CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

REPORT TO: **CITY MANAGER**
TO BE REFERRED BY THE OFFICIAL TO MAYCO VIA THE FINANCE PORTFOLIO COMMITTEE, A SECTION 79 COMMITTEE [AFTER CONSIDERATION BY CITY MANAGER]

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1. ITEM NUMBER

2. SUBJECT

FEEDBACK ON THE INTERNATIONAL TRIP UNDERTAKEN FROM 27 JUNE TO 2 JULY 2025 TO ATTEND THE MUNICIPAL STUDY TOUR AND 119TH GOVERNMENT FINANCE OFFICERS ASSOCIATION CONFERENCE IN THE UNITED STATES OF AMERICA

ONDERWERP

TERUGVOERING OOR DIE INTERNASIONALE REIS ONDERNEEM VAN 27 JUNIE TOT 2 JULIE 2025 OM DIE MUNISIPALE STUDIEREIS EN DIE 119DE "GOVERNMENT FINANCE OFFICERS ASSOCIATION"-KONFERENSIE IN DIE VERENIGDE STATE VAN AMERIKA BY TE WOON

ISIHLOKO

INGXELO YASEMVA KOHAMBO KUMAZWE APHESHEYA EQHUTYWE UKUSUSELA NGOWAMA27 KWEYESILIMELA UKUYA KOWE 2 KWEYEKHALA 2025 UKUZIMASA IHAMBO LOZOKHENKETHO OLUNGESIFUNDO NGOMASIPALA NENKOMFA YOWE119 ENGOMBUTHO WAMAGOSA ENGEZEMALI ZIKARHULUMENTE ESEMELIKA (E UNITED STATES OF AMERICA)

LSU S0276

3. EVENT SUMMARY

EVENT DETAILS	
CONFERENCE/SEMINAR	Government Finance Officer Association
OTHER	Municipal Study Tour; Masterclass before Conference
DATE	Study Tour – Friday 27 June 2025 Masterclass – Saturday 28 June 2025 Conference – Sunday 29 June to Wednesday 2 July 2025
VENUE	Walter E. Washington Convention Center

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TOTAL COST TO THE CITY	*Approved travel cost: R319 092.32* **Final travel invoices not processed at the time of completing this report, however a substantial savings will be realised to due the CFO not making use of Business Class travel but rather Economic. The price difference will result in a savings of approximately R80 000.*
CITY	Washington DC
COUNTRY	UNITED STATES OF AMERICA

ATTENDEE DETAILS	
NAME AND SURNAME	DESIGNATION
Mr Kevin Jacoby	**CHIEF FINANCIAL OFFICER**
Mrs Louise Muller	**DIRECTOR: VALUATIONS**

PROVIDE SUMMARY OF HOST ORGANISATION / CITY

Host City

Washington, DC, the U.S. capital, is a compact city on the Potomac River, bordering the states of Maryland and Virginia. It's defined by imposing neoclassical monuments and buildings – including the iconic ones that house the federal government's 3 branches: the Capitol, White House and Supreme Court. It's also home to iconic museums and performing-arts venues such as the Kennedy Center.

Washington, D.C., officially the **District of Columbia** and commonly known as simply **Washington** or **D.C.**, is the capital city and federal district of the United States. It was named after George Washington, the first president of the United States. The district is named for Columbia, the female personification of the nation.

The U.S. Constitution in 1789 called for the creation of a federal district under exclusive jurisdiction of the U.S. Congress. As such, Washington, D.C., is not part of any state, and is not one itself.

Host Organisation:

Founded in 1906, the Government Finance Officers Association represents public finance officials throughout the United States and Canada. The association's more than 22,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions.

The mission of GFOA is to advance excellence in government finance to build thriving communities.

GFOA is a sister organization to CIGFARO in South Africa. Both attendees are members of CIGFARO and will receive CPD points for attending the Conference.

4. OBJECTIVE

The objective was to gain cutting edge information on various subject areas and bring back the learnings to South Africa.

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5. OUTCOMES

The combined report of the Study Tour, Masterclass and Conference attendance is attached.

All these aspects reported on are critical to the long-term financial sustainability and financial viability of any municipality and the achievement of the best possible financial sustainability and audit outcomes.

The City strives for ongoing cutting-edge solutions and staying ahead of the curve when implementing solutions. Exposure of staff to other opportunities, as well as the provision of a report on return, allows for the learning opportunities to be shared across the City and various best practices will be implemented on an ongoing basis.

6. ACTIONS REQUIRED

While the GFOA office staff assisted the South African delegation facilitate the Washington DC Study Tour, there is no reciprocal action required.

The attendees will share information and implement best practices learnt across various professional areas.

7. IMPLICATIONS

7.1	**Constitutional and Policy Implications**	No ☒	Yes ☐
7.2	**Environmental implications**	No ☒	Yes ☐
7.3	**Financial Implications**	No ☒	Yes ☐
7.4	**Legal Implications**	No ☒	Yes ☐
7.5	**Staff Implications**	No ☒	Yes ☐
7.6	**Risk Implications**	No ☒	Yes ☐

7.7 <u>POPIA Compliance</u>

☒ It is confirmed that this report has been checked and considered for POPIA Compliance.

The City has a contract in place with Izani Embassy Joint Venture for the safe-keeping of Traveller's personal information as required by the POPI Act.

Joan-Mari Holt

8. RECOMMENDATIONS

It is recommended that the feedback report on the trip to Washington DC, the United States of America to attend the Washinton DC Study Tour, a Masterclass offered by the Government Finance Officers Association (GFOA) and the GFOA Conference in Washington DC undertaken by Kevin Jacoby and Louise Muller on 27 June to 2 July 2025 inclusive, and their appreciation of being able to attend this event, **be considered and noted.**

AANBEVELING

Daar word aanbeveel dat **daar oorweging geskenk word aan** die terugvoerverslag oor die reis na Washington DC, die Vernigde State van Amerika, om die Washington DC-studiereis, ’n meesterklas aangebied deur die “Government Finance Officers Association” (GFOA) en die GFOA-konferensie by te woon, onderneem deur Kevin Jacoby en Louise Muller van 27 Junie tot en met 2 Julie 2025, en hulle dankbaarheid om die geleentheid te kon bywoon, **en daarvan kennis geneem word**.

IZINDULULO

Kundululwe ukuba **makuthathelwe ingqalelo kwaye kuqwalaselwe** ingxelo engasemva kohambo ebelujolise eWashington DC, eUnited States of America ukuzimasa uKhenketho eWashinton DC olungeSifundo, oluyiKlasi engeSifundo esiphambili enikezelw/echotshelwe nguMbutho wamaGosa angeziMali zikaRhulumente neNkomfa engeGFOA eseWashington DC, oluqhutywe nguKevin Jacoby noLouise Muller ukususela ngowama27 kweyeSilimela ukuya kowe 2 kweyeKhala 2025 kunye nombulelo wabo ukuba bakwazi ukuzimasa lo msitho.

9. GENERAL DISCUSSION

The GFOA Conference is an annual Conference held for the Public Finance Officials of the USA and Canada and overseas countries applying similar local government processes and/or facing similar challenges. This year these overseas delegates included representatives from Georgia, Australia, New Zealand and South Africa.

The Study Tour consisted of a visit to the DC Water Blue Plains Wastewater Treatment Facility in the morning and a presentation on DC's Asset Management System in the afternoon.

Before the GFOA Conference starts on the Sunday, there are Masterclasses offered on the Friday and Saturday. As the Study Tour took place on the Friday, Mrs Louise Muller attended one Masterclass on Saturday afternoon 28 June 2025, on Scenario Planning for Disaster Recovery.

The conference, which took place from Sunday 29 June to Wednesday 2 July, focused on awareness of risks and development of soft skills in the plenary

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sessions. Thereafter, various break-away sessions are held. Over 80 different sessions took place covering various different focus streams. Some, such a school districts or Pension Fund Management, are not relevant to the South African context. The accounting is also slightly different as the Generally Accepted Accounting Practices (GAAP) are used, not GRAP (Generally Recognised Accounting Practice).

Over 7 500 people attended the 119th GFOA conference this year, including more than 300 speakers, 200 exhibiting companies, and 50 sponsors.

Summaries of the presentations that were attended are included in the attached document, together with the major take aways from each session.

We wish to express our sincere appreciation to the leadership of the City of Cape Town for allowing us to undertake this international trip. We trust that the benefits of expanding our general public finance knowledge will be evident through all our work and the new systems or procedures put in place. Further, we trust the attached report will add to the body of knowledge in the City of Cape Town.

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10. ANNEXURES

Annexure A: GFOA 2025 – Report on Conference Proceedings

FOR FURTHER DETAILS, CONTACT:

DATE	30 July 2025		
NAME	Louise Muller	CONTACT NUMBER	084 376 7169
E-MAIL ADDRESS	Louise.Muller@capetown.gov.za		
DIRECTORATE	Finance	FILE REF NO	
SIGNATURE :	Louise Muller Digitally signed by Louise Muller Date: 2025.08.05 13:46:16 +02'00'		

CHIEF FINANCIAL OFFICER

KEVIN JACOBY

The ED's signature represents support for report content and confirms POPIA compliance.

COMMENT:

SIGNATURE: Digitally signed by Kevin Jacoby Date: 2025.08.05 13:53:29 +02'00'

NAME

DATE

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MANAGER: INTERNATIONAL RELATIONS

DR. DENVER VAN SCHALKWYK

SIGNATURE: Denver Van Schalkwyk Digitally signed by Denver Van Schalkwyk Date: 2025.08.05 14:06:03 +02'00'

DATE

COMMENT:

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LEGAL COMPLIANCE

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

☐ NON-COMPLIANT

NAME

TEL

DATE

COMMENT:

Certified as legally compliant based on the contents of the report.

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CITY MANAGER

☑ NOTED

☑ REFER TO THE MAYORAL COMMITTEE VIA THE RELEVANT SECTION 79 COMMITTEE

DATE

COMMENT:

Report on the Washington DC

Study Tour

Master Class

and

Conference

hosted by

Government Finance Officers Association

in

Washington DC, USA

Friday 27 June to Wednesday 2 July 2025

This is a combined Report compiled by CFO, Kevin Jacoby,

and Director Valuations, Louise Muller

Contents

2025 GFOA Study Tour – Friday 27 June 2025

The Study Tour consisted of a visit to the DC Water Blue Plains Wastewater Treatment Facility in the morning and a presentation on DC's Asset Management System in the afternoon.

Blue Plains Wastewater Treatment

DC Water is provided to 3 states, and the operations are almost fully supported by Tariff revenue. It must be noted that 39% of the income is used for Capital Expenditure.

Lower income residents can register each year to get a subsidy on water use.

Infrastructure – Presented by the CFO, MR Brown

Blue Plains Advanced Wastewater Treatment Plant, located in Washington, D.C., is the world's largest advanced wastewater treatment facility. It treats wastewater from the city and surrounding areas, to ensure safe discharge into the Potomac River.

Capacity and Service: Blue Plains has a design average treatment capacity of 384 million gallons per day, with a peak capacity of 555 MGD and additional wet weather treatment capacity of 225 MGD.

It serves over 672,000 permanent residents and the over 17.8 million visitors to Washington DC annually.

The Treatment Plant and Processes

Treatment Processes: The plant utilizes advanced technologies to remove pollutants, including nitrification and denitrification for nitrogen removal, filtration, and disinfection. It also uses a special anammox treatment technology to reduce high-strength ammonia levels

After the Primary and Secondary processes for the waste water, there are 2 further processes – Nitrification and Denitrification (conversion of ammonia to nitrates) and Filtration and Disinfection

The approach used to develop a product for sale: Working from the need for a product that is applicable to land, a saleable product was developed from the wastewater treatment process. This then drove the processes that would give the required product. Part of the process includes thermal hydrolysis (heat and pressure) from the organism screened off through the fine screens, and de-watering processes, and the product is then moved to the Anaerobic Digestion process. This provides a product that is in high demand in April each year by Agriculture. It can also be used in construction. There are about 20 trucks loads being demanded per day. This has reduced the landfill use.

A Clean Rivers project is designed on the building of huge tunnels that capture stormwater. Over 17,7 billion gallons have been captured since March 2018 to 2024. In this was over 11 billion tons of trash. This project effectively cleans up the environment, reduces the environmental impact, and eliminates the cost of river clean-ups and increasing landfill needs.

The trash, from sewerage and stormwater, is removed through grids, sent to incinerators and generates power. Between 65 to 75% of solids are removed at the beginning of the process – using little energy.

DC Water is looking at the future use of water to see if there can be some indirect or direct potable use of treated water.

Asset Management – Richard Deets, Washington DC

Effective Asset management can result in a valuable capital decision making tool.

This was a presentation on the consolidation of assets into a single database, that can then be used for various different decision-making processes.

Take Aways:

- Waste and wastewater are challenges for all and the possibility of recycling and reusing waste and wastewater is being discussed across the world.
- The City's Asset Management maturity is significantly more advanced than some of the cities one would expect to learn from.

Master Class – Saturday 28 June 2025

Scenario Planning for Disaster Recovery

The hours, days, and months following a natural disaster can be overwhelming for communities, citizens, and governments alike. Priorities are everywhere and resources are stretched to meet even the basic needs of a community.

This session was advertised to consider case studies examining the effects of climate change and extreme weather events—such as fires, floods, and windstorms—that severely affect communities. It was to consider:

- What is scenario planning, and how did it help reshape government rebuilding efforts?
- How did property tax relief support citizens' economic well-being while ensuring long-term government revenues?

Some basic scenario planning mechanisms were considered.

Take Away:

- While we all hope to be fully prepared for disasters, there is nothing like a real disaster to expose weaknesses in our plans. Scenario planning helps to better prepare for these disasters we all hope will never happen and prepares us to think on our feet when the unthinkable occurs.

GFOA Conference – Sunday 29 June to Wednesday 2 July

Opening Session – Sunday 29 June

Welcome by The Mayor of Washington DC

The Mayor of Washington DC, Muriel Bowser, has served as Mayor of the District of Columbia since 2015. She is the seventh elected mayor of Washington, DC.

Washington DC has had 28 clean audits and holds 52 days of cash on hand.

Judy Smith, founder and CEO of Smith & Company

Judy Smith created a leading strategic advisory firm focused on crisis management. For more than 25 years, Judy has counselled presidents, world leaders, and other politicians, advised Fortune 50 CEOs through complex challenges, and helped manage the reputations of some of the world's highest-profile individuals.

The CEO of GFOA, Mr Chris Morrill, and Judy Smith held a moderated discussion focusing on issues of importance to state and local government and how finance leaders can learn from experience, apply strategies to better shape public opinion, navigate difficult political scenarios, lead through emergencies, and guide their organizations to thrive in an era of perpetual crisis.

Confidence in Government is going down, so build trust. This is done by saying what you are going to do – and then sticking to it and doing it!

The truth will always come out, so own it and communicate accurately.

Lay the groundwork to ensure that any challenge is not a surprise – be proactive.

Don't underestimate the message. Give focus to the messaging and most especially why it is important to hear the message/know the information being shared.

Relationships built will help you through any negative processes.

Messaging must always be crisp and resonate with the audience.

Take Aways:

- As a finance expert, be the professional and give correct, honest and straight forward advice. Clear and easily understandable communication that is transparent will win the day.
- To truly get your message across, meet people where they are and see how you can help them understand in some tangible way.

Special Leadership Training: Leading Change to Inspire, Engage, and Mobilize

According to the Harvard Business Review, 70% of change initiatives fail due to a lack of effective leadership. This interactive and skills-based workshop was designed to help leaders overcome this challenge by focusing on leading change and not just managing it.

Participants were engaged in exercises and discussions to identify their strengths and roadblocks, enhancing their change agility and how to inspire, engage, and mobilize to drive collective movement toward positive outcomes.

Issues discussed included:

- **Why do we fear change?**
- **What makes a successful change leader?**
  Only 30% of the programmes run these days are successful; 70% of all change initiatives fail; 60% of project plans fail.
  Types of organisational Change:
    - Developmental – subtle impact
    - Transitional Change – Moderate Impact
    - Transformational – Radical Impact
- **Considering the Kübler-Ross Change Cycle:** Shock; Disbelief; Fear and Blame; Depression/Self-doubt; Experimentation/Acceptance; Problem Solving; Adoption/Integration

  No one goes through this Cycle at the same pace as anyone else. We need to manage this change through the cycle and recognise that the communication message must address a range of the change points every time!

  Sometimes, some need a gentle push to move along out of depression/self-doubt and Experimentation/Acceptance.

  There may be a spin in some of the behaviours.

  True Leadership will
    - Focus on people – not "just" the process
    - Lead into the change – not "just setting new targets"
    - Focus on change leadership – not just change management

  Effectively there are 3 types of Leadership Styles:
  - **Connector** – people centric - inspire many
  - **Innovator** – inspire through the vision of what is possible – Big Picture Thinker
  - **Operator** - leading change with the "how to do it" – detail of getting things done

The reality is we relate to all three of these change items, but there will always be one more dominant area of expertise.

The only way to deal with the more nuanced approach is to have a good conversation. Adaptability is so essential.

Communicate differently when addressing the different leadership styles:

Connector	**Innovator**	**Operator**
• Humour • One-on one • Leisurely • With empathy • Show authenticity • Pick up the phone/ open the door • Create a relationship • Progress report • Not perfection, just trying Look for progress, not perfection; connect with some personal issue before moving to the issue	• Direct communication • Why • Fast/No time wasted • Get to the point • Communicate with facts – not the feelings • Total picture • Executive summary / bullet points / no background is needed • Be explicit • Don't give a problem, without a solution or a solution and I have to look at what the problem is • Start the thinking, and we will change it as we go	• Clear and concise • Decisive • Logical • Milestones • Hard deadlines • Expectations • Resources • Examples • Get clarity with question Everyone wants to be successful – so communicate in a way that all can be successful. Clear, concise and direct is important. Warmth needs to come into this too.

We all have the same goal but have very different approaches.

There are some strengths, but these are often overused and there are blind spots for each leadership style.

	Connector	Innovator	Operator
Strengths	Promote engagement; motivate; calm and encouragement	Visionary; Decisive; Fast paced; Strategic	Time-bound; Decisive; communication; get it done; analyser; focus; determined; hard workers
Overuse	Easily distracted; too much talking; too many opinions; lack of boundaries; over-stimulating	too fast, cold, uncaring; hurting feelings	Can't say no; give too much information; controllers; may seem cold;
Blind Spot	Too forgiving; cashing with innovators; kindness taken for weakness;	ignore the human aspect; don't connect; overlook the effort required by operators	Don't delegate; unfeeling; considered cold; team may feel they are not trusted; lose sight of connection; get overused; burnout!!!

Take Aways:

- **Buy-in comes from co-creation and brings "skin in the game" due to shared ownership.**
- Start any change with connection! First tap into the "heart". Then "engage the brain". Explain the "what" and the "why" for the change and explain how it will support the team goals and how it aligns with organisational strategy and objectives.
- Get into the operations and "put the hands in motion" as the operators get process orientated.
- Give those involved the right resources to do the job! Leave the operators to do the job.

Conference General Session – Monday 30 June 2025

Tuesdays with Morrie – Mitch Albom

Mitch Albom is an internationally renowned, bestselling author, journalist, and philanthropist. His books, which include the #1 bestselling memoir of all time, *Tuesdays with Morrie*, have collectively sold more than 40 million copies in 48 languages worldwide. He is the founder of SAY Detroit, an umbrella organization that is home to nine charities dedicated to improving the lives of Detroit's underserved population.

Mitch spoke on his experiences and life lessons on the value of public service. He explained how a simple idea—"Giving is Living"—has changed his life, and how, by adopting a similar mentality, we can embody a giving spirit and make a difference in the lives of others while also adding vibrancy and vitality to our own.

- In Haiti all the youngsters give one year of service back to Haiti, understanding that you give before you take.
- Keep your friends.
- Never forget those who made the success that you are today.
- "Giving makes me feel like I am living. Taking never gives great life nor makes you feel alive." Giving is living.

Take Aways:
- People before cell phones and work.
- What we give defines the quality of our life.

Breakaway Sessions:

Overcoming ERPphobia: How to Confront Your Next Project

Embarking on an enterprise resource planning (ERP) project is not something that finance officials look forward to undertaking. They know that it involves long hours, cost overruns, difficult vendors, and resistance to change – none of which are pleasant experiences.

Some of the methods shared included:
Discovery – understand the expected outcomes of the project and share them on an ongoing basis
Definition – generate agreement on expectations, scope (people, process, technology). Embrace a solutions approach, don't tie up the hands of those expected to produce results by not giving them the necessary resources
Planning – while many think planning refers to ***Project preparation,*** it is also essential to generate agreement on the project scope, solution approach, realistic project timelines and keeping a clear roadmap that all understand and support. Don't underestimate the need and the importance of top level support all the way through the project, as well as ensuring all staff are involved.

- An example provided was that this is essentially a puzzle. Through this process we will Integrate, Elevate, and Empower all, but we don't have clarity on where all the pieces fit, but we do know what we want to achieve (see ***Discovery*** above).
- In the example used, each person was given a piece of a puzzle – and reminded "you are an important piece of the puzzle!", "there will be holes in the final picture if we are not all involved".

Alignment – ensure there is ongoing team consensus and stakeholder agreement through confirming the alignment on an ongoing basis.

Some practical points on ERP Implementation included:

- Be flexible: understand that the overall flexibility of Cloud solutions is not where we think it is, but embracing it can provide consistency.
- Transactional process efficiency – keep an eye on the internal control environment
- Integration Platform - Get started with system integrations early!
- Data mapping and migration process – identify the new structure of the new system and ensure the right data is in the right place
- Importance of Data Cleansing – eliminate inaccuracies; look at naming conventions, etc. These will minimize post-implementation issues.
- How much history is enough? – keep the ability to access historical data, but understand the more that is converted, the more difficult the project becomes! Be realistic with expectations.
- Understand the Importance of Validations – identifying discrepancies before going live is essential. If this is not done well, the project will be delayed.
- Identify issues and system readiness – UAT (User Acceptance Testing) while essential to test integrity and controls, is also a process of introducing users to the new system, and grow their confidence in the integrity of the new system.
- Final systems adjustments – look at how many testing phases are essential and build these into the implementation programme, (and then some more!).
- Change can be scary – there will be those who passionately resist the new system. Use a focussed Change Management strategy with end-user focussed communications to help avoid derailing a project before it launches.
- Change can be exciting – Your change management strategy needs to focus on the best parts of the new system to keep that excitement alive.
- Comprehensive materials – provide training materials, with a diversity of various training guides
- Structured and Unstructured – structured training is important, but Q&A processes on an ongoing basis are equally important; allow for these two different types of training.
- Black-out dates must be pre-determined to ensure NO LEAVE is allowed around go-live when people will be required to sort out snags.
- Ask what is most looked forward to. In one organisation it was the opportunity to be self-sufficient! The benefit of a clean slate and start something new should be exciting and the goal for many: "Moving to a new clean house"!
- Keep the momentum going doing quiet periods by sending out "tid-bits" and future points.

*While a lot of focus is on the ERP Implementation, the longer-term **Sustainability*** must be considered:

- This is a huge investment by the organisation. Make sure you get it right.
- Leverage knowledge of those who have walked through the full process. One option is to create "a centre of excellence" by pooling staff resources (Super Users) – but understand that those individuals must stay in touch with those original departments that they represented. Also understand that the work has to be done, and those positions vacated will have to be filled by some mechanism to ensure work is ongoing and those supporting your longer term vision and drive are not penalised by being overworked. Filling those posts is an option, understanding that

this creates an extra cost – so it must be balanced against the longer term use of the "centre of excellence".
- SME (Subject Matter Experts) can also remain leads in the departments that they represented. Don't ignore them, keep the collaboration going forward – so the best possible service can be obtained, and their expertise is not lost.

Take Aways:

- It will always take longer than expected, more resources than expected, create more headaches than expected.
- People have to be taken care of through the process – they are the only means the organisation has for data cleansing, testing, advising, revising, checking and training.

Good, Bad and Ugly: The Debate with Using Cooperative Procurement Agreements

As a means to accessing services quickly, many municipalities are looking for opportunities to piggy-back on other contracts within government that have stood the test of audit scrutiny to ensure they were procured in accordance with legislative requirements.

For the first time I saw that companies that have agreements in place, actually offer the possibility of piggy-backing on those agreements to other municipalities. There are numerous red flags that are raised.

Take Aways:

- Large cooperative procurement agreements can provide many benefits including better pricing, shorter purchasing timelines, access to pre-negotiated contracts, and improved supplier relationships.
- However, using a cooperative agreement also can limit new ideas, reduce opportunities for suppliers, require governments to accept less than ideal terms, and create the potential for conflict with procurement policies or grant requirements.

Managing Artificial Intelligence in the Finance Office

Artificial Intelligence (AI) is just about everywhere and becoming even more prevalent. While early adopters are using AI to conduct research, generate images, summarize data, write memos, provide feedback, and refine ideas, it is also clearly capable of transforming how local governments manage finances – it is even being integrated with core processes.

- AI is pervasive. We need to embrace it and manage it.
- Best use may be for predictive analysis for our customers and consumers of services
- Areas of opportunity and the benefits include:
    - Speed of analysis;
    - more effective responses when aligned to true data;

- Speedy execution – allow for improved productivity to move out of paper-based processes; manual oversight is still required, but this may not necessarily be required in the future.
- Systems can respond in real time 24 hours per day, and take action related to the conclusion of a query.
- Asset maintenance and Infrastructure management – to consider emergency maintenance;
- Disaster management – use AI to manage the evacuation procedures; identify alternate water sources and ease of sharing,
- Cross-government co-ordination - possible with AI agents and across systems.

Can the technology be trusted?
How do we trust and manage it to increase the level of trust and integrity?

Data is the foundation, while good governance of data is essential. Ensure the right data is used.
AI Risk, Ethics and Governance is all-important:

- Bias and fairness must be managed;
- there is a potential for Model Drift (hallucinations) and
- the Regulatory Exposure (legislative compliance) must be considered and explored.

A framework for evaluating Ai is being developed. The EU has just passed national legislation. This is due to the fact that:

- Guardrails, Governance and Public Trust are essentials.
- Standards are needed.
- There is limited transparency in many AI systems, or even of AI in systems.
- There are Inconsistent approaches being used.
- Privacy and security issues and public concerns to be considered.

Workforce Transformation is essential:

- Upskill teams; rethink roles and address cultural resistance to AI or abuse of AI.

If you can write down a process, then it is most likely that you can automate the process. AI is, largely, a form of data analytics – so not something new. However, the processing power has exploded.

Take Aways:

- Treat AI like critical infrastructure
- Prioritise training – employees must feel that AI works for them, not around them and not taking away relevancy
- CPAs (Continuous process assessments) are important for good data governance, as well as continuous auditing and reporting (see Rutgers University Website: there is about 300 hours of education on the various models)

Cyber Risk Savvy – A cybersecurity update

Cybersecurity is a finance risk, not only an IT risk. There is so much data stored, and the data owners need to ensure that the data is kept safe.

When are you too small or too big to be targeted?

The lack of integration in small organisations, and ageing IT infrastructure, causes vulnerability in many cases.

However, the bigger you are, the easier to cybercriminal can hide in the IT infrastructure.

No one is safe.

Cybersecurity is not just about fire-walls!

- **One of the participants was wearing the glasses that record and video/photograph on an ongoing basis.** What is the City policy on these glasses? How do we pick this up? Is it something that can be detected through our security guards or do we rely on the honesty of the one wearing the glasses? If they are so honest, why are they wearing the glasses in the first place?
- We often hear the apps on phones responding when a question is asked in a meeting. Is this something that should be turned off? Can it effectively be turned off? Are there times where phones should not be allowed?
- Sometimes service disruptions can be cyber-acts.

Thinking through various events:

- Often the cyber plans are on computers – which can't be used in a cyber-event.
- Are cyber desktop reviews done regularly? When was the last one done? Have corrective actions been put in place based on the findings?
- Are computer upgrades loaded to those stand-alone computers set aside in case of a cyber event?

Insider risks and vendor risks must always be considered.

- Insider cyber events can sometimes be from people not doing their jobs, or those who know too much. It can also be simply a super-user who has access to too many different systems and processes and can therefore complete a full process without others having oversight or other authorisation risks.
- Will you service provider be willing to attest to data security when your data is shared with them? This might not seem such an onerous request, but the refusal may give a gut feeling that something is not right.

AI Power attacks:

- These include deepfakes and spoofing.
- A codeword is often required with banking transactions. This means that the voices can't simply be used. AI is used often to regenerate voices and thus create transaction challenges. However, the codeword is a good way of managing this.

Take Aways:

- When a letter about compromised data is received, send the letter in to the insurance (if there is insurance cover). Be overprotective, even if it is expected that it is simply a phishing / scam exercise.
- Can there be a co-hosting of municipal data to assist in limiting the effects of a cyber-attack (a mutual aid agreement)?
- IF there is insurance, review the insurance regularly! Make sure it stays up to date with cyber changes. Check coverage changes on an annual basis, as these do change regularly.
- Be aware of the risks through vendors – e.g. Air Conditioning remote access by a service vendor; Elevator/escalator access – is it limited to certain remote limits on what can be done?

Leadership workshop: Capital Projects: Managing Risks for sustainable and resilient outcomes AND Capital Planning 101: Beginning Your Capital Improvement Planning Journey

This session explored the challenges of capital project performance and the root causes of challenges, including the biases and heuristics that derail planning and execution. It highlighted reference class forecasting as a tool to address these challenges. Using real-world examples, methods were presented for risk assessment and how to improve data-driven decision-making.

The budget process provides an opportunity to discuss priorities, goals, revenues, expenses, and services over the next year. However, it does not help prepare for large capital investments that may span fiscal years or where advanced planning multiple years in the future is required. For that, governments also need an effective capital improvement plan (CIP). The CIP process, focused on individual projects, will need to consider rehabilitation of existing assets, developing new assets, multiple funding sources, potential debt issuance, longer lead times for contracts and procurement, and collaboration across multiple departments. During this session, speakers discussed how to begin improving tomorrow through better planning today, focusing on best practices in capital planning.

Take Aways:

- Learnings on how economic, environmental, and social factors can be integrated into risk assessments, investment appraisals, and capital project management.
- Learnings of practical insights into using data to set major capital projects up for success
- Project Managers suffer from optimism bias, the risks associated with that and how to manage those risks in relation to capital planning and execution
- Risk assessment and data-driven decision-making can result in better capital project performance

- Benefits of long-term capital planning and its associated revenue and budget models

In the context of the City, a key shift over the past two years has been the administration's focused effort to ensure that enabling contracts are secured in prior financial years. This has created the necessary conditions for early-year mobilisation by suppliers, with many contracts now in place, either fully awarded or at an advanced stage, by the first weeks of the new financial year, aligned with financial planning to deliver the capital project portfolio. This progress is evident in the budget value, which is already supported by available or near-finalised contracts.

To further strengthen alignment between planning, procurement, and delivery, a new integrated reporting system has been developed (as seen later in this report). This reporting overlays synchronised project plans, aligned with the approved budget, with procurement plans and real-time SCM process tracking. Where project-level procurement delays are observed, the report now provides complete visibility of the underlying causes and their likely impact on delivery timelines

The Project Readiness Assessments (PRAs) are specifically designed to account for this by aligning financial planning with the anticipated timing of contract activation. This includes factoring in procurement lead times and statutory requirements to ensure that budget allocations match the realistic start dates of each project. The current level of uncommitted funds, therefore, reflects timing variability rather than systemic failure; however, it will nonetheless require targeted monitoring and intervention. The PRA (Project Readiness Assessment) and ERA (Expenditure Readiness Assessment) processes are undergoing enhancements to enable improved forecasting and planning. The City aims to reach 60-70% of active procurements for FY2026/27 by November 2025, ensuring that the capital portfolio is not just ready, but also contractually enabled long before commitments and delivery are required. This level of early visibility will help ensure improved financial alignment, reduce fiscal write-downs in future adjustments, and de-risk the capital portfolio against late-stage slippage.

From current oversight reporting, it is also evidence that high level of early enablement is a result of:

- Long-term contractual coverage on multi-year infrastructure projects,
- High readiness ratings during the FY2024/25 PRA and ERA assessments, and
- Strong procurement planning alignment with the City's Medium-Term Revenue and Expenditure Framework (MTREF)

Further future enhancements include enhanced monitoring and intervention support through the CFO Collaboration meetings, as well as quarterly feedback to EMT.
Key capital programmes monitoring will include risk profiles, procurement, contract management and payment forecasts to be actively tracked to anticipate and resolve any delays or blockages before they impact quarterly targets. This focused oversight includes:

- Monthly progress reviews with project owners and implementing directorates,
- Ensuring the early finalisation of work briefs for framework components (where applicable),
- Tracking of payment lags and commitment-to-actual conversion windows, particularly for construction projects.
- Quarterly independent project reviews by C3PM and report backs
- Monthly project management status updates on SAP PPM via PM comments.

Strategic Actions Underway to manage procurement and execution risks and ensure full-year delivery momentum, the following actions are being coordinated through the CFO Collaboration meetings:

- Directorates have been instructed to finalise and upload all work briefs which need to be delivered by the end of Q1 by no later than 31 July. This is not a once-off requirement, but part of a longer-term shift toward institutionalising work brief submission as a formal deliverable at the start of each financial year. This will be embedded as a standardised milestone across years, aligned with the City's evolving capital governance framework. The intent is to ensure that procurement processes are activated early in Q1 and that contract execution timelines remain synchronised with budgeted financial flows. This approach also supports improved forecasting accuracy and reduces pressure on procurement and contract administration units later in the year.
- Project managers using framework contracts are being flagged monthly, with escalation mechanisms now integrated into the C3PM dashboards. This enables early identification of delays in secondary procurement and facilitates directorate-level accountability through regular performance tracking.
- Frameworks linked to major conditional grants—including the Budget Facility for Infrastructure (BFI), Public Transport Network Grant (PTNG), and other Urban Mobility portfolios—have been prioritised for contract and work brief alignment. Specific attention is being paid to projects where concept or detailed design briefs have not yet been issued, to avoid delays in downstream procurement.
- Procurement and Contract Management Units are collaborating to fast-track secondary procurement processes within panel contracts.

A key principle that also came about through these discussions through out the conference was the importance of targeted mentorship programmes. Targeted mentorship, where mentors and mentees are paired based on compatible personality attributes, can significantly enhance the mentorship experience in a professional environment. When there is a natural alignment in communication styles, work ethics, and core values, the mentor-mentee relationship becomes more authentic and productive. Compatibility fosters open dialogue, mutual trust, and a deeper understanding, making it easier for mentees to absorb guidance and advice. This personalized approach not only strengthens the mentorship bond but also accelerates learning by ensuring that the feedback is relevant and resonates with the mentee. Ultimately, such tailored mentorship leads to improved professional development, higher job satisfaction, and more meaningful growth for both parties.

We will be exploring opportunities in collaboration with Organisational Development Unit (Future Planning and Resilience), to determine the value of the learnings and how the current mentorship programs in place addresses these learnings.

General Session – 1 July 2025

Dan Heath – Strategies To Unlock Forward Movement, Accelerate Change, And Achieve Dramatically Better Results

Dan provided a framework for getting unstuck and making the changes that matter. He acknowledged that change can feel overwhelming and we can easily be stifled by the gravity of the way we've always done things. We spend so much time fighting fires – and fighting colleagues. He explored strategies to make the changes that matter.

Dan challenged the audience to **Make sure that the boulder you are moving is the one that needs moving!** And really consider **What is the goal of the goal?**

Goodharts Law: When a measure becomes a target, it ceases to be a good measure.
[The score becomes the focus, not the goal of constant improvement!]
Sidewalk example:

- the poor don't expect the City to do anything about what they ask – so they don't ask, and they get what they expect – nothing.
- The rich ask for improvements – and get what they expect – some service.

Reassess the alignment of the measures and the mission. What are we trying to accomplish and is there a different way of getting there?

He proposed we all take on a Solutions Focus – by investigating what is working today and how can we do more of it. Study the "Bright Spots". Are we all looking at the bright spots to see how what is working in one place can be used in other areas of the section, department, directorate, organisation.

It is not inherent in the mission of the leader to be the problem solver. It is inherent in the leader to be the improver. There is often more to unlock by understanding what does work, than what does not work!

Another aspect is to consider the constraints. What is holding us back. Whittle that constraint down. Constraints make sense in the context of the goal (output) and the goal of the goal (outcome) – so always keep the goal in mind, as the constraints will usually be different to what the initial assessment of a constraint is. See if there is the possibility to "restack resources".

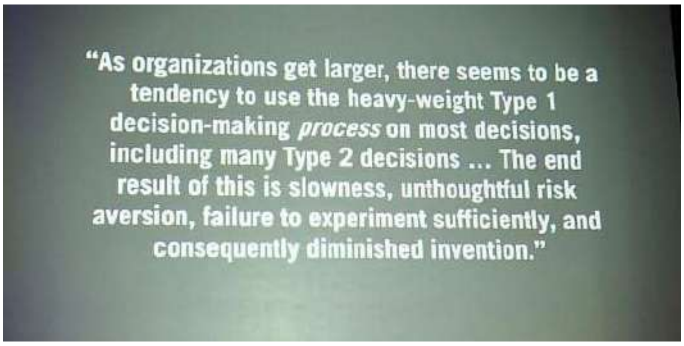
The smart change is "instead of" and not <u>added to</u>.

Waste is any activity that does not add value to the customer – Toyota Production

Wasted effort, time and resources can be restacked. One classic type of waste is "excess processing".

Jeff Bezos states there are 2 types of decisions –

1. One way – consequential, nearly irreversible, stuck with the choice
2. Meaningful, but reversable.



How do you motivate people to change?
Knowledge is not sufficient to spark change. **If you want change, feeling is the fuel. Find the feeling.**

Take Aways:

- **Look for leverage possibility in any challenge. There may be a trade-off in time or resources, but the longer-term outcome will be so much better**.
- **The 3-step process for change is – see, feel change** (not analyse, think, change)

Breakaway Sessions:

The missing piece – using P-cards to improve procurement and payment process

Due to another session being full, I sat in on this session.

Procurement and accounts payable functions can be slow, inefficient, and a source of frustration for certain internal departments and external suppliers. For American local governments looking for ways to better manage small purchases, subscriptions, travel, or other transactions not ideally suited for a purchase order, there is an allowance to use purchasing cards (P-cards) as an effective tool to improve service, control, and transparency, while also reducing administrative burdens. These purchasing cards offer an opportunity to save time and money. The risks must be mitigated through clear policies and procedures, making them often safer than commonly used alternatives.

There are numerous blocks that can be implemented. This may be a full block over all cards – which may cause a problem for some procurement. Card must be named and given to a specific person for operational purposes. Shared cards should not be an option. If it is an option, then the cards must be signed out and signed back in, with the receipt for the goods which were authorised. This is then reconciled to the statement/on-line statement.

A centralised system may mean that bottlenecks are created and there will be an administrative burden on one section. A decentralised system requires consistent application of policies and procedures.

If setting up a programme, ensure that there is efficient and timely linkage between the HR section and the Finance Section to ensure the cards are returned, and all administration around payments has been done before final payment of the employee that has resigned or retired.

Take Away:

- USA is grappling with making Credit Cards work in limited scenario's to ensure that there is efficient and effective control of funds to encourage more effective processes in those specific cases. *The use of credit cards is not allowed in South African Local Government (per the MFMA)*.
- Certain vendors in the USA are asking that payment to them is made via PayPal, Amazon and even Bitcoin. Should Local Government have a policy around these payment methodologies?

Homemade Solutions: working to solve the Housing Crisis

There are racial and economic divides, as well as geographic boundaries that cause challenges in providing housing. Some municipalities build housing for the homeless, while others will rent from landlords, and simply subsidise the rental for those with no, low or limited income. This rental subsidy is provided through federal funds – which means budgeting and predicting how help can be provided over the long term is difficult.

A special tax rate can also be voted on by the Council to fund the unhoused through either rental agreement processes or development. Other funding sources also include bonds.

Housing is an issue challenging local government across North America, and, from input received from other countries, all across the world. The circumstances in every community are slightly different, but the questions are similar:

- Do we have enough housing?
- Where should we build more?
- What type is needed?
- How can we keep it affordable?
- How affordable is affordable?
- Do we have the infrastructure to support it?

Take Away:

- Housing is a problem that single governments/ a single sphere of government cannot fix on their own, not anywhere in the world.
- While partnering with nonprofit organizations, private developers, and other spheres of government was proposed, is this practical and feasible or will the limitations and conditions be too onerous to govern/manage?

Smart Cities: Rethinking the Role of Technology in Everyday Life

"What Works Cities Certification" was founded by Bloomberg Philanthropies and helps local government use data and evidence at scale in order to tackle the most pressing challenges and improve residents' lives.

Examples of "What Works" and was thus Certified:

- City of Fort Worth, Texas – Water leaks and lack of insight into water usage were costing the City money. The installation of smart water meters gave real-time information on leaks and water usage and showed certain types of pipes that leaked – causing new decision making, 90% reduction in field investigations and more than $1 million in cost savings.
- Longmont, Colorado – Only 10% of residents were using a water services rebate programme. Through various interventions information was integrated from various different service information, such as the income and characteristics of individuals is collated from Hospitals/Public Health, Police, Prisons, Child and Family Services, Disability, Different Ability and Mental Health Information, Homeless Services Information, Pensioner Information, etc. These were then automatically registered for water rebates. Many of the auto-registered households do pay for some water and, in fact, 89% of the total amount outstanding is paid monthly.
- San Pedro Graza Garcia, Mexico – a resident facing chatbot caused great excitement that "the City would listen and hear" and receive all complaints. However, internal reporting problems and slow responses, so resident satisfaction dropped! Further improvements on full automation and workflow automation caused a response

Take Aways:

- The concept of "smart cities" isn't limited to large urban centers; it's about leveraging technology to enhance the quality of life and operational efficiency in any community.
- Finance professionals from local governments of all sizes are challenged to explore how integrating technologies—such as Internet of Things devices, data analytics, and digital services—can transform financial management and service delivery.
- Have we documented the process for incorporating data into decisions? We need to support these strategies with answers to questions such as: Do you have examples of where funds were shifted due to evidence-based programmes? What evidence do you have that a new project is needed and will achieve what is being asked for (show us the data evidence)?

- There are numerous ALICES (Asset Limited, Income Constrained and Employment strangled) citizens. How do we start managing data to ensure they receive the support they need and not those who have significant means at their disposal but simply want the City to subsidise everything?

Breakaway Sessions – 1 July 2025

New and Improved: How to initiate lasting change

While technology can improve efficiency through automation, true process improvement comes from changing organizational roles, policies, and with using technology appropriately. However, this change can be difficult to initiate and even more difficult to sustain.

- Don't automate dysfunction! Reset or create – NOT "This is how we've always done it".
- If you can see a problem, you can solve it – so map processes all the time. See it, Say it, Solve it!
- Setting structure will create safety and accountability – remember to rewrite process documents and amend policies if there are related impacts.
- Set clear expectations, while supporting people, but hold the line.
- Create a Centre for Excellence in SharePoint with checklists, process flows, process documents, etc. Anything that could be needed.
- **Don't let a day attack you – as you will not create change. Prepare for the day, prepare your input to Agenda's and initiate lasting change in every meeting.**
- Take the invisible, and make it visible. Make your people great!
- In many group sessions, the obnoxious or loudest will "win". This means that the process may not necessarily be the best. Speak up when you know you are right!
- **Useless work sucks the life out of staff** – look at how it can be done easier. Let staff do VALUABLE work. Pull out all the meaningless work – eliminate the cost of meaningless work and consider how time-wasting work can be automated or streamlined. Remember, E-mail is NOT workflow!
- What we give our energy to, is what grows!
- Consider that Humans make mistakes, but they are (usually) rational, and so the mistakes are rational. Build a shared mindset around continuous improvement and build power.
- What we look for is what we see. Be aware to look at everything, the unnoticeable items, etc. Pause to reflect.

GFOA has training online for change management that can be accessed through the website.

Take Aways:

- Look for the bright spots in each day, each meeting, each opportunity – and lift them up!
- Keep on noticing – ask the Why? question, then consider "What if?" and then contemplate "How might we?"
- **Don't let a day attack you – as you will not create change. Prepare for the day**

Build the Treasury Fortress: Fraud Prevention Practices in the Treasury Office

With new forms of fraud popping up all the time, treasury managers can feel like they're playing a never-ending game of whack-a-mole!

- Fraud comes from Human mistakes (95%) and Ransomware attacks.
- There will always be someone trying to see how they can defraud government – counterfeit, vendor hacks! (a huge problem), mishandling of invoicing, mishandling deposits, reconciliation and reporting (more prevalent than is found!) – Financial Statement Fraud; Corruption, etc.
- Consider the fraud triangle – opportunity, rationalisation and motive/pressure
- Fraudsters are using AI to invent ways to defraud organisations.
- A breach over 2 or 3 years ago can remain dormant, and then start challenges again. City of Grand Rapids had this occur and lost $150 000 to cryptocurrency. This funding can't be recovered by the bank or municipality.
- Wells Fargo stated that 2023 set the record for the most publicly disclosed compromises in a year – being 3 205.

- The top 5 security threats for the next few years were discussed, being at the tip of the iceberg of significant AI fraud, breaches and untangling/deciphering encryption algorithms.
- Fraud prevention: train annually on internal controls; check segregation of duties or compensating controls, etc.
- Remind staff that it should not be easy to complete a full financial process, ever!
- Look at "True People.com" and be amazed at what information is there about American people.

Take Aways:

- Fraud remains one of the most significant threats to the integrity of treasury operations.
- Fraud and Corruption have serious financial and reputational impacts.

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