

Reference: T12/2/6

## **TREASURY CIRCULAR MUN NO 44/2014**

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE  
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS  
THE MAYOR, MATZIKAMA MUNICIPALITY: MR J BOTHA  
THE MAYOR, CEDERBERG MUNICIPALITY: MS L SCHEEPERS  
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL  
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR F SCHIPPERS  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN  
THE MAYOR, WITZENBERG MUNICIPALITY: MR J KLAZEN  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER  
THE MAYOR, STELLENBOSCH MUNICIPALITY: MR CJ SIDEGO  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN  
THE MAYOR, LANGEBERG MUNICIPALITY: MS D GAGIANO  
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR L DE BRUYN  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR CB PUNT  
THE MAYOR, OVERSTRAND MUNICIPALITY: MS N BOTHA-GUTHRIE  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL  
THE MAYOR, SWELLENDAM MUNICIPALITY: MR N MYBURGH  
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUIZEN  
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON  
THE MAYOR, HESSEQUA MUNICIPALITY: MS E NEL  
THE MAYOR, MOSSEL BAY MUNICIPALITY: MS M FERREIRA  
THE MAYOR, GEORGE MUNICIPALITY: MR C STANDERS  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL  
THE MAYOR, BITOU MUNICIPALITY: MR M BOOYSEN  
THE MAYOR, KNYSNA MUNICIPALITY: MS J WOLMARANS  
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR E NJADU  
THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING  
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR HT PRINCE

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM  
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS  
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR M BOLTON (ACTING)  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR I KENNED  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR L SCHEEPERS  
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ  
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO  
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON  
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR J METTLER  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS C LIEBENBERG  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR G MATTHYSE  
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HSD WALLACE  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL  
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MR CM AFRICA  
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR M HOOGBAARD  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR M GRATZ

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA  
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR R LOTTERING (ACTING)  
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR A PAULSE  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MS L WARING  
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE  
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS  
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER  
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY  
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER  
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR M BOLTON  
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED  
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK  
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER  
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER  
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD  
THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRITZINGER  
THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR J CARSTENS  
THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST  
THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS  
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THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW  
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDE  
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON  
THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH  
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK  
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO  
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN  
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA  
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN  
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: ADV F HUMAN (ACTING)  
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR F LÖTTER  
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON  
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N NORTJE (ACTING)  
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD  
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING  
THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN (ACTING)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR Z HOOSAIN)  
THE HEAD: PUBLIC POLICY SERVICES (MR H MALILA) (PRO TEM)  
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)  
THE HEAD: LOCAL GOVERNMENT PUBLIC FINANCE (MR H MALILA) (PRO TEM)  
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)  
THE HEAD: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)  
THE SENIOR MANAGER: FISCAL POLICY (MR H MALILA) (PRO TEM)  
THE SENIOR MANAGER: INFRASTRUCTURE (MS JD GANTANA) (PRO TEM)  
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS N OLIPHANT)  
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR F SABBAT)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR TL RADEBE)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M KORSTEN)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)  
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

## MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM – 4 SEPTEMBER 2014

1. This circular serves to confirm that the Chief Financial Officers' Forum will take place on Thursday the 4<sup>th</sup> of September 2014 at the Protea Hotel Saldanha in Saldanha Bay.
2. The aim for the upcoming CFO Forum will be **to build on Provincial Strategic Goal 5: which is to embed good governance and integrated service delivery through partnerships and spatial alignment.**
3. All municipal Chief Financial Officers (CFOs) are requested to attend the meeting and are welcome to be accompanied by one additional municipal official.
4. The topics on the agenda include amongst others the following:
  - a) 2014 MGRO 1 - Governance – a strategic imperative for Service Delivery
  - b) Update on Implementation of LG: SCOA Regulations promulgated by National Treasury on 22 April 2014
  - c) Implementation of Financial Misconduct Regulations promulgated by National Treasury on 30 May 2014
  - d) Update on Applying the Probability Test on Initial Recognition Of Exchange Revenue i.e Traffic Fines – IGRAP 1
  - e) Placement of PT Bursary graduates within municipalities
5. The logistics for the Chief Financial Officers' Forum are as follows:

**Date: Thursday, 4 September 2014**

**Time: 08:00 – 14:00**

**Venue: Protea Hotel Saldanha in Saldanha Bay**
6. Confirmation of attendance or apologies should reach Provincial Treasury by no later than 1 September 2014.

7. Please direct your communication to:

Attention: Mr Peter Petersen

Tel: 021 483 9185/6299

Fax: 021 483 4411/7356

Email: [Peter.Petersen3@westerncape.gov.za](mailto:Peter.Petersen3@westerncape.gov.za)

8. Your co-operation in this regard will be appreciated.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M Sigabi', enclosed within a hand-drawn oval. The signature is somewhat stylized and overlaps the oval.

**MR M SIGABI**

**ACTING CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE**

**DATE:** 27 August 2014



## DRAFT AGENDA

### MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM

**DATE:** 4 September 2014

**VENUE:** PROTEA HOTEL SALDANHA BAY  
51B Main Rd, Saldanha Bay

**THEME: "EMBED GOOD GOVERNANCE AND INTEGRATED SERVICE DELIVERY THROUGH PARTNERSHIPS AND SPATIAL ALIGNMENT"**

**Chairperson:** Mr H Malila: DDG – Fiscal and Economic Services Branch  
Western Cape Provincial Treasury

Item	Topic		Time
1.	OPENING AND WELCOME	Chairperson	08:00 – 08:04
2.	ATTENDANCE Apologies	Chairperson	08:04 – 08:05
3.	SETTING/APPROVAL OF AGENDA	Chairperson	08:05 – 08:07
4.	CONSIDERATION OF MINUTES OF THE PREVIOUS MEETING: 5 & 6 June 2014	Chairperson	08:07 – 08:10
5.	MATTERS ARISING	Chairperson	08:10 – 08:15

Item	Topic		Time
<b>6.</b>	<b>NEW MATTERS</b>		
6.1	<b>2014 MGRO 1</b> - Governance – a strategic imperative for Service Delivery	Mr B Vink (Provincial Treasury)	08:15 – 08:45
6.2	Implementation of <b>LG: SCOA Regulations</b> promulgated by National Treasury on 22 April 2014 <ul style="list-style-type: none"> <li>Update from National Treasury</li> <li>Update by Provincial Accountant-General</li> <li>Work done by Pilot Municipalities – Discussion by all attendees</li> </ul>	Ms V Mbunge Mr A Hardien	08:45 – 09:15 09:15 – 09:45 09:45 – 10:15
<b>MID-MORNING TEA/COFFEE</b>			10:15 – 10:30
6.3	<b>2013/14 Audit</b> <ul style="list-style-type: none"> <li>Materiality</li> <li>Update on Applying the Probability Test on Initial Recognition Of Exchange Revenue i.e. Traffic Fines – IGRAP 1</li> </ul>	Mr M Memani WC IMFO Chairperson/ Bitou Municipality Mrs N Oliphant (Provincial Treasury)	10:30 – 11:00 11:00 – 11:30
6.4	Implementation of <b>Financial Misconduct Regulations</b> promulgated by National Treasury on 30 May 2014	Mr TV Pillay/ Mr W McCommans (National Treasury)	11:30 – 12:30
6.5	Western Cape Delivery Plan ( <b>WCDP</b> )	Mr M Booysen (Provincial Treasury)	12:30 – 13:00
<b>LUNCH</b>			<b>13:00 – 13:30</b>
6.6	<b>Section 71 Reporting</b> Framework inclusive of observations / early warning signals identified in terms of municipal budget performance	Mr M Sigabi (Provincial Treasury)	13:30 -14:00
6.7	Placement of <b>PT Bursary graduates</b> within municipalities	Mr H Malila (Provincial Treasury)	14:00 – 14:15
6.8	Feedback reports from CFO Sub Forums <ul style="list-style-type: none"> <li>SCM Forum</li> <li>MAF</li> <li>CRO and CAE Forum</li> <li>PDO Forum</li> </ul>	Mr T Radebe Mrs N Oliphant Mr B Vink Mr M Booysen	14:15 – 14:50
<b>7.</b>	<b>CONCLUDING REMARKS</b>	Chairperson	14:50 – 15:00



## **MINUTES OF THE MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM**

**5 & 6 JUNE 2014, LORD MILNER HOTEL, DUNCAN ROAD, MATJIESFONTEIN**

### **1. OPENING AND WELCOMING**

The Chairperson, Mr H Malila opened the meeting.

Mr Williams, the municipal manager of Laingsburg municipality welcomed everyone.

### **2. Attendance as per Attendance Register**

<b>ORGANISATION</b>	<b>NAME</b>
George Municipality	Mr K Jordaan
Drakenstein Municipality	Mr I Engelmohr
Drakenstein Municipality	Mr A Viola
Drakenstein Municipality	Mr K Carse
Cape Winelands District Municipality	Mr M Lesch
Cape Winelands District Municipality	Ms Du Raan-Groenewald
Saldanha Municipality	Mr S Roets
Saldanha Municipality	Mr S Vorster
Cape Agulhas Municipality	Mr H van Biljon
Cape Agulhas Municipality	Mr B Swart
Overstrand Municipality	Mr C Le Roux
Overstrand Municipality	Ms V Allen
West Coast District Municipality	Mr P Steenekamp
West Coast District Municipality	Mr A Adams
Central Karoo District Municipality	Mr N Nortje
Prince Albert Municipality	Mr J Neethling

<b>ORGANISATION</b>	<b>NAME</b>
Witzenberg Municipality	Mr A Raubenheimer
Witzenberg Municipality	Mr C Kritzinger
Stellenbosch Municipality	Ms C Lategan
Matzikama Municipality	Mr M Bolton
Overberg District Municipality	Mr J Tesselaar
City of Cape Town	Mr J Steyl
Bergrivier Municipality	Mr J van Niekerk
Bitou Municipality	Mr F Lotter
Bitou Municipality	Mr M Memani
Breede Valley Municipality	Ms B Volschenk
Breede Valley Municipality	Mr D McThomas
Laingsburg Municipality	Mr G Bothma
Laingsburg Municipality	Ms A Groenewald
Laingsburg Municipality	Mr C Smutz
Knysna Municipality	Mrs A Sunkar
Knysna Municipality	Ms N Fundi
Theewaterskloof Municipality	Mr J Smith
Langeberg Municipality	Mr P Hoffman
Langeberg Municipality	Ms N Haai
Langeberg Municipality	Mr B Brown
Eden District Municipality	Mr J Stander
Eden District Municipality	Ms L Hoek
Mossel Bay Municipality	Mr J Fourie
Mossel Bay Municipality	Mr H le Roux
SALGA	Ms A Filles
Auditor General South Africa(AGSA)	Mr G van Der Hoven
Auditor General South Africa(AGSA)	Mr R Venter
Auditor General South Africa(AGSA)	Ms W Solomons
National Treasury – Office of Accountant General	Mr L Mazya
Western Cape Provincial Treasury – DDG: FES	Mr H Mallia
Western Cape Provincial Treasury – DDG: FES	Mrs V Coetzee
Western Cape Provincial Treasury -	Mr A Hardien
Western Cape Provincial Treasury -	Ms B Misrole
Department of Local Government	Mr M Parker



<b>ORGANISATION</b>	<b>NAME</b>
Department of Local Government	Ms E Barnard
Western Cape Provincial Treasury - Local Government Accounting	Ms N Oliphant
Western Cape Provincial Treasury - Local Government Accounting	Ms S Nzimande
Western Cape Provincial Treasury - Local Government Accounting	Mr Z Hendricks
Western Cape Provincial Treasury – Local Government Budget Management	Mr M Booysen
Western Cape Provincial Treasury – Financial Governance	Mr B Vink
Provincial Treasury – Local Government Supply Chain Management	Mr T Radebe
Western Cape Provincial Treasury – Local Government Finance	Mr F Sabbat
Western Cape Provincial Treasury – Local Government Finance	Mr M Sigabi
Western Cape Provincial Treasury – Local Government Finance	Mr E Johannes
Western Cape Provincial Treasury – Local Government Finance	Mr P Petersen

## 2.1 APOLOGIES

### *Municipal CFOs / Secundis:*

Swartland Municipality	-	Apology
Hessequa Municipality	-	Apology

## 3. SETTING/APPROVAL OF AGENDA

The agenda was approved.

## 4. CONSIDERATION OF MINUTES

Page 6 – there needs to be a correction under questions and comments: that it is not a deviation but that it needs to be properly disclosed in the AFS.

## 5. MATTERS ARISING

Item no	Topic	Matter	Comment
6.1	MGRO progress: Are we on track to achieve improved governance	Mr B Vink to report back regarding feedback from NT w.r.t the financial capability model.	Mr B Vink indicated that there is a financial capability model being implemented by NT on national perspective. Information from the piloting municipalities in other provinces will be used to update the tool itself. They are also in the process of finalising funding for the national roll out and then they need to appoint the service providers which will assist. Further detail will be provided at the NT Joint Meeting and post this meeting the CFO's will be informed. From a Province side there are tabs kept on this to ensure that there are no duplications being performed by municipalities.
6.3	SALGA's role towards developing a plan for financial sustainability	Reference/Focus group to be established with regard to replacement of RSC levies amongst district municipalities.	Mr F Sabbat, Mr M Booysen and Mr Tesselaar are responsible for this. Mr Tesselaar indicated that the 1 <sup>st</sup> meeting is scheduled for the 20 June 2014 after the meeting with NT.
6.6	Update and planned implementation of the pending Municipal Regulations: Standard Chart of Accounts	All questions relating to SCOA to be taken up with NT and feedback to be provided at the next CFO forum.	Mr E Johannes stated that the engagements has been finalised by the 2 April 2014. NT is currently engaging with the vendors where they have the technical evaluation i.t.o the capability of the financial system to ensure that it is SCOA compliant. The valuation committee comprising of members of SETA, OAG, Legal Services, Budget Office and PT will then indicate which systems will be able to accommodate the implementation of SCOA. NT has published the link on their website i.t.o all comments as well as the response to it. NT will issue a supplementary circular i.t.o circular 57.  Mr J Steyl stated that a working group should be established going forward. The minimum is to empower themselves.  Ms N Oliphant stated that the information received from IMFO was that one of the service providers has withdrawn. The name

Item no	Topic	Matter	Comment
			<p>was not mentioned but the impact could be huge if it is one that service the WP. PT is represented with the vendor engagements with NT which is in an observing status.</p> <p><b><u>Resolutions</u></b></p> <ol style="list-style-type: none"> <li>1. SCOA needs to stay on the agenda of this forum.</li> <li>2. The next CFO forum to have someone from NT to talk about the roll-out of SCOA, the immediate plans and contingencies put in place and any financial support required.</li> <li>3. To establish a workgroup which will engage with NT SCOA and provide feedback on a quarterly to this forum. Nominations from the following municipalities: Matzikama, Saldanha Bay, Cape Winelands District, Drakenstein, Knysna, Mossel Bay, City and Theewaterskloof. Mrs N Oliphant will drive the operations from PT side.</li> </ol>

## 6. NEW MATTERS

Item no	Topic	Discussion	Action Required	Due Date
<b>DAY 1</b>				
6.1	<b>Focus Area 1: Accounting Standards</b>	<p>Ms N Oliphant did a presentation on <u>Update: Accounting – Low Cost Housing</u>.</p> <p><b><u>Questions/Comments</u></b></p> <p>Shouldn't we all decide on a strategy to be used for the 2013/14 financial year. There is a lot of uncertainty hanging. Shouldn't the statement be that if a certain way was assessed the prior year, where it infuses until the statement has established.</p> <p>Ms N Oliphant responded that she thinks that they should continue the way they were doing things. New</p>		

Item no	Topic	Discussion	Action Required	Due Date
		contracts still need to be reviewed.		
6.1.1	<b>Exposure Draft of a proposed Standard of GRAP on Accounting by Principles and Agents</b>	<p>Mr L Maziya did a presentation on <u>ED122 – Accounting by Principle and Agents</u></p> <p><b><u>Questions/Comments</u></b></p> <p>Mrs N Oliphant commented that they had an informative session with Corporate Governance, Public Finance, NT and Department of Human Settlements. They are looking at the ED122 and the contracts. She stated that the process needs to be influenced by comments until the end of August 2014.</p> <p>Mr Z Hendricks stated that there are all types of challenges that they face from accounting, legal and accreditation perspective and the meeting they had with Mr F Sabbat was i.r.t the way forward. There are inconsistencies of how these are treated. New contracts need to be clarified.</p>		
6.2	<b>Focus Area 2: “2013/14 AFS Preparations”</b>	<p>Ms N Oliphant did a presentation on <u>AFS Preparation 2013/14</u></p> <p><b><u>Questions/Comments</u></b></p> <p>There were no questions or comments.</p>		

Item no	Topic	Discussion	Action Required	Due Date
6.2.1	<b>Improvements of quality of financial statements and areas where significant adjustments had to be made during the 2012/13 financial year</b>	<p>Mr L Holland (AGSA) did a presentation on <u>Six Risk Areas</u>.</p> <p><b><u>Questions/Comments</u></b></p> <p>Mr M Bolton commented that there is a disjunction in the way in which some of the matters are reported in the audit and management reports. He gave an example that most findings stem from deficiencies in a control environment. He further stated that the way the findings are reported in the management reports creates the perceptions that there is a negative connotation. These influence how the public views these reports. He requested that the AGSA should be little more sensitive in how they report.</p> <p>The clarity of submission dates. The due date for the performance report and draft annual report. The issue for 3 quotations for SCM was also raised.</p> <p>Mr L Holland responded as follows: For the 3 quotations the auditors do take into account the geographical area, whether adequate documentation exist why 3 quotes could not be supplied. In most cases the AGSA found invalid reasons why 3 quotes could not be supplied.</p>		

Item no	Topic	Discussion	Action Required	Due Date
		<p>With regard to the AFS and annual report, it is clear that the financial statements must be submitted by the 31 August and legislatively the annual report by the 31 January. In order for the AGSA to report at the end of November, they need a draft annual report to enable them to carry out all the audit procedures to comply with the International Standards of Auditing and a logical date was to submit the annual report with the AFS. The information in the annual report should not be different to the information in the AFS and this is to accommodate the compliance with the MFMA. With respect to the reporting, they have to make sure that there is a balance between the requirements of the International Standards of Auditing that requires to report in a certain manner and the way they need to report i.t.o laws and regulations.</p>		
6.2.2	<p><b>Preparations of the audit file which takes into consideration Circular 50 of the MFMA</b></p>	<p>Mr R Venter did a presentation on <u>Maximising the benefit of audit files in addressing material misstatements in financial statements</u></p> <p><b>Questions/Comments</b></p> <p>Mr H Malila stated that the problem is that municipalities complain that a lot of effort was put into the preparation of audit files and the AGSA never used the files. It is about what municipalities must do to improve and the presentation sets it out.</p> <p>Mr R Venter responded with the following questions regarding the audit files: What was the format? Was it indexed? Did the auditor tell you anything?</p>		

Item no	Topic	Discussion	Action Required	Due Date
		<p>Mr L Holland stated that they can accept instances where the auditors can improve in using the file and whether the file is sufficient for audit purposes. It will also help the AGSA, if municipalities would discuss the file with them on arrival.</p> <p><u>Resolution</u></p> <p>The required templates need to be used. At the end of the audit it should be mandatory that feedback be given to the audit manager whether the audit file was used.</p>		
6.3	<b>Focus Area 3: "IT Governance"</b>	<p>Ms E Barnard indicated that the National Department of Corporate Governance send a circular to all municipalities indicating that there is an ICT Corporate governance framework that must be implemented by the 1 July 2014 and that municipalities will be audited on this framework in August 2015. She indicated that the municipalities do not have to implement it because it does not address current structures and operating environments of municipalities. For the 2015 year the AGSA will focus on specific controls and not the implementation of the framework. These specific controls will be communicated from COGDA to all municipalities. She further indicated that the framework was relooked at and that it was simplified to work for municipalities. Implementation of the new framework will start July 2015 and will be audited on in August 2016.</p>		

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		<p>An agreement was reached that implementation will be phased out over 5 years. The old circular will be withdrawn and the new circular will be sent by COGDA in the near future. She stated that this does not apply to the City of Cape Town. She introduced Mr M Parker.</p> <p>Mr M Parker did a presentation on <u>Municipal ICT Governance</u></p> <p><b><u>Questions/Comments</u></b></p> <p>A question was raised if this is taking into consideration what is happening in SCOA?</p> <p>Ms E Barnard responded that it should and the thing that they worked on was the ICT Governance framework which relates to the ICT principles, policies and structures that municipalities need to have in place. This relates to compliance issues.</p>		
6.3.1	<b>IT Governance: Addressing the audit findings</b>	<p>Ms W Solomon (AGSA) did a presentation on <u>IT Governance: Addressing IT Audit Findings</u></p> <p><b><u>Questions/Comments</u></b></p> <p>A comment was made that the dependency on the work that has not been done from an audit perspective and also the combined issuance type of issue. He indicated that there is a lot of work done on the audit findings that was raised and the survey has indicated the ICT statement and that in itself will find that the scope and also the risk in a specific municipality which will have an impact on the scope, time and cost as far as the audit is concerned.</p>		



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		<p>He also requested perspective around the vendor engagement that might be there, the crafting of specific policies for those vendors that will link up to the combined type of that will municipalities assurance.</p> <p>Ms W Solomon responded that they are driving on the improvement on IT. She stated that controls need to be in place, that it is consistently implemented and that there is an audit trial.</p> <p>A question was raised on who set the acceptable risk or norm?</p> <p>Ms W Solomon responded that there are monitoring controls in place to ensure mitigation of risks.</p>		
	<p><b>Auditing of Predetermined Objectives</b></p>	<p>Mr L Holland did a presentation on <u>Auditing on predetermined objectives</u></p> <p><b>Questions/Comments</b></p> <p>A question was raised that it is more compliance issues like SOP's and system descriptions where the primary functions of municipalities are service deliveries; if this is necessary? This is getting more work for the AGSA purpose and not for the purpose the SDBIP is intended.</p> <p>Mr L Holland responded that the development and the management of reporting for PDO has been a formal approach since the introduction of the MFMA. This has always been a requirement that municipalities have to report on their performance. He further stated that in that reporting there is the important aspect of compliance that goes with the regulations. The purpose of the SOP's is to provide guidance for municipalities.</p>		

Item no	Topic	Discussion	Action Required	Due Date
7.	<b>Concluding remarks</b>	The chairperson just gave indication of day 2 agenda. He thanked all the presenters for the day. The meeting adjourned at 16:20.		
<b>END OF DAY 1</b>				
<b>DAY 2</b>				
1.	<b>Opening and welcoming</b>	Mr M Sigabi welcomes the attendees for day 2.		
2.	<b>Focus Area 4: 2013/14 Audit</b>  <b>Asset Management: Completeness of asset register, Heritage Assets etc.</b>	<p>Mr Hardien presented to the forum issues relating to asset management highlighting findings from prior year audit management reports which includes matters such as:</p> <ul style="list-style-type: none"> <li>• Description of assets on asset registers as "missing".</li> <li>• Inconsistencies with depreciation</li> <li>• Expenses that should have been capitalised</li> <li>• Physical verification</li> <li>• Description of assets such that it is not easily identifiable.</li> </ul> <p>Mr Hardien also explained the legislative requirements and requirements relating to asset registers.</p> <p>Heritage assets and intangible assets were also discussed.</p> <p><b><u>Comments/Questions</u></b></p> <p>Ms Oliphant added that a working committee for GRAP 17 will be established which should include officials from BTO office and engineers.</p> <p>Mr Critzinger raised a question regarding minor assets as the GRAP standard does not specify what minimum amount should be and will AG accept municipality's own minimum amount set.</p>		

Item no	Topic	Discussion	Action Required	Due Date
		<p>Mr Hardien answered that the critical element to be established is whether the asset is controlled by the municipality. The City of Cape Town is a good example where use is made of two registers one for controlling and one for disclosure. A municipality may adopt internal policy.</p> <p>Materiality ASB working on discussion paper.</p> <p>Mr Z Hendricks made a suggestion to municipalities to raise materiality figure to be used for audit and to have a materiality figure set for assets.</p> <p>Where is it prescribed that there should be an asset maintenance plan for each asset?</p> <p>Mr Hardien responded that currently this is not required for municipalities yet but will be a requirement in future.</p> <p><b>Way forward</b></p> <p>Mr Hardien emphasised the fact that before SCOA these issues needs to be cleaned up and that PT will provide support where needed. There is a course being rolled out on above discussion points, further communication will follow regarding this.</p>		
3.	<p><b>Applying the Probability Test on Initial Recognition of exchange revenue i.e. Traffic Fines-IGRAP 1</b></p>	<p>Mr Engelmohr did a presentation on this topic stating the current state of affairs w.r.t. treatment of exchange revenue.</p> <p>A copy of this presentation is available on the link provided.</p>		

Item no	Topic	Discussion	Action Required	Due Date
4.	<b>Auditing of PDOs – clarification of the audit standards applied during the annual regulatory auditing relating to Predetermined Objectives</b>	<p>Mr Booysen highlighted the importance of planning and laid down the principle elements of PDOs which are to:</p> <ul style="list-style-type: none"> <li>• Plan</li> <li>• Execute</li> <li>• Monitor and evaluate</li> <li>• Review/oversight</li> </ul> <p>Also provided useful hints to set smart targets.</p> <p>A special PDO workshop will be held on 23 June 2014 in Stellenbosch at the council chambers.</p>		
5.	<b>Compliance: Unauthorised, Irregular, Fruitless and wasteful expenditure</b>	<p>Most contentious issue in municipalities. Mr Hardien presented to the CFO's but also indicated that this is the same presentation that was done at the IMFO conference. Much emphasis was placed on irregular expenditure where regard needs to be given to the specific circumstances which gave rise to irregular expenditure. The correct processes that need to be followed so that such expenditure can be condoned. Council condones irregular expenditure and the proper mechanisms need to be in place to have Council informed. A complete presentation dealing with procedures to follow is available on the link.</p> <p><b><u>Questions</u></b></p> <p>Mr Bolton (Matzikama) requests that clarification e-mail from NT to CoCT on deviations w.r.t. above be shared with rest of municipalities.</p>		

Item no	Topic	Discussion	Action Required	Due Date
		<p>Mr Vink commented that PT is in the final phases of policy documents and templates for the guidance on all these issues and should reach municipalities within the next two weeks.</p> <p>Mr Jordaan raised a question of clarity asking from a reporting side if such expenditure is not condoned by 30 June will this be a subsequent event and irregular.</p> <p>Mr Sabbat commented that S32 of the MFMA does not set out process. PT will have to document this process to assist municipalities.</p> <p>Mr Critzinger asked if irregular expenditure identified during audit and subsequently disclosed should a municipality still inform AG, MEC etc.?</p> <p>Mr Hardien responded that if the subsequent event is telling more about an event that occurred before financial year end the AFS will have to be adjusted but if something of importance to the users and did not exist at year end any need to adjust. More specific responses will be formulated and communicated to municipalities.</p> <p>In such a case no need to inform AG as they identified but still need to inform the MEC.</p> <p>Saldanha Bay Municipality added as part of their practice they report to MEC once a year because a very cumbersome process and attach note as in AFS as annexure before 31 August each year.</p>		

Item no	Topic	Discussion	Action Required	Due Date
6.	<b>State of the LG Finance: Observations from 2014 LG MTEC3 engagements and 2014/15 final budget assessments</b>	Mr Booysen provided some background on the LG MTEC 3 process and the assessments done. 29 Out of 30 municipalities tabled before 31 March 2014. 27 Out of 30 municipalities adopted final budgets before 30 May 2014. The major highlights emanating from focus areas of assessment were discussed. A copy of this presentation is available on the link provided.		
7.	<b>Feedback reports from CFO sub forums</b> <ul style="list-style-type: none"> <li>• SCM Forum</li> <li>• MAF</li> <li>• CRO and CAE Forum</li> <li>• PDO Forum</li> </ul>	Mr T Radebe provided feedback on the 1 <sup>ST</sup> quarterly SCM Forum for 2014/15 that was held on 16 May 2014. Providing an overview of the presentations that were covered at this forum and also the date when the next forum will be held.  Mr Sabbat provided feedback on Municipal Accountants' Forum held to date highlighting progress, unresolved issues and requests which still need to be dealt with.  Mr Vink provided feedback on the previous forum which was held in Tulbagh, the discussions that took place and also when the next forum will take place.		

## 7. GENERAL AND CONCLUSION

The Chairperson, Mr M Sigabi, thanked all present for attending the meeting.

The next CFO Forum will be on 4 September 2014, the venue will be in the West Coast District.

The meeting adjourned at 13:00.

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**M SIGABI**  
**CHAIRPERSON**  
**DATE:**