

ITEM NUMBER: C 26/04/16

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 16 FEBRUARY 2016

MC 25/02/16 NATIONAL TREASURY mSCOA IMPLEMENTATION
QUARTERLY PROGRESS REPORT - DECEMBER 2015

It is **RECOMMENDED** that the National Treasury mSCOA Implementation Quarterly Progress Report for December 2015, be noted.



REPORT TO COUNCIL

DATE 2016-02-16

1. ITEM NUMBER : MC 25/02/16

2. SUBJECT

NATIONAL TREASURY mSCOA IMPLEMENTATION QUARTERLY PROGRESS REPORT – DECEMBER 2015

KWARTAALLIKSE VORDERINGSVERSLAG OOR DIE IMPLEMENTERING VAN DIE NASIONALE TESOURIE SE mSCOA – DESEMBER 2015

INGXELO YARHOQO NGEKOTA ENGENKQUBELA ENGOKUMISELWA KWE-mSCOA KAMASIPALA ENGEKANONDYEBE WESIZWE YANGODISEMBA 2015

3. STRATEGIC INTENT

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

4. PURPOSE

The purpose of this report is to provide mSCOA project quarterly progress status (October 2015 to December 2015) as well as to submit the National Treasury municipal Standard Chart of Accounts (mSCOA) Circular 3 for information and noting.

5. FOR NOTING BY / FOR DECISION BY

- This report is for noting only/information only.

6. EXECUTIVE SUMMARY

mSCOA, or the municipal Standard Chart of Accounts, was developed by National Treasury to standardise financial reporting and related information across all municipalities in South Africa. The MFMA / mSCOA Regulations, promulgated in April 2014, require all municipalities to implement the regulations by July 2017.

This report provides a quarterly progress and status report to Council, for the period October 2015 to December 2015, on the mSCOA project implementation in the City. This report also serves to submit National Treasury's mSCOA Circular 3 for information and noting.

7. RECOMMENDATIONS

Not delegated: for decision by Council:

It is recommended that:

The contents of the report be noted.

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat daar van die inhoud van die verslag kennis geneem word.

Asigunyaziswanga: isigqibo seseBhunga:

Kundululwe ukuba makuqwalaselwe okuqulathwe kwingxelo.

8. DISCUSSION/CONTENTS

The following are pertinent activities which took place in relation to the mSCOA project during the period under review:

Internal Audit Phase 1 implementation review

Internal Audit completed their mSCOA implementation review on two departments in the Energy, Environmental and Spatial Planning directorate. The brief was to ascertain whether transactions of expenditure and revenue were correctly processed in terms of the new general ledger accounts created in alignment to mSCOA, whether budgetary provision was appropriately moved to the newly created accounts and whether expenditure or revenue transactions were incorrectly processed on general ledger accounts (e.g. those classified as "blocked" from 1 July 2015).

The Internal Audit report also included input to the specifications in sourcing an external service provider for project assurance. This appointment is envisaged to take place in the first quarter of the calendar year. The Internal Audit findings were presented to the mSCOA Steering Committee in December 2015 and generally

represented favourable findings and recommendations” (the Internal Audit report was “advisory” in nature and in support of the mSCOA implementation effort).

National Treasury Circular no 3

The 3rd mSCOA circular was issued by National Treasury on the 2nd of November 2015 and provides information on:

- mSCOA and the Audit Value chain
- mSCOA and municipal entities
- mSCOA frequently asked questions
- mSCOA Project management support
- Early adopting of mSCOA and;
- What is available with regard to mSCOA training?

All matters addressed in the circular were actioned by the City. The circular is attached as Annexure A to this report.

Integrated Consultative Forum (ICF)

The City attends ICF (Integrated Consultative Forum) sessions, which are hosted by National Treasury and attended by mSCOA pilot municipalities, system vendors, Provincial Treasuries, Accountant General, SALGA, IMFO, Auditor General, Accounting Standards Board and sundry national government departments. National Treasury provides updates on sundry topical mSCOA aspects and facilitates a platform for discussion at these sessions. The previous ICF attended by a City delegation was on the 1st December 2015.

One of the items presented at the session was National Treasury’s assessment of where the 17 non-delegated municipalities are positioned in terms of mSCOA implementation. This session was a closed session with only the 17 non-delegated municipalities and the provincial treasuries in attendance. The City’s status seemed to be the most favourable of the 17 non-delegated pilot municipalities.

New mSCOA version of the mSCOA grid

Implementation by pilot municipalities is scheduled for 1 July 2016. The City is currently in the process of compiling the 2016/17 operating and capital budgets per the mSCOA grid. As previously reported, the City was awaiting the mSCOA version 5.4, which was released on the 17th of November 2015. This version was to address 59 of the issues which were logged on National Treasury’s FAQ database. Confirmation of these issues in version 5.4 resulted in implementation changes during the City’s budget process. This approach ensures that the City implement changes once known and confirmed via formal communiques such as updated mSCOA versions. It should be noted, however, that not all mSCOA requirements have been finalised by National Treasury and in this regard, 27 position papers on sundry matters are “work in progress” and finalisation still awaited by implementing municipalities.

mSCOA training

50 City delegates attended a two-day mSCOA training session presented by National Treasury in Cape Town during October 2015. NT indicated in its circular 3 that, from February 2016, accredited training will be made available to all municipalities. NT has partnered with the Institute of Municipal Finance Officers (IMFO) in this regard.

8.1. Constitutional and Policy Implications

[mSCOA implementation have been regulated for implementation by municipalities by July 2017.

8.2. Sustainability Implications

Does the activity in this report have any sustainability implications for the City? No Yes

8.3. Legal Implications

The MFMA / mSCOA Regulations promulgated on 22 April 2014, oblige all municipalities to implement the regulations by July 2017.

8.4. Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No

Yes

Risk Implications

The mSCOA risk register is updated monthly and submitted to the mSCOA Steering Committee and quarterly to Riskco.

8.5. Other Services Consulted

N/A.

ANNEXURES

- Annexure A: MFMA mSCOA Circular No 3
- Annexure B: MFMA mSCOA Circular No 3: Annexure A – FAQ Database queries & responses
- Annexure C: MFMA mSCOA Circular No 3: Annexure B – Frequently Asked Questions (FAQ) Database – Guidance

- Annexure D: MFMA mSCOA Circular No 3: Annexure C – Project Sponsor Appointment

FOR FURTHER DETAILS CONTACT:

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DIRECTORATE	Finance
FILE REF NO	
SIGNATURE : DIRECTOR (Delete if not necessary)	

Comment:


EXECUTIVE DIRECTOR
 [Compulsory to Insert name]
 (Author to obtain signature before submission to Executive Support)


NAME KEVIN JACOBY

DATE 15/1/16

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

NON-COMPLIANT


LEGAL COMPLIANCE
 [Compulsory to Insert name]
 NAME Sarah van Zyl
 TEL 021 400 5446
 DATE 18.01.2016

Comment:
For information. 

CRAIG KESSON (STRATEGIC POLICY UNIT)

- SUPPORTED FOR ONWARD SUBMISSION TO MAYCO / COUNCIL
- PC RECOMMENDATION
- RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT
- ALTERNATIVE RECOMMENDATION (TO BE REFLECTED IN COMMENTS SECTION BELOW)
- NOT SUPPORTED

DATE

COMMENT:

A.G.D.

EXECUTIVE DIRECTOR: CORPORATE SERVICES AND COMPLIANCE (ED: CORC)

- SUPPORTED FOR ONWARD SUBMISSION TO MAYOR / MAYCO / COUNCIL
- NOT SUPPORTED
- REFERRED BACK

DATE

12/1/2016

COMMENT:

COMMENT:

MAYORAL COMMITTEE MEMBER
(Author to obtain signature before submission to Executive Support)

NAME JD NELSON

DATE 20/1/2016

EXECUTIVE MAYOR

P. Stobille

- SUPPORTED FOR ONWARD SUBMISSION TO MAYCO COUNCIL
- PC RECOMMENDATION
- RECOMMENDATION AS CONTAINED IN ORIGINAL REPORT
- ALTERNATIVE RECOMMENDATION TO BE REFLECTED BELOW
- APPROVED I.T.O. DELEGATED AUTHORITY
- NOTED
- REFUSED
- REFERRED BACK

DATE 21.01.2016

COMMENT:
