal controls over maintenance and safekeeping of the required information. In addition, before the information is submitted to the actuaries, senior management must review the information to ensure that it is accurate, complete and updated with all changes that took place during the period under review. e.g. terminations, new appointments etc.

GRAP REQUIREMENTS FOR ACTUARIAL VALUATIONS

In terms of GRAP reporting framework GRAP 25.67 says "the Standard encourages, but does not require, an entity to involve a qualified actuary in the measurement of all material post-employment benefit obligations". However, for practical reasons, an entity may request a qualified actuary to carry out a detailed valuation of the obligation before the reporting date in order to ensure that the estimation of the liability is reasonable and the amounts presented in the financial statement are fairly presented.

In addition, in terms of GRAP 25.77, entities are required to use the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. This valuation method is also known as accrued benefit method as measurement of the liability involves accruing benefit for each period of service in order to determine the final obligation to be accounted for in the financial statements.

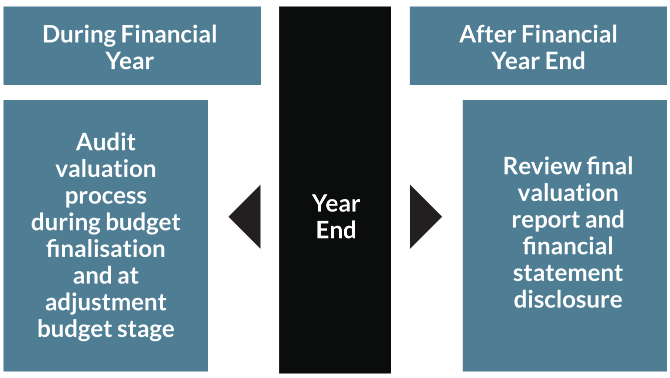
INTERNAL AUDIT CONSIDERATION

As part of the audit process and before formulating an audit approach, audit should obtain understanding about the process that management has followed in determining completeness, relevance and accuracy of the data used to develop accounting estimates, the review and approval process of accounting assumptions and the review and approval process of accounting estimates.

Based on the understanding of the process, the audit approach can include doing the following: assessing the risks involved as deciding on whether to rely on the work of Actuaries engaged by management as part of combined assurance or engaging own expert in terms of Internal Audit Standard 2050 guidance, reviewing the accounting policy adopted by management and/or council for actuarial valuations; confirming the method used and assessing if the method used in making accounting estimate complies with GRAP 25 requirements; reviewing the controls in place to ensure that the assumptions used are appropriate and data is correct; reviewing the assumptions underlying the accounting estimates and whether they are consistent with prior years; performing data analytics for completeness and accuracy and validating the data used against the records to ensure that accurate data has been used.

In terms of the timing of the audits, testing of the actuarial valuation can be conducted before and after the end of the financial period as follows: reviewing the information submitted to the actuaries for completeness and accuracy and validating it against the records, reviewing assumptions confirmed by management if they are consistent with prior years. After the end of the financial period and on receipt of the valuation report, data and assumptions used in the report can be compared to the data tested during the interim audit and the information disclosed in the financial statements be reconciled with the information as per the valuation report.

It is important to note that the valuation is one of the significant risk areas as it involves a lot of assumptions and estimations. Therefore, an appropriate audit approach should be developed in order to mitigate against the risks.



IMPACT OF ACTUARIAL VALUATIONS ON THE AUDIT OUTCOME

As indicated above, GRAP 25 requires that entities should identify, recognise and disclose their post-employment

Management should review the outcome of the last actuarial valuation during the budget process in order to ensure that the impact of the changes in the assumptions is always considered to avoid possible unauthorised expenditure at year end.

obligations. Therefore, failure to comply with the requirement of GRAP results in non-compliance with Section 122 of the MFMA which requires municipalities and entities to prepare the annual financial statements which fairly present the state of affairs of the municipality or entity. In addition, submitting financial statements that contain material misstatements is likely to result in qualified audit opinion unless misstatement are corrected during the audit.

In addition, failure to accurately estimate post-employment obligations during the budget process and mid-term budget review process is likely to result in unauthorised expenditure if the final actuarial valuation report indicates a higher amount of a liability than initially estimated. Therefore, it is important to consider the actuarial valuation reports during the budget and adjustment budget processes so that adequate provision is made in the budget in order to avoid unauthorised expenditure at the end of the reporting period.

As per the Auditor-General general report (2014-15, 35), the unauthorised expenditure due to non-cash items increased from 61% in 2013-14 to 64% in 2014-15 financial year for municipalities. These non-cash items include depreciation, impairments and provisions including post-employment benefits obligation.

The process of dealing with non-cash items during the budget and adjustment budget period requires a rethink as Auditor-General general report (2014-15, 36) noted that 64 of the municipalities that incurred unauthorised expenditure of R9753 million was only because of these non-cash items.

CONCLUSION AND RECOMMENDATIONS

It can be concluded that actuarial valuation is a significant risk area and requires both management and internal audit attention to ensure that the risks are adequately managed to avoid misstatements and possible unauthorised expenditure. Based on the risks involved the following recommendations are advanced:

- Budget policies of municipalities should be reviewed to ensure that they do cover guidance on how the impact of the actuarial valuation report is accommodated during the budget and adjustment budget process.
- The Actuarial valuation process should be audited during the year (prior to the budget and adjustment budget dates) by internal auditors in addition to external audit which audits during the interim and after year-end audit.
- Management should review the outcome of the last actuarial valuation during the budget process in order to ensure that the impact of the changes in the assumptions is always considered to avoid possible unauthorised expenditure at year end. C

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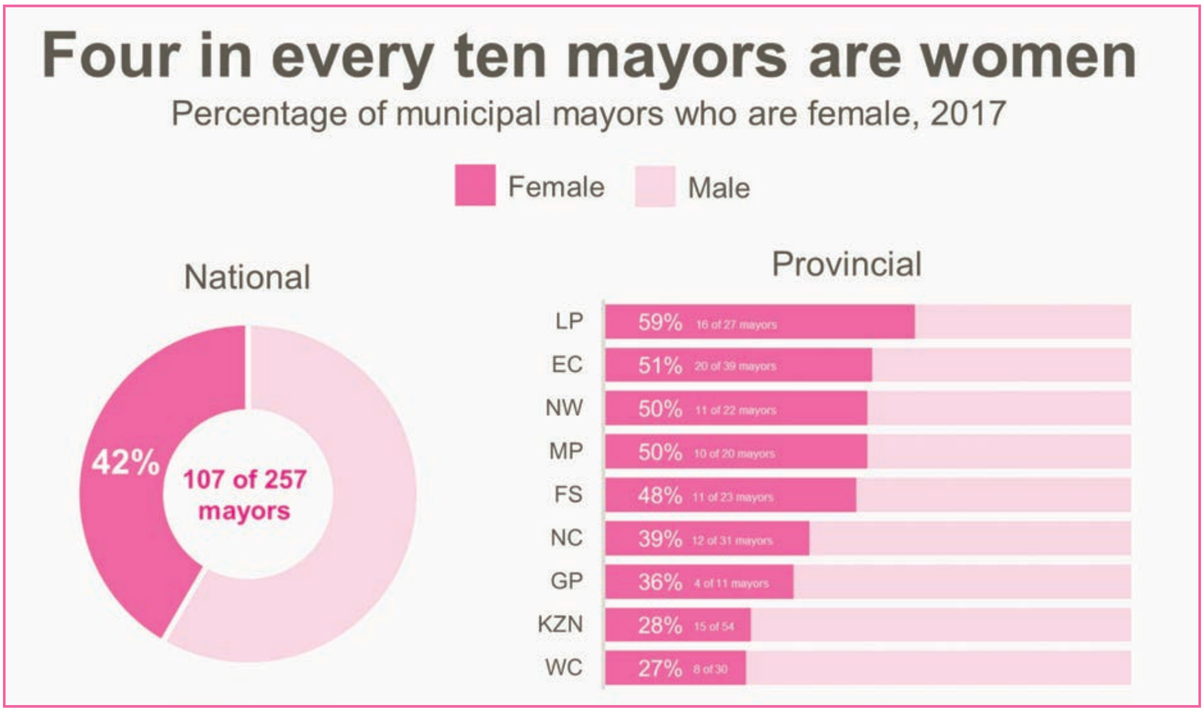
#WomensMonth: Exploring the mayoral glass ceiling

by Malibongwe Mhemhe and Kevin Parry, Statistics South Africa

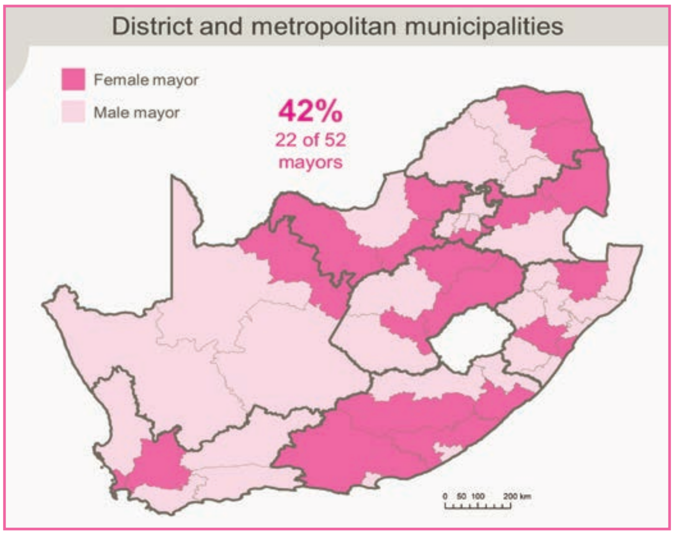
Three of South Africa's eight metropolitan municipalities were headed by female mayors in 2017. Executive Mayors Zandile Gumede (eThekwini), Olly Mlamleli (Mangaung) and Patricia de Lille (Cape Town) collectively presided over a population of 8,7 million people, comprising 15% of South Africa's total population.



It's not only these high-profile cities that have a woman in the highest seat of power. A scan through the data reveals that 107 of the 257 municipalities (i.e. four in every ten) had a female mayor in 2017, according to Stats SA's latest Non-financial census of municipalities report.

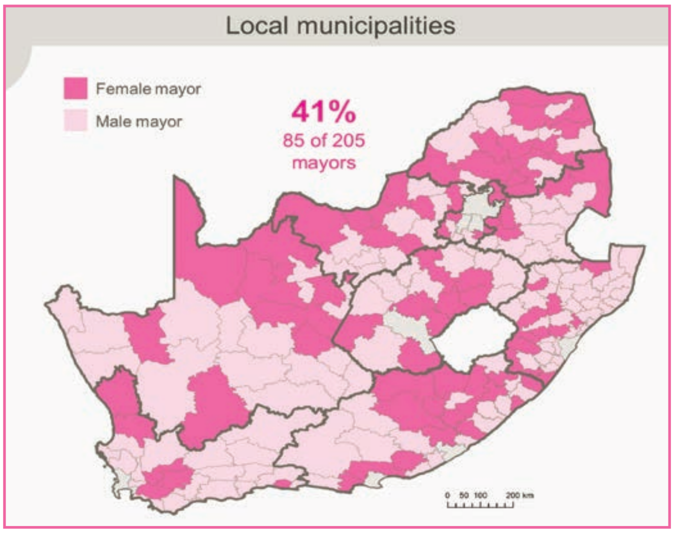
Limpopo is the shining star, with 16 of its 27 (59%) municipalities in the province having a woman at the helm. It's reported that the province made a conscious choice after the 2016 local government elections to appoint women as mayors. "I want to show the world that women are capable. It is important to me that this fact should never be doubted," – this was the sentiment expressed by Thembi Nkadimeng, the current mayor of Polokwane, shortly after she donned the chain of office in July 2014.

KwaZulu-Natal and Western Cape still have a way to go. Only 15 (or 28%) of the 54 municipalities in KwaZulu-Natal had a female mayor in 2017. In Western Cape, women filled mayoral positions in 8 (or 27%) of the province's 30 municipalities.



How has the pattern changed over time?

At first glance, the data seem to indicate a softening of the mayoral glass ceiling. In 2007, the earliest year for which Stats SA has data, women held 38% of mayoral seats throughout the country. In 2017, this figure increased to 42%. There is a caveat to this, however. South Africa changes its municipal structure every five years during local government elections, complicating matters when data are compared over time. Boundary changes in August 2016 (reflected in the 2017 data) reduced the number of municipalities from 278 to 257.

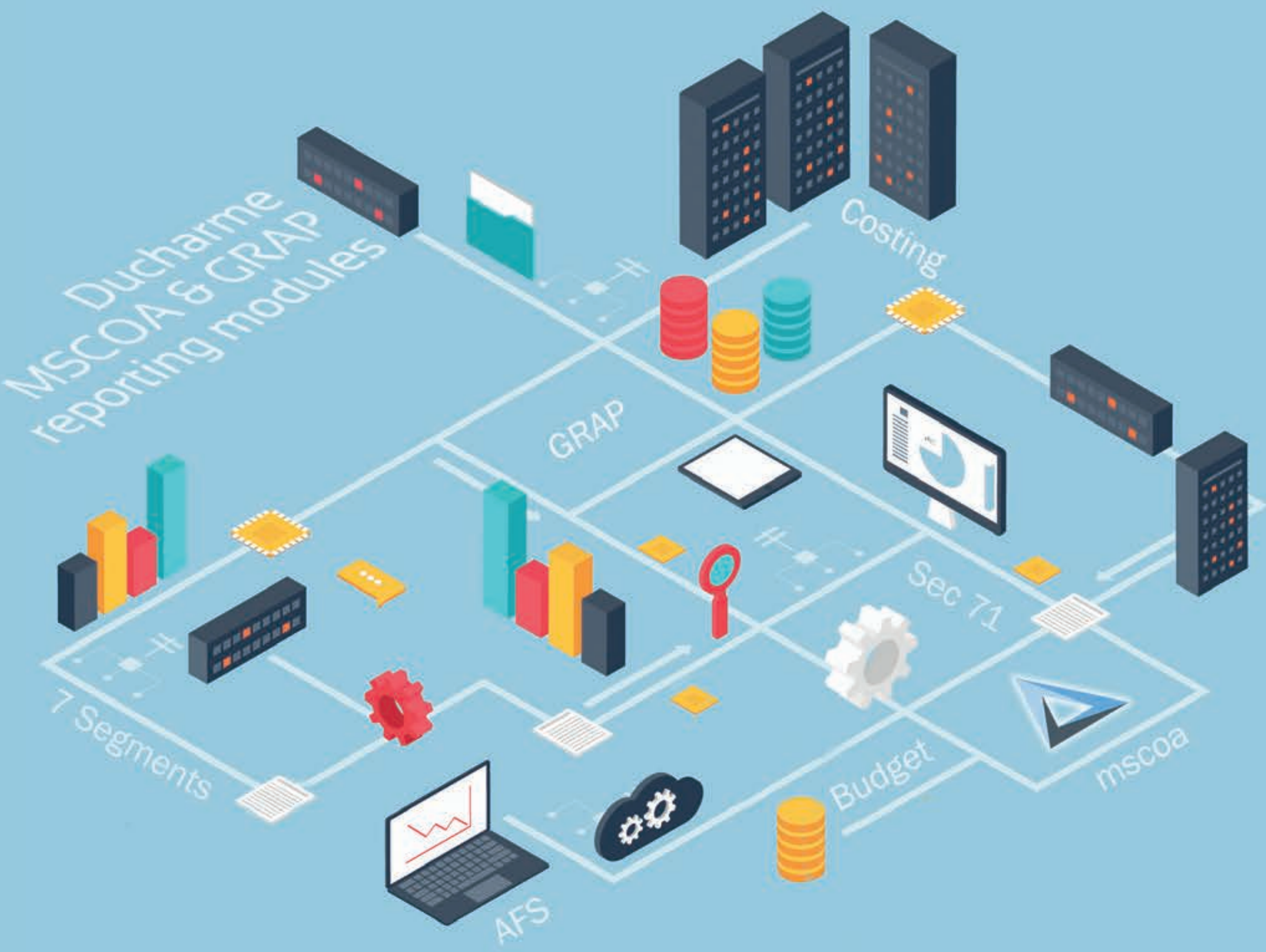


MALES HAPPENED TO LOSE OUT DUE TO THE RESTRUCTURING, WITH THE NUMBER OF MEN IN MAYORAL SEATS FALLING FROM 169 TO 150.

THE NUMBER OF FEMALE MAYORS, HOWEVER, DID NOT CHANGE, REMAINING AT 107 BEFORE AND AFTER THE ELECTIONS.

SO EVEN THOUGH THERE WASN'T AN INCREASE IN THE NUMBER OF WOMEN APPOINTED, THE AMALGAMATION OF MUNICIPALITIES PUSHED THE PERCENTAGE OF FEMALE MAYORS UP FROM **38% IN 2016 TO 42% IN 2017.**

AUTOMATED MSCOA GRAP FINANCIAL STATEMENTS



The Ducharme Dynamic mSCOA AFS e-solution allows for the automation of GRAP Annual Financial Statements directly from the prescribed mSCOA GUIDs.

It is programmatically aligned to the mSCOA Chart, automatically populating the GRAP AFS statements, budget comparison, disclosure notes and lead schedules from the mSCOA compliant trial balances with NT mSCOA GUIDS. No need for mapping of GUIDs or Votes. No long setup & installation. Each license includes the latest GRAP template. Other add-on modules includes Section 71 reporting module, Budget module, a mSCOA Costing module and more.

Let us help you put accounting theory into practise.

DUCHARME DYNAMIC AFS

WWW.DUCHARMECONSULTING.CO.ZA

Ms Esther Gumata our Editor sat with Stephen Seaka the Head of Public Sector at Absa Corporate and Investment Banking and to chat more about the rebranding of ABSA.

EDITOR:
This is exciting news! I am going to go straight to the point and ask, Why the change of corporate image? (Highlight the previous logo and the new one, or the difference between the two)

ABSA:
Absa's shareholding changed last year when Barclays's shareholding was reduced to a minority position. This prompted a review of our corporate strategy and provided us with the opportunity to create an identitiy that truly reflected our African roots.

Our updated brand is an expression of our new group identity as an independent African bank with global scalability. It represents our new business purpose - we see ourselves as enablers, helping individuals, businesses and society to 'bring your possibility to life'; it signals the start to a culture change within the organisation to one of being brave, passionate and ready to deliver on our purpose; and it represents our aspiration to be an entrepreneurial, digitally-led African banking group with global scalability that makes a real and lasting contribution to our customers and to the societies we operate in.

Our rebranding has been an extensive and consultative journey undertaken over the period of more than a year. We considered numerous brand options against a wide range of factors. Absa as a single brand was selected as it will facilitate a consistent identity across our operations and give us the opportunity to galvanize the organization around a common purpose. Our new logo was developed to account for how consumers see logos – with colour, shape and type; it is a sum of the individual parts. Our Absa logo has its own bespoke typeface, designed for us, a full red colour spectrum, photography style and visual language to create a distinctive, digital first 21st century brand for Absa.

EDITOR:
What does 'Africanacity' mean and how will the new refreshing logo help you to connect with your customers? (Highlight the also the human element of the new visual identity)

ABSA:
Africanacity is a unique word; our very own. It has an intrinsic meaning that we can feel, resonate with and relate to. We define "Africanacity" as the distinctly African ability to always find remarkable ways to get things done. It is about African tenacity, audacity and positivity. Our name and brand change signifies our commitment to becoming customer obsessed and to deeply connect with our customers. We have put in place a model that puts the business closer to the customer, allowing for the speed, focus and flexibility needed to introduce new service energy.

EDITOR:
Let's talk more about the journey and Roll-out plan of the new brand design which started in 11 July 2018 in South Africa and anticipated to be completed in 2019?

ABSA:
Our group name changed to Absa Group Limited on 11 July 2018 and we launched a fresh new look in South Africa on the same day. It will take some time to update our large network of assets and infrastructure in South Africa with our new visual identity.

We intend to trade as Absa across our operations in other African countries in time, subject to approvals in those countries.

In terms of CIB specifically, we have recently launched a new positioning to the market which reinforces and aligns the business to the philosophy of Africanacity and articulates this through 'the bravery to imagine and the will to get things done'. It has been a while since we brought a distinctive CIB positioning to the market and we are excited to formally demonstrate our commitment to our clients and the continent as a whole. The campaign highlights our intentions to challenge limits, close distances and connect people to opportunities across borders, languages and cultures. Ultimately, we go to extraordinary lengths to exceed expectations and get things done. Our intention with this campaign is to demonstrate our credentials and expertise on the continent as a leading corporate and investment bank in and for Africa.

Absa Unveils Fresh New Brand Design *continued...*

EDITOR:
Apart from the new brand logo and tagline, what other exciting plans do you have planned for customers?

ABSA:
In our retail business, we are already bringing exciting new services to customers, such as Chatbanking on WhatsApp, NovoFX as well as Samsung Pay.

In terms of our CIB strategy, the areas where we see growth are within our broad financing business, particularly in commodities and project related financing. In South Africa specifically, capital markets present good opportunities - our equities business had a strong year in the last half - and we expect to see continued strong growth in our broader transactional banking franchises.
We are also identifying opportunities to follow our clients as they expand on the continent and are expanding our presence internationally, with a new office in the UK officially opening on 13 September.

EDITOR:
This interview has been exciting but sadly we have to conclude, but before we jet off. What message are you leaving to your clientele going forward especially those in the public sector?

ABSA:
As Absa, we have extensive experience in the Public Sector. Our mission is to be a thought leader, business partner and trusted advisor within the sector. Africanacity to us means striving towards assisting the South African government in solving its principal challenge – to uplift the standard of living of all communities. C

THE ROLE OF THE AGSA IN THE ACCOUNTABILITY CHAIN

As public sector auditors, the role of the AGSA is to report to oversight structures on the credibility of the financial statements and performance reports and on whether the auditee complied with the key legislation.

It is the role of oversight structures to use the audit reports to determine the reliability of the financial statements and performance reports for oversight and decision-making purposes and to call the administration to account for matters reported in the audit report.

But as public sector auditors with keen interest in seeing auditees succeed, the AGSA has always done more than just report:

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

SEBATA GROUP HOLDINGS
A MICROmega Group Company

A CASE STUDY ON SAVANNA CITY:
PROVIDING INNOVATIVE CITY SOLUTIONS

No one will argue that water is a precious commodity, growing ever more scarce. Over time, it's likely to become more expensive prompting individuals, companies and governments to be smarter about how they use it. This is what's suggested by Sebata's successful year-long pilot project at Savanna City in Southern Gauteng: one of the largest urban lifestyle developments of its kind in South Africa.

In collaboration with **Midvaal Local Municipality**, **Sebata** installed 255 prepaid water units in **Savanna City** comprising of water meters, aboveground boxes and water management devices. From the onset, the project sought to achieve two main objectives: **save money** and **save water.**

PHASES OF THE PILOT PROJECT

- **Community Awareness**
  An awareness campaign was initiated with the community informing them of Sebata's intent to install prepaid water meters. Residents fully welcomed the project.
- **Meter audit**
  Stands were audited to establish their status in terms of connection and physical damage; as well as ensure information on municipal billing system was accurate in the project area.
- **Installation of prepaid water meters**
  Conventional meters were replaced with prepaid water meter units. Two Solar Fixed Data Collectors (SFDC) were strategically positioned to enable the municipality to remotely collect readings and information from each water device.
- **Billing management and prepaid vending**
  Residents purchased tokens from various vendors allowing the municipality to pull accurate data from the system in real-time.
- **Maintenance, support and monitoring**
  Maintenance and the daily monitoring included checking water devices via the Solar Fixed or Mobile Data Collectors and the placement of staff onsite

KEY HIGHLIGHTS AND SUCCESSES

- **Generating revenue**
  The financial benefits have been abundant for the community and municipality. Households enjoy the option of monitoring their water consumption. The municipality has systems in place to manage and generate revenue from the actual use of water.
- **Employment and Skills Development**
  As a means of investing in the community, Sebata employed six community residents to assist in the audit process. Two onsite resources were employed to ensure timely maintenance of water meters, if required. One administrator was employed to assist with the registration process, and a further four local labourers were employed to assist with the prepaid water installations in Savanna City.
- **Promoting the responsible usage of water**
  With residents in full control of their water consumption, homeowners quickly became aware of leaks and wastage on their properties. Within three months, there was a significant reduction of 600,000 litres in water usage.

The success of the Savanna City pilot project not only makes it clear that an innovative city solution is an effective way to reduce water wastage, but is also a route to insert a more responsible behaviour when it comes to water consumption.

Johan Vorster, Savanna City Development Project Manager, agrees: "I believe that more controlled water consumption can help to further transform Midvaal, because the financial savings from lower consumption can be channeled towards other infrastructure."

Sebata's sustainable solutions cover the entire value chain of municipalities, instead of only addressing one component.

Silma Koekemoer, Private

Jane Masite, CIGFARO Past President

Annette van Schalwyk, Midval Municipality

Delegate

Delegate

Delegates

Graham Reid, SEBATA Municipal Solutions

Prize winner

Vela Mtshali, Bonakude

Delegates

GALLERY - KZN FINANCE INTERN WORKSHOP

Dr. Krish Kumar – CIGFARO KZN Finance Intern Workshop

Panel

Emmanuel Ngcobo - CIGFARO &
Dr. Naren Ramsamooj – KZN Provincial Treasury

Delegates

Delegates

Delegates

mSCOA Solutions

Perfecting your mSCOA Compliance and Audit Preparation

Services

1. mSCOA System Implementation Review

(CISA Certified Systems Auditors)

2. Business Process Review and Alignment

3. Project Management

4. Change Management

- Audit File/Circular/Legislative Compliance Review

5. mSCOA Budgeting Support & Revenue

- mSCOA Budgeting Tool/System (Buy or Lease)
- Budget Breakdown Support
- Budget Adjustments Support
- A, B & C Schedules (Preparation, Review/Reconciliation)

6. Data Analysis & Transaction Review

- Segment Combination
- GL Review
- Transaction Review
- Audit Preparation
- mSCOA Business Intelligence
- Data String Testing & Analysis

7. mSCOA Reconciliations

- Bank Recon – Tool (Buy/Lease)
- Bank Recon – As a Service
- Supplier Reconciliations

8. mSCOA Training

- Accredited Trainers
- Non Accredited Training/Workshops mainly tailor-made per municipality to facilitate awareness and change management especially to non finance staff

9. Reporting

- Review and correction of all monthly and quarterly returns

10. Audit Preparation

- Review and or Preparation of Project Management (Documentation) File inline with mSCOA Regulations and Circular
- Review and or Preparation of IT Audit File (Documentation) in terms of the mSCOA Implementation

Contact Person Kwazulu Natal

Dumisani Mathambo Ncube

mSCOA Accredited Trainer

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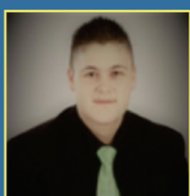
Email: dumisani@mscoasolutions.co.za



Contact Person Eastern Cape

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mSCOA Solutions

West Tower, 2nd Floor, Nelson Mandela Square, Maude St. Sandton, Johannesburg, 2146

GALLERY - WESTERN CAPE BRANCH EVENT

Bradley Brown, Minister Anton Bredell and Mahlubandile Mbodla

Gerrit Dippenaar and Mahlubandile Mbodla

Bradley Brown, John Hoal – Gibb Consulting & Mahlubandile Mbodla

Jon Williams, Sheldon Goncalves (PricewaterhouseCoopers)

ABSA

Delegates

Delegates

Delegates

NEW MEMBERS

ASSOCIATE MEMBERS				
Province	**Initials**	**Surname**	**Employer**	**Join Date**
Gauteng	Booysen	Jerome	Private Sector	6/5/2018
Gauteng	Mahlangu	Godfrey	Gert Sibande District Municipality	5/7/2018
Gauteng	Malinga	Mthobisi	City of Johannesburg	5/23/2018
North West	Mokaleng	Tebogo	Dr Ruth S. Mompati District Municipality	5/23/2018
Kwa Zulu Natal	Myaba	Grace	Zululand District Municipality	5/23/2018
Kwa Zulu Natal	Zulu	Nkosenkulu	Nkandla Municipality	4/5/2018

GENERAL MEMBERS				
Province	**Initials**	**Surname**	**Employer**	**Join Date**
North West	Ramosepele	Tsholofelo	Moses Kotane Municipality	3/13/2018

JUNIOR MEMBERS				
Province	**Initials**	**Surname**	**Employer**	**Join Date**
Western Cape	Goeda	Bronwell	Knysna Municipality	4/18/2018
Western Cape	Jayiya	Yongama	Knysna Municipality	4/18/2018
Western Cape	Jonathan	Rochelle	Knysna Municipality	4/18/2018
Limpopo	Kekana	Kabelo	Road Traffic Management Corporation	4/18/2018
Western Cape	Miles	Ray-Dean	Knysna Municipality	4/18/2018
Western Cape	Nketho	Thembelani	Knysna Municipality	4/18/2018
Western Cape	Ntlanga	Bongiwe	Knysna Municipality	4/18/2018
Western Cape	Songongo	Ntombethemba	Knysna Municipality	4/18/2018

LICENTIATE MEMBERS				
Province	**Initials**	**Surname**	**Employer**	**Join Date**
Western Cape	Adriaanse	Jeena-Lee	City of Cape Town	3/23/2018
Western Cape	Barnard	Nicolene	Knysna Municipality	4/18/2018
Northern Cape	Chabaesele	Thuto	Provincial Treasury - NC	3/13/2018
Mpumulanga	Langa	Tshephang	Nkangala District Municipality	6/14/2018
Northern Cape	Metembo	Bjorn	Oudtshoorn Municipality	4/18/2018
Western Cape	Morgan	Anthony	Knysna Municipality	4/18/2018
Kwa Zulu Natal	Msomi	Dumisani	Ethekwini Municipality	3/15/2018
Gauteng	Mukosi	Phindulo	Johannesburg Roads Agency	3/23/2018
Kwa Zulu Natal	Ndlangamandla	Manqoba	Ethekwini Municipality	4/5/2018
Western Cape	Njani	Mbulelo	Breede Valley Municipality	5/23/2018
Kwa Zulu Natal	Ntshangase	Lindelani	Uphongolo Municipality	3/23/2018
Kwa Zulu Natal	Semane	Nelisiwe	Harry Gwala District Municipality	5/10/2018

SENIOR ASSOCIATE MEMBERS				
Province	**Initials**	**Surname**	**Employer**	**Join Date**
North West	Jansen	Attie	Bojanala Platinum District Municipality	6/5/2018
Kwa Zulu Natal	Luswazi	Zola	MFS Chartered Accountants (SA) Incorporated	5/10/2018
Gauteng	Sheik	Asma	City of Johannesburg	5/29/2018

DIVISION OF REVENUE AMENDMENT ACT

(No. 613 Government Gazette 41716 of 18 June 2018)

DIVISION OF REVENUE AMENDMENT ACT (ACT 10 OF 2017): PUBLICATION OF TRANSFERS FROM THE LOCAL GOVERNMENT DISASTER CONDITIONAL GRANTS IN TERMS OF THE DIVISION OF REVENUE ACT, 2017

(No. 613 Government Gazette 41716 of 18 June 2018)

Schedule 7B, being a schedule of grants to municipalities for disaster response, was published in terms of Section 26(3) (c) of the Division of Revenue Act, 2017 (Act No. 3 of 2017). This makes special provision for the immediate release of funds to provinces and municipalities following declared disasters. A portion of an unallocated amount of Municipal Disaster Grant was transferred to affected municipalities in Eastern Cape, Northern Cape and Western Cape provinces. The allocations for the immediate relief were transferred in the month of March 2018 following the National Disaster Declaration by Department of Cooperative Governance on 13 February 2018 (Gazette No. 41439).

DIVISION OF REVENUE ACT (ACT 1 OF 2018)

(No. 559 Government Gazette 41678 of 4 June 2018)

The Division of Revenue Act provides for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2018/19 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations.

DIVISION OF REVENUE ACT (ACT 1 OF 2018) - PUBLICATION OF GOVERNMENT GAZETTE REQUIRED IN TERMS OF SECTION 16(1) OF THE ACT

(No. 592 Government Gazette 41704 of 15 June 2018)

Allocations have been published in terms of Section 16 (1) of the Division of Revenue Act, 2018. These include the allocations per municipality, conditional grants to local government, conditional grants to provinces, and the provincial and local government frameworks for each Schedule 4, 5, 6, and 7 conditional grant. The publication consists of:

Part 1: Local government conditional grant allocations and appendixes to provincial government conditional grant allocations

Part 2: Frameworks for conditional grants to provinces

Part 3: Frameworks for conditional grants to municipalities

PUBLIC FINANCE MANAGEMENT ACT, 1999 – REGULATIONS PRESCRIBING STANDARDS OF GENERALLY RECOGNISED ACCOUNTING PRACTICE

(No. 207 Government Gazette 41593 of 26 April 2018)

- GRAP 18, to municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality with effect from financial years beginning on or after 1 April 2020;
- GRAP 18, 105, 106 and 107, to trading entities, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2019;
- GRAP 20, 32, 108 and 109 to public entities, constitutional institutions, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2019;
- GRAP 110 to public entities, constitutional institutions, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2020;

Where:
GRAP 18 deals with Segment Reporting
GRAP 20 deals with Related Parties
GRAP 32 deals with Service Concession Arrangements: Grantor
GRAP 105 deals with Transfers of Functions between Entities under Common Control
GRAP 106 deals with Transfers of Functions between Entities not under Common Control
GRAP 107 deals with Mergers
GRAP 108 deals with Statutory Receivables
GRAP 109 deals with Accounting by Principals and Agents
GRAP 110 deals with Living and Non- living Resources

The Modified Cash Standard set by the National Treasury remains applicable in respect of national and provincial departments in the absence of any implementation dates for the Standards as set by the Accounting Standards Board.

PUBLIC FINANCE MANAGEMENT ACT, 1999 - STANDARD INTEREST RATE

(No. 208 Government Gazette 41593 of 26 April 2018)

The Minister of Finance has, in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), fixed the Standard Interest Rate applicable, from 1 May 2018 and until further notice, to loans granted by the State out of a Revenue Fund, and for to all other debts which must be paid into a Revenue Fund at Ten percent (10 %) per annum.

This Standard Interest Rate is applicable from 1 May 2018 and until further notice, to all drawings of loans from State money, except loans in respect of which other rates of interest are specifically authorized by legislation or the Minister of Finance.

PUBLIC FINANCE MANAGEMENT ACT, 1999

(No. 219 Government Gazette 41600 of 30 April 2018)

A statement of the National Revenue, Expenditure and Borrowings as at 31 March 2018 was issued by National Treasury.

COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT (ACT 130 OF 1993)

(Notices 334 and 335, Government Gazette 41701 of 13 June 2018)

The newest thresholds and pensions have been promulgated for application from 1 April 2018.

- The assessment of an employer shall be calculated from the minimum earnings amount of R60 336 per annum and maximum amount of R430 944 per annum with effect from 01 April 2018;
- Schedule 4 of the Act has also been amended and all the figures are available in the Gazette;
- The prescribed increase in monthly pensions payable in terms of Sections 49(1)(a) and 54(1)(a), (b), (c) and (d)(i) of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993), by 5.8% with effect from 1 April 2018.

LOCAL GOVERNMENT: MUNICIPAL STRUCTURES AMENDMENT BILL

(Bill 19 of 2018)

Bill 19 of 2018 has been discussed by the Parliamentary Committee: Cooperative Governance and Traditional Affairs.

DIVISION OF REVENUE AMENDMENT ACT

(No. 613 Government Gazette 41716 of 18 June 2018)

The aim of the amendments is to:

- amend the Local Government: Municipal Structures Act, 1998, so as to insert, delete and amend certain definitions;
- remove all references to district management areas;
- remove all references to plenary executive system as a type of municipality;
- provide for a minimum of 15 councillors per municipality, amend the deviation threshold;
- provide for the prohibition of a councillor who was found guilty of a breach of the Code of Conduct for Councillors for a period of two years, to clarify the date of assumption of office by a councillor;
- allow for extension on the declaration of the result of an election;
- require the municipal manager to inform the MEC for local government in the province in addition to the Electoral Commission of ward vacancies, provide that the MEC call and set the date for by-elections and to clarify who can inform the municipal manager of a specific vacancy;
- allow the MEC to designate a person to call and chair a meeting of the municipal council when the speaker or acting speaker refuses to call the meeting, provide for additional functions of the speaker, provide for a whip of municipal council and to clarify the formula for the composition of an executive committee;
- provide for the establishment of a Municipal Public Accounts Committee;
- provide for the resolution of a situation where excessive seats may arise from the seat calculation in local municipalities
- amend the timeframe for the municipal manager to inform the chief electoral officer of vacancies and allow for the MEC to inform the chief electoral officer of vacancies if the municipal manager fails to do so;
- provide for the resolution of multiple seats which may arise where a candidate qualifies to be elected to more than one seat;
- clarify the supplementation of party lists and
- provide for a Code of Conduct for Councillors.

CLIMATE CHANGE BILL, 2018

(No.580 Government Gazette 41689 of 8 June 2018)

The Minister of Environmental Affairs, Dr Bomo Edna Edith Molewa, has published the Climate Change Bill, 2018 for public comment.

The Bill aims to build the Republic's effective climate change response and the long term just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework. It provides for the coordinated and integrated response to climate change and its impacts by all spheres of government in accordance with the principles of cooperative governance. The Act would be binding on all organs of state and places specific obligations and responsibilities on provincial and local government.

Copies of the socio- economic impact assessment report and memorandum of objects are available at www.environment.gov.za

LABOUR RELATIONS ACT, 1995 (ACT NO 66 OF 1995 AS AMENDED): NOTICE PUBLISHED BY THE ESSENTIAL SERVICES COMMITTEE (ESC) IN TERMS OF SECTION 71, READ WITH SECTION 70(2)(A) OF THE LABOUR RELATIONS ACT, 1995 (ACT NO 66 OF 1995 AS AMENDED)

(No. 338 Government Gazette 41704 of 15 June 2018)

The Essential Services Committee is in the process of conducting an investigation as to whether the following services are essential:

1. Public Transport Services
2. Services rendered by educators and support staff in basic education including Early Childhood Development.

AUDITING PROFESSION ACT, (ACT 26 OF 2005): PROPOSED REVISED AND RESTRUCTURED CODE OF PROFESSIONAL CONDUCT FOR REGISTERED AUDITORS

(Board Notice 78 Government Gazette 41667 of 1 June 2018)

In accordance with the provisions of Section 10(1)(a) of the Auditing Profession Act No. 26 of 2005 (the Act), the Independent Regulatory Board for Auditors (IRBA) has published, pursuant to the provision of Section 4(1)(c) of the Act, the following for public information and comment the Proposed Revised and Restructured IRBA Code of Professional Conduct for Registered Auditors.

The proposed Revised and Restructured IRBA Code of

Professional Conduct is available and may be downloaded from the IRBA website at:
https://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-andcomment-letters.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) – NATIONAL TREASURY CIRCULAR 92, MPAC GUIDE AND TOOLKIT

The Circular explains that MPACs are partially modelled on the example of the Standing Committee on Public Accounts (SCOPA) used in South Africa by legislatures at the national and provincial government level.

- One should however always keep in mind that the SCOPA model is prescribed by the Constitution and is based on the premise of separation of power between the Legislature and the Executive and oversight by the legislature over the executive.
- However, in local government -
  - o there is no similar obligation on municipalities;
  - o there is no separation of power between the Legislature and the Executive.

The MPAC Guide and Toolkit is a 72 page document. Both the Circular and the Guide can be found on the National Treasury website.

PUBLIC AUDIT AMENDMENT BILL (BILL 13 OF 2018)

The Bill seeks to amend the Public Audit Act, 2004, so as to:

- delete certain definitions and to insert new definitions. The definition of executive authority had been revised and that, generally, executive authority was used in reference to national ministers, but legal services had introduced a catch-all phrase to ensure that executive authority referred to all legislatures as well as the national ministers. The Committee noted that the Bill stated that the Auditor-General had to submit a copy of the certificate of debt to the Speaker for tabling in the National Assembly. The phrase 'and relevant legislatures' was added, with an explanation to the Committee that a municipal council was also a legislature in constitutional terminology;
- provide for certainty regarding the discretion of the Auditor General with regard to certain audits;
- authorise the Auditor-General to undertake performance audits and to provide audit or audit related services to an international association, body, institution or organisation;
- provide for the Auditor-General to refer suspected material irregularities arising from an audit performed under the Act, to a relevant public body for investigation; to empower the Auditor-General to take appropriate remedial action; to provide for the Auditor-General to issue a certificate of debt where an accounting officer or accounting authority failed to recover losses from a responsible person and to instruct the relevant executive authority to collect the debt;
- provide for the establishment, powers and functions of a remuneration committee;
- provide for consultation between the Independent Commission for the Remuneration of Public Office-bearers and the remuneration committee;
- provide for additional reporting requirements; to provide for the defraying of certain excess audit fees as a direct charge against the National Revenue Fund;
- revise the provisions relating to the appointment of an audit committee for the Auditor-General;
- provide that the Auditor-General makes regulations on specific issues: The criteria for when the auditee was in distress were to be in Regulations. However, the Auditor-General could not regulate on a matter that fell under the Minister of Finance as that would create a conflict of interest. Therefore, it was decided that the Auditor-General and National Treasury would together determine the criteria to be applied.

ACCOUNTING STANDARDS BOARD: INVITATION TO COMMENT ON EXPOSURE DRAFTS ISSUED BY THE ACCOUNTING STANDARDS BOARD

(Board Notice 87 Government Gazette 41722 of 22 June 2018)

The Accounting Standards Board (the Board) has invited comment on the following Exposure Drafts:

- The proposed Interpretation of the Standards of GRAP on Accounting for Adjustments to Revenue (ED 164) with comment due by 31 August 2018;
- The proposed amendments to the Interpretation of the

Standards of GRAP on Applying the Probability Test on Initial Recognition (IGRAP 1) (ED 165) with comment due by 31 August 2018;

- The proposed Guideline on Accounting for Landfill Sites (ED 166) with comment due by 30 November 2018; and
- The proposed revisions to the Standard of GRAP on Financial Instruments (GRAP 104) (ED 167) with comment due by 7 December 2018.

INTEGRATED PLANNING FRAMEWORK, 2018

(No. 473 Government Gazette 41614 of 7 May 2018)

The imperative of institutionalising planning in Government has been fully recognised, and work is currently underway, led by the Department of Planning, Monitoring & Evaluation (DPME) to ensure that it finds expression in how Government substantially improves in order for it to function more optimally. This process has intensified, more particularly, since the adoption in 2012 of the National Development Plan: Vision 2030 (NDP) which represents the apex plan and policy implementation framework across the whole of Government and the country.

The entire process is premised on the urgent need to improve the impact, delivery and implementation of Government's transformation and development policies and programmes. This will be achieved through the more effective coordination and integration of the planning powers and functions that the Constitution assigns to all three spheres of Government.

The following are among the key improvements to the planning landscape that DPME seeks to introduce through the legislation:

a) To establish a formal process for preparing national plans
b) To enhance intergovernmental structures for co-ordination of effective planning between the three spheres of government
c) To align national planning with the national budget and its related processes;
d) To deepen planning for spatial transformation
e) To institutionalise the integration and use of a central information repository and data tools in planning across government.

The Act takes this further by stating that the objects of this Act are to—

(a) establish the National Development Plan as the primary long-term plan and vision that must guide all government planning in the Republic;
(b) reaffirm the Department as the lead-coordinator of the integrated planning system for the whole of government;
(c) institutionalise the planning system across government and to provide an institutional and legal context for planning across government;
(d) ensure coordination, integration and alignment of planning between national, provincial and local spheres including public entities;
(e) ensure that planning and budgetary decisions contribute to the government's development objectives;
(f) provide for the systemic monitoring and evaluation of the implementation of the government's development objectives;
(g) provide for the continued existence, composition and functions of the Commission;
(h) ensure that government performance, as informed by the planning frameworks and specific plans, is properly monitored and evaluated;
(i) to give effect to the obligations of the country emanating from global, continental, and regional development goals and frameworks to which South Africa is party, such as the United Nations, the African Union and Southern African Development Community ; and
(j) provide for accountability measures and related interventions.

FISHERIES: COMMENT SOUGHT ON DRAFT POLICY FOR INLAND WATERS

A draft national inland fisheries policy recently released for comment seeks to align inland fishery governance with the constitutional requirements of a 'sustainable development approach' to natural resource utilisation. Designed to 'promote equity of access' and the empowerment of historically disadvantaged communities, the proposed new policy emphasises the importance of achieving an appropriate balance between small-scale, traditional/customary and recreational fishing. This is noting 'growing user conflicts' over 'certain water bodies' arising from 'a lack of recognition of customary common pool rights' – and a lack of capacity on the part of affected communities to 'participate meaningfully in governance structures'.

This legislation must be noted in accordance with the Constitutional Powers afforded to Local Government regarding jetties and small harbours.

COPYRIGHT AMENDMENT BILL

The Portfolio Committee on Trade and Industry has published specific clauses of the working draft of the Copyright Amendment Bill as of 15 June 2018 and the Memorandum on the Objects of the Bill for public comment. The issues being dealt with in the first phase of a two-pronged approach are:

- The definition of "visual artistic work".
- The minimum content of the agreement related to royalty percentages.
- The issue of retrospective application.
- Reciprocal application of the resale royalty right.
- Retrospective application of an artist's resale right.
- Failure to record acts or to report constituting an offence and the penalty for that offence.
- Nature of copyright in programme-carrying signals.
- Panorama rights and incidental use.
- New process for commissioned work aimed at giving the author more rights.
- Transitional provisions to provide for existing Collecting Societies.
- Reciprocity applying to pay-outs of royalties by Collecting Societies to foreign countries.
- How Collecting Societies should pay royalties out and what to do with funds if they cannot find the copyright owner or performer.
- Increased penalties for infringement. Provision for fines when the convicted person is not a natural person.
- Establishment, composition and proceedings of a Copyright Tribunal. C

AUGUST

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
12	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
20	Prepare & submit Financial Statements	MFMA 126(1)(a)	1-2 months after Fin Y-end	Accounting Officer	AG
21	Entity - Prep & submit Fin Statements	MFMA 126(2)	1-2 months after Fin Y-end	Entity Acc Officer	Parent Municipality
22	Prep & submit Consolidated Fin Stmnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
23	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
24	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
25	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
26	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
28	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
29	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

SEPTEMBER

(1ST QUARTER OF FINANCIAL YEAR)

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
4	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
5	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
6	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
7	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
8	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
9	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
10	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
11	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
12	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
13	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
14	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
15	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
16	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
17	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
18	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
19	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
20	Prep & submit Consolidated Fin Stmnts	MFMA 126(1)(b)	1-3 months after Fin Y-end	Accounting Officer	AG
21	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
22	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
23	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
24	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
25	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
26	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
27	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas

OCTOBER

NO	REPORTING REQUIREMENT	LEGISLATION	LEGISLATION DEADLINE	RESPONSIBLE PERSON	TO WHOM
1	Change of Primary Bank account details	MFMA 8(5)	30 Days before effecting	Accounting Officer	Nat Treas, Prov Treas, AG
2	Details of a new bank accounts	MFMA 9(a)	90 Days after opening	Accounting Officer	Prov Treas, AG
3	Cons report - all withdrawels each quarter	MFMA (11(4)	Within 30 days	Accounting Officer	Prov Treas, AG
4	Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 32(4)	Promptly	Accounting Officer	Mayor, MEC (Loc Govt), AG
5	Advertise/advise new long-term debt	MFMA 46(3)(a)(ii)	Promptly	Accounting Officer	Nat Treas, Prov Treas, Public
6	Implementation of the budget & financial state of affairs	MFMA 52(d)	Within 30 days of each quarter	Mayor	Municipal Council
7	Serious financial problems	MFMA 54(2)	Promptly	Mayor	Mun Counc, MEC (Loc Govt)
8	Impending shortfalls in budgeted revenue & over-spending & steps taken to prevent / rectify	MFMA 70(1)	Promptly	Accounting Officer	Municipal Council
9	Overdrawn bank accs, reasons, rectifying	MFMA 70(2)	Promptly	Accounting Officer	Nat Treas
10	Statement: Budget etc per requirements	MFMA 71(1)	1-10 Days after month-end	Accounting Officer	Mayor, Prov Treas
11	Failure to adopt / implement budget related policies	MFMA 73	Promptly	Accounting Officer	Prov Treas
12	Returns, documents, information, explanations & motivations as prescribed	MFMA 74(1)	As prescribed	Accounting Officer	Nat Treas, Prov Treas, AG, Lgovt
13	Entity - details of a new bank account	MFMA 86(1)(a)	90 Days after opening	Entity Acc Officer	Acc Officer of parent Mun
14	Entity - Stmnt: budget etc per requirements	MFMA 87(11)	1-10 Days after month-end	Entity Acc Officer	Acc Officer of parent Mun
15	Entity - Impending shortfalls & steps	MFMA 101(1)	Next meeting	Entity Acc Officer	BOD of entity, Parent Mun & Counc
16	Table report above	MFMA 101(2)	Next Council meeting	Accounting Officer	Municipal Council
17	Entity - Unauthorised, irregular, wasteful or fruitless expenditure	MFMA 102(1)	Promptly	BOD of entity	Mayor, Mun Mngr of parent mun
18	Entity - Returns, documents, information, explanations & motivations as prescribed	MFMA 101(1)(b)	As prescribed	Entity Acc Officer	Nat Treas, Prov Treas, AG, Lgovt
19	Entity - Improper interference by Cllrs	MFMA 103	Promptly	Entity Acc Officer	Speaker of parent mun Council
20	Deviations from a recommended tender	MFMA 114(1)	Promptly	Accounting Officer	Nat Treas, Prov Treas, AG
21	Entity - Deviations from a recom. tender	MFMA 114(1)	Promptly	Entity Acc Officer	Nat Treas, Prov Treas, AG
22	Entity - Submit annual report	MFMA 127(1)	1-6 months after Fin Y-end	Entity Acc Officer	Municipal Manager
23	Table mun & entity annual report	MFMA 127(2)	1-7 months after Fin Y-end	Mayor	Municipal Council
24	Reasons for delay of tabling annual report	MFMA 127(3)(a)	Promptly	Mayor	Municipal Council
25	Submit Annual report	MFMA 127(5)	Immediately after report is tabled in Council	Accounting Officer	AG, Prov Treas, Prov Lgovt
26	Non-compliance & reasons of non-complia	MFMA 128©	Promptly	Accounting Officer	Mun Council, Prov Treas, AG
27	Submit copies of Council mtngs (annual report discussions)	MFMA 129(2)	Promptly	Accounting Officer	AG, Prov Treas, Prov Lgovt
28	All monthly returns (MFMA, DORA, etc)		10 Days after month-end	Acc Officer etc	Nat Treas
29	All Quarterly returns (MFMA, DORA, etc)		20 Days after end of Qrtr	Acc Officer etc	Nat Treas
30	Quarterly statistics of Local Government	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA
31	Actual & expected Cap Exp	Stats Act (1999/16)	3 Weeks after qrtr end	Acc Officer etc	Statistics SA


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