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Departement van Finansies

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Ref : DOF 13/6

PROVINCIAL TREASURY CIRCULAR NO. 13 OF 2015

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR C LISA)
THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY (MR DP MSIBI)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY (MR N SEANEGO)
THE ACTING MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR S MAEBELA)
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (ADV H MBATHA)
THE ACTING MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR M MNGUNI)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR JI SINDANE)
THE ACTING MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MS EK SHABALALA)
THE ADMINISTRATOR: EMALAHLENI LOCAL MUNICIPALITY (MR T VAN VUUREN)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR BS MAHLANGU)
THE MUNICIPAL MANAGER: NKANGALA MUNICIPALITY (MS M SKOSANA)
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR VN MPILA)
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR VD NGCOBO)
THE MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY (MR PB MALEBYE)
THE MUNICIPAL MANAGER: GOVAN MBHEKI LOCAL MUNICIPALITY (MR MF MAHLANGU)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR L TSHABALALA)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR AN MAHLANGU)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR S SHONGWE)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)

THE HEAD OF DEPARTMENT: DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS : (MR CM CHUNDA)
THE CHIEF EXECUTIVE OFFICER: SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION: (MS GA LANGA)
THE GENERAL MANAGER: SUSTAINABLE RESOURCE MANAGEMENT: DEPARTMENT OF FINANCE (MS G MILAZI)
THE GENERAL MANAGER: FINANCIAL GOVERNANCE: DEPARTMENT OF FINANCE (MS J BEZUIDENHOUT)
THE GENERAL MANAGER: ASSETS AND LIABILITIES MANAGEMENT: DEPARTMENT OF FINANCE (MR JB MBATHA)

IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) (NON PILOTING MUNICIPALITIES)

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognized accounting practice, uniform expenditure classification and uniform Treasury norms and standards.

In terms of section 169 (1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance signed into effect and subsequently published the Regulations on Municipal Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577. (The SCOA was later renamed mSCOA to differentiate it from the National and Provincial name).

In preparation for the implementation by all Municipalities by 1 July 2017, National Treasury recommended that all Municipalities should table and discuss the Municipal Regulations on the standard Chart of Accounts in Municipal Councils meeting.

To date all Municipalities in the Province have tabled the regulation in Municipal Councils.

Subsequent to the tabling, Municipalities are further required to develop implementation plans or strategies as to how they are going to meet the 1st July 2017 deadline.

Furthermore Municipalities must develop a Memorandum of Understanding with their respective System Vendors outlining rates charges and responsibilities. The MOU will also allow monitoring by the Provincial Treasury.

It should be noted that there is no funding available for the implementation of mSCOA. Municipalities can utilize the Municipal System Improvement and Finance Management Grants to fund the mSCOA project.

mSCOA key milestones for non-piloting municipalities are as follows:

ACTIVITY	2014/15	2015/16	2016/17
1) Awareness			
Council awareness- Council resolution on SCOA	November 2014		
Broader administrative awareness- Senior managers	November 2014 and continuous	Continuous	Continuous
2) Governance			
Establish project management office (Project Manager)	January 2015		
Develop project plan including all senior managers	February 2015		
Sign off project plan			
Establishment of forums			
Determining impact on business policies, processes and procedures	February 2015 to June 2016		
Risk management	Continuous	Continuous	Continuous
3) Project Initiation			
Vendor feedback and integration into project plan.	January to June 2015		
Segment evaluation and			

ACTIVITY	2014/15	2015/16	2016/17	
alignment to current municipal GL and organizational structure	January 2014 to June 2015			
Align function to municipal standard classification and identify anomalies				
Line by line comparison of the item segment (revenue, expenditure and assets) and identify anomalies		January 2014 to June 2015		
Defining funding sources and linking to the item segment				
Define regional indicators and provide to SCOA project team				
4) Specific requirements (System application)				
Opening balances conversion- Historical information and data	July 2015 to June 2016	July 2015 to June 2016		
Budget conversion to SCOA tables				
Clearing of suspense accounts, clearing of accounts, control accounts and interface accounts				
5) Understanding reporting requirements				
Budget and reporting formats (MBRR)	Ongoing	Ongoing	Ongoing	
Annual financial statements				
Section 71 monthly reporting				
6) Maintenance of SCOA requirements				
Attendance of information sessions by applicable officials	Ongoing	Ongoing	Ongoing	
Attendance of system vendor user forums				
Attendance of provincial CFO forums				
Attendance and scheduling of training sessions based on user specific requirements				
Read communications i.e. MFMA Circulars				
Constant feedback to political and administrative leadership (quarterly)				
Ensuring ownership of this reform is key to the project success				


ACTIVITY	2014/15	2015/16	2016/17
7) Migration to SCOA classification (system vendor management)			
Preparation and finalization of take on balances and historical information	Ongoing	December 2016	
Detail migration project plan (vendor) and MOU			February 2017
Compilation of detail budgets SCOA classification across segments (2017/18 MTREF)			March 2017
Testing and user acceptance			January to June 2017

The Role of Provincial Treasury in SCOA implementation is as follows:

- Drive change management and capacity building in the piloting and non-piloting municipalities
- Monitor mSCOA progress of the pilot municipalities
- Advise non-pilot municipalities and assist as required
- Support the non-piloting municipalities in the roll out.
- Monitor the risk register and mitigate risks together with the municipalities
- Coordinate the provincial efforts and report to National Treasury

It is imperative that all non-piloting municipalities adhere to the above mentioned timelines to ensure smooth transition on the implementation of the mSCOA.

Your cooperation is always appreciated.


MS. NZ NKAMBA
HEAD OF DEPARTMENT
 DATE: 15/4/2015