

Reference: RCS/C.5

## **TREASURY CIRCULAR MUN NO. 13/2017**

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE  
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS  
THE MAYOR, MATZIKAMA MUNICIPALITY: MS G STEPHAN  
THE MAYOR, CEDERBERG MUNICIPALITY: MR J BARNARD  
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL  
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT  
THE MAYOR, WITZENBERG MUNICIPALITY: MR BC KLAASEN  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MR CJ POOLE  
THE MAYOR, STELLENBOSCH MUNICIPALITY: MS G VAN DEVENTER  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN  
THE MAYOR, LANGEBOEG MUNICIPALITY: MR HM JANSEN  
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR S FRANKEN  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MS CJM VOSLOO  
THE MAYOR, OVERSTRAND MUNICIPALITY: MR RJ SMITH  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR PJ SWART  
THE MAYOR, SWELLENBAM MUNICIPALITY: MR NG MYBURGH  
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR M BOOYSEN  
THE MAYOR, KANNALAND MUNICIPALITY: MS M BARRY  
THE MAYOR, HESSEQUA MUNICIPALITY: MR G RIDDELS  
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEVENDAL  
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR CF SYLVESTER  
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE  
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES  
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N CONSTABLE  
THE MAYOR, LAINGSBURG MUNICIPALITY: MR AA MARTHINUS  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING  
THE MAYOR, BEAUFORT WEST MUNICIPALITY

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: DR D LUBBE  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR G SMITH (ACTING)  
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: DR J LEIBRANDT  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METLER  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS  
THE MUNICIPAL MANAGER, LANGEBOEG MUNICIPALITY: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR J BARNARD (ACTING)  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL  
THE MUNICIPAL MANAGER, SWELLENBAM MUNICIPALITY: MR CM AFRICA  
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR P WILLIAMS (ACTING)  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV MG GILIOREE

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA  
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE (ACTING)  
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR T NDLOVU  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS (ACTING)  
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 RE VAN STADEN (ACTING)

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 G SEAS  
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED  
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR G GOLIATH  
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER  
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON  
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 R ONTONG  
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR B BROWN  
THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J TESSELAAR  
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 AJ VAN NIEKERK (ACTING)  
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN  
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR MK BOTHA  
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN  
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR F LÖTTER  
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR VB MKHEFA  
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEMANI  
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS U BAARTMAN  
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 CJ KYMDELL (ACTING)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MR Z HOOSAIN)  
THE DEPUTY DIRECTOR GENERAL: FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR A HARDIEN)  
THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS M KORSTEN)  
THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)  
THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR H MALILA) PRO - TEM  
THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)  
THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR L BRINDERS) (ACTING)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYLS)  
THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
THE DIRECTOR: FINANCIAL GOVERNANCE (MS N SIGWELA) (ACTING)  
THE DIRECTOR: FISCAL POLICY (DR N NLEYA)  
THE DIRECTOR: INFRASTRUCTURE (MR NB LANGENHOVEN)  
THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR T MADONDILE) (ACTING)  
THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR A DYAKALA)  
THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR R MOOLMAN)  
THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)  
THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS R SLINGER)  
THE DIRECTOR: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)  
THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)  
THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A MAZOMBA)

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 – JUNE 2017

1. This circular serves to inform municipalities that the Municipal Chief Financial Officers' Forum scheduled for 8 & 9 June 2017 as per the Provincial Treasury Circular Mun No. 39/2016, dated 15 December 2016, has been **rescheduled** and will take place only on **Friday, 9 June 2017** as the structure of the agenda necessitates a one-day engagement.
2. The CFO Forum aims to build on Provincial Strategic Goal 5: where the theme for the deliberations will be: **“BUILDING ON FINANCIAL MANAGEMENT AND BUDGETING PRACTICES ACROSS THE LOCAL GOVERNMENT ACCOUNTABILITY CYCLE TO FACILITATE INCLUSIVE GROWTH”**
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 logistics for the Chief Financial Officers' Forum are as follows:  
  
**Date: Friday, 9 June 2017**  
**Time: 08:30 – 15:00**  
**Venue: Arniston Spa Hotel**  
**1 Beach Road, ARNISTON 7280**  
  
**GPS location: 34.6674° S, 20.2319° E**
5. A copy of the draft Agenda is attached for your perusal. Municipalities and members to the Municipal CFO Forum are requested to submit any additional items for the agenda by no later than Wednesday, 31 May 2017. Confirmation of attendance and/or apologies should also reach Provincial Treasury by no later than Wednesday, 31 May 2017.
6. Please direct your communication to:  
  
Attention: Mr Peter Petersen or Ms Athalia October  
Tel: 021 483 9185/021 483 9604  
Fax: 021 483 4411/7356  
Email: [Peter.Petersen3@westerncape.gov.za](mailto:Peter.Petersen3@westerncape.gov.za)/  
[Athalia.October@westerncape.gov.za](mailto:Athalia.October@westerncape.gov.za)

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

A handwritten signature in black ink, appearing to be 'HC Malila', written in a cursive style.

**MR HC MALILA**

**DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES**

**DATE:** 24 May 2017

## DRAFT AGENDA

### MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM

**DATE:** 9 June 2017

**VENUE:** **THE ARNISTON SPA HOTEL**  
1 Beach Road, ARNISTON, 7280

**THEME: BUILDING ON FINANCIAL MANAGEMENT AND BUDGETING PRACTICES  
ACROSS THE LOCAL GOVERNMENT ACCOUNTABILITY CYCLE TO  
FACILITATE INCLUSIVE GROWTH**

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

ITEM	TOPIC		TIME
1.	<b>OPENING AND WELCOME</b>	Chairperson	8:30 – 8:34
2.	<b>ATTENDANCE</b> Apologies	Chairperson	8:34 – 8:35
3.	<b>SETTING/APPROVAL OF AGENDA</b>	Chairperson	8:35 – 8:37
4.	<b>CONSIDERATION OF MINUTES OF THE PREVIOUS MEETING:</b> 17 March 2017	Chairperson	8:37 – 8:40

ITEM	TOPIC		TIME
<b>5.</b>	<b>NEW MATTERS</b>		
<b>5.1</b>	<b>SESSION 1: TOWARDS INTEGRATED PLANNING AND BUDGETING</b>		
	a. 2017 Technical Integrated Municipal Engagements: Mid-year & MGRO b. 2017 LG MTEC Engagements: Key findings and proposed support by the Western Cape Government.	Provincial Treasury & Department of Local Government	08:40 – 09:15
<b>5.2</b>	<b>SESSION 2: TOWARDS IMPROVED REVENUE MANAGEMENT PRACTICES</b>		
	a. Court Ruling on clearance certificates: Practical implication and determine a way forward on how to deal with the issue	Mr H van Biljon (Cape Agulhas Municipality)	09:15 – 09:40
	b. Cushioning Financial Constraints: 10 Point plan from 2016 Revenue Management Master Class	Mr A Dyakala & Ms S Cupido	09:40 – 10:05
<b>5.3</b>	<b>SESSION 3: SUPPLY CHAIN MANAGEMENT AND ASSET MANAGEMENT</b>		
	a. Increase economic empowerment and reducing poverty by creating opportunities for all through procurement and SCM initiatives.	Mr I Smith & Mr R Moolman	10:05 – 10:30
	b. Municipal Infrastructure Asset Management: Next steps – Roll out of IDMS within municipalities	Ms J Gantana	10:30 – 10:45
<b>MID-MORNING TEA/COFFEE</b>			<b>10:45 – 11:00</b>
<b>5.4</b>	<b>SESSION 4: 2016/17 AUDIT READINESS &amp; mSCOA IMPLEMENTATION</b>		
	a. Enhanced Audit Process: Key focus areas for the 2016/17 Municipal Audit process	Auditor General South Africa	11:00 -11:40
	b. 2016/17 Audit Readiness & GRAP Accounting Framework	Mr L Brinders	11:40 – 12:00
	c. Implementation of mSCOA Regulations: (Lessons learned and way forward)		
	<b>i) Municipal Experience:</b> <ul style="list-style-type: none"> <li>o Saldanha Bay (Implementing a new system)</li> <li>o Drakenstein (Pilot Municipality)</li> <li>o Cape Agulhas (Clarity on some contradicting requirements/criteria and guidelines form NT)</li> <li>o Overstrand (Implementation from 1 July 2017)</li> </ul>	Mr S Roets  Mr J Carstens Mr H Van Biljon	12:00 – 13:00
	ii) National Treasury iii) Provincial Treasury	Ms S Reyneke–Naude National Treasury & Mr D Stuurman	13:00 – 13:30

ITEM	TOPIC		TIME
6.	Feedback reports from IGR forums for noting purposes by Municipal CFOs. a. MFMA Co-ordination & National Fora b. SCM Forum c. MAF d. PDO forum e. CAE & CRO Forum	Mr M Sigabi in concert with Chairpersons of the relevant fora	13:30 – 14:00
7.	<b>CONCLUDING REMARKS</b>	Chairperson	14:00 – 14:05
<b>LUNCH &amp; DEPARTURE</b>			<b>14:05 till 15:00</b>

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

**17 MARCH 2017, LE FRANSCHHOEK HOTEL & SPA - FRANSCHHOEK**

**THEME: "TOWARDS IMPROVED FINANCIAL GOVERNANCE AND CONTINUED FISCAL DISCIPLINE AND ALLOCATIVE EFFICIENCY TO ENSURE SUSTAINABLE LOCAL GOVERNMENT"**

### **1. OPENING AND WELCOME**

The Chairperson, Mr H Malila, welcomed everyone to the meeting. He welcomed the designated CFO of Bergrivier municipality, Mr G Goliath.

### **2. ATTENDANCE AND APOLOGIES**

An attendance register is attached as Annexure A. Apologies received from municipalities were recorded and is listed in Annexure A.

### **3. SETTING/APPROVAL OF AGENDA**

The agenda was approved with no additions.

### **4. CONSIDERATION OF THE MINUTES OF THE PREVIOUS MEETING: 5 & 6 December 2016**

The minutes of the previous meeting was accepted as a true and fair reflection.

### **5. SESSION 1: HOW DO WE BALANCE EXPENDITURE, TAXATION AND SERVICE DELIVERY RESPONSIBILITIES BETWEEN THE THREE SPHERES OF GOVERNMENT?**

#### **5.1.1 Overview of the 2017 Western Cape Provincial Budget and its relevance for municipalities.**

Ms R Slinger did a presentation which dealt with the following:

- Policy, planning, budgeting and implementation cycle
- Economic outlook
- Implications over the medium term
- Fiscal and Budget policy approach
- 2017 Budget: Western Cape response
- Provincial Strategic Plan – 2014 – 2019
- Budget Policy Priorities



- Provincial Receipts for 2017/18
- 2017 MTEF Allocations
- Summary

### **Questions/Comments**

In addition, Ms J Gantana gave feedback in respect of the Infrastructure Delivery Management System (IDMS) which was done in conjunction with National Treasury (NT) pertaining to the issuing of a standard for Infrastructure Procurement and Delivery Management. Currently there is a National Steercom as well as a workgroup looking at both the standard that was issued as well as the City's IDMS and the IDM toolkit. They reviewed these documents and are currently busy with is putting a generic LG IDMS. The team was tasked to complete the draft by the end of March 2017 for training material to be developed. For this process there is no specific due for municipalities to comply. It is a reformed process. The system will assist in the overall compliance to the standard.

Mr R Moolman highlighted the distinction between what PT SCM rolled out from the infrastructure policy side and the full implementation of the IDMS. It would not be possible to give effect to everything that is in the policy itself. PT SCM had numerous engagements with engineers but critical decisions needs to be taken when adopting the policy. The idea with NT is to put out a model with the WC to make the changes, bearing in mind that it might be different with all the municipalities when you look at the unique setup and what you can do. It is going to be a daunting task to get everything right in the first year. The AGSA has been advised at a national level in terms of what needs to be audited and how, but Council still needs to take full cognisance of the impact it might have. It is going to require much more maturity within municipalities as this process is going to be phased in.

#### **5.1.2 Changes in 2017 DoRB and Western Cape Main Budget (Provincial Appropriations Bill affecting Local Government incl. Transfer payments to municipalities.)**

Dr N Nleya did a presentation on the 2017 MTEF Division of Revenue Bill (National allocations). It dealt with:

- Division of National Fiscus
- Local Government Equitable Share
- Changes to Conditional Grants
- Summary of the main changes to the structure of allocations to municipalities

Mr M Sigabi continued on the presentation of Provincial Allocations dealing with:

- 2017/18 Allocations per Department
- 2016/17 Allocations per municipality
- Growth trends
- 2017/18 budgeting and reporting

### **Questions/Comments**

Mr J Carstens commented on slide 15 of the presentations about the game changers. He highlighted the high asset maintenance costs to Drakenstein municipality and emphasised that a high tariff increase will not be acceptable.

Mr F Lötter questioned to what extend the revenue generating capacity component in the LGEQS formula is reviewed on an annual basis.

With reference to Mr F Lötter's question, Mr J Steyl enquired what is expected from municipalities as to where equitable share should be allocated to. This will also inform the CFOs as to where to allocate the EQS allocation in terms of the funding segment of the mSCOA implementation. Mr Steyl wants to be reassured that (a) Equitable share is of course a non-conditional grant and (b) the elements of the formula are certainly not necessarily an indicator of what the equitable share is to be i.e. that it is a general grant to be spend on relieving the poor.

Mr M Booysen responded that the actual revenue adjustment correction is not adjusted annually. The formula is reviewed periodically. The last review was done in 2012 and was phased in. The available data then feeds into the formula which is a stabilisation factor to ensure that municipalities are not affected immediately. He will raise the issue at NT and COGTA as well as the budget forum. The main emphasis over the past 2 years was to look at the funding of the district municipalities which took a lot of energy with regards to the review of the equitable share formula. This is something that they would consider going forward.

#### **5.1.3 Predetermined Objectives:**

Training interventions to create robust service delivery improvement plans post 2016 Local Government Elections to ensure ongoing financial sustainability.

Mr M Booysen did a presentation on the 2016/17 PDO update. It dealt with:

- Progress i.t.o. PDO outcomes per Audit Outcomes
- 2016/17 PDO training interventions
- Training content provided so far
- Current PDO challenges
- Going forward

#### Audit matters

Ms S Adams of the AGSA did a presentation and highlighted key findings from the previous audit. She specifically referred to the PDOs, about other risk areas and changes that will be happening in their environment. Concern was expressed on the items in the management report about predetermined objectives and specifically the reliability of the information. If they had a case where they reported material misstatements in the audit report for PDOs, there would have only 37 per cent of the municipalities that achieved clean audit outcomes.

Another concern is the Supply Chain Management side and from an IT perspective focusing on mSCOA and what is the readiness of the province for implementation thereof. The quantum findings of irregular expenditure on the SCM within the province has hugely decreased meaning that a lot of work was done from a control environment to ensure that appropriate processes are followed. With respect to the readiness of mSCOA, a compliance assessment was done. Things that AGSA looked at was if there were governance structures in place, if there is a project plan, is there a planning place for data migration, is there appropriate risk in place, if there is appropriate change management in place. The implementation part was not looked at.

#### **Questions/Comments**

Mr A Hardien commented that the AGSA is clear and sending out a signal that they are moving to issue an opinion on performance information. In this regard the financial statements, audit review process and also intend there is a whole host of evidence that is required which is also going to be applied to the PDOs.

5.1.4 2017/18 MTREF preparations: The implications of the Spatial Planning and Land Use Management on Municipal Financial Sustainability.

Mr A Vancoillie did a presentation. It dealt with:

- The Constitution
- 2001 – 2012: A challenging transition
- National Development Plan (NDP)
- Spatial Planning and Land Use Management Act (SPLUMA)
- Provincial Strategic Plan (PSP)
- IDPs
- Impact
- Purpose of the Integrated Framework and Work Plan

**Questions/Comments**

No questions or comments were raised.

5.1.5 2017 MTREF Municipal Budget Process (Municipal budget preparation, guidance, circular, expectations & LG MTEC process).

Mr M Booysen did a presentation which dealt with:

- MFMA Circular 86
  1. SA Economy and Inflation Targets
  2. Key focus areas for the 2017/18 Budget Process
  3. Revenue Budget
  4. Funding Choices & Management Issues
  5. Conditional Grant Transfer to Municipalities
  6. Municipal Budget and Reporting Regulations
  7. Budget Process and submissions for 2017/18 MTREF

- 2017 LG MTEC process
  - 1. Integrated approach and implementation cycle
  - 2. Municipal budgeting and accountability cycle
  - 3. Integrated approach: Planning and budgeting
  - 4. Sustainability approach
  - 5. Assessment criteria
  - 6. Proposed LGMTEC assessment report structure

#### **Questions/Comments**

No questions or comments were raised.

## **5.2 PROPOSED LEGISLATION, CASE LAW, CURRENT REFORMS OR POLICIES AFFECTING LOCAL GOVERNMENT**

### **5.2.1 Implementation of mSCOA Regulations**

- Update on rollout of regulations, financial and non-financial support, etc.
- Implementation Risks & Challenges

Mr A Hardien stated that he indicated at the previous CFO forum that all queries regarding mSCOA to be send to him. The queries that were received were discussed with Mr J Hattingh. Attendees noted that PT is meeting independently with all the vendors to monitor progress and in this regard vendors is in the last phases of the IDP and the budget module.

Mr D Stuurman, mSCOA project manager in the Province, continued deliberations and did a presentation where the following matters were discussed:

- mSCOA Provincial Update
- ICT Due Diligence
- MFMA Circular 86
- National Treasury Feedback

### **Questions/Comments**

Ms S Reyneke-Naude stated that the impact of going live on 1 July 2017 in respect of mSCOA implementation is not going to be easy because a number of things needs to be considered upfront. If there is no project plan for the roll out of the remainder of the minimum requirements in the last 10 days knowing, it's unrealistic and could present a disaster.

Mr D Stuurman further commented that there is a serious problem with the implementation and the municipalities are suffering. He encouraged municipalities to escalate their issues with the vendor to the highest level.

Mr M Bolton stated that he agrees with the comment made by Ms S Reyneke-Naude. He further commented that service providers are uploading new software without it having being tested and the municipalities being able to validate the data. A completely different picture will be seen with the implementation of mSCOA.

Mr S Vorster wanted to know why the SCOA chart was not linked to the IDMS and highlight they have to align the system to the IDMS.

Mr D Stuurman responded that from his understanding, National Treasury incorporated the IDMS requirements in the chart, but he will confirm this with them.

Mr H Malila stated that a formal letter should be written to NT from WCPT highlighting the risks. This will provide evidence requesting NT to provide a fall back mechanism if some of the WC municipalities are not going to make it at the implementation date.

#### **5.2.2 Accounting Reforms: Feedback from Public Sector Accounting Forum and AFS verification process**

Mr L Brinders did a presentation which dealt with:

- Public Sector Accountant Forum
- AFS Verification
- Provincial Treasuries Initiatives
- GRAP e-Learning

### 5.2.3 Implementation of 2017 Preferential Procurement Regulations and its implications for Municipalities.

Mr R Moolman did a presentation. It dealt with:

- Background
- Setting the Scene
- Analysis of the WCG procurement spend, supplier database and current procurement initiatives
- Current initiatives and opportunities

#### **Questions/Comments**

Mr J Carstens stated that if he understands the regulations correctly local content is not applicable anymore on services and contracts that are being entered into in other words it is only when you buy materials for your own use. The comment was that the regulations now allow not to accept a tender with the highest points. You can negotiate the price if you feel is not market related and go to the second highest scorer but this will open the problem of mitigation.

Mr R Moolman responded that he agrees with Mr J Carstens that is why they made mentioned of the risk of mitigation.

### 5.2.4 Case Law & New legislation introduced i.r.o. Capacity building affecting Local Government

Ms N Palmer did a presentation dealing with:

- Purpose of the presentation
- Proposed Legislation
- Enacted Legislation
- Case Law
- Conclusion

#### **Questions/Comments**

No comments or questions were raised.

### 5.3 IGR STRUCTURES

Feedback reports from IGR structures and CFO Sub-Forums tabled **noting purposes:**

- Feedback from Quarterly NT Engagement

Mr M Sigabi did a presentation that provided feedback on the following:

- Accountability framework relating to municipal planning and budgeting
- Continued attention to be given to the following including TCF Game Changers: Revenue Management, Asset and Supply Chain Management, mSCOA implementation
- Other matters deliberated upon
- Outcome 9
- Reporting: Indicators, Targets and Benchmarks
- Functioning of the Municipal CFO Forum

- SCM Forum

Mr R Moolman gave brief feedback. He stated that what was discussed on the infrastructure side was very important. NT has responded that they will come the 3<sup>rd</sup> or 4<sup>th</sup>. It will only include the individuals from procurement. They will work through the policies and look specifically at the delegations. The infrastructure and the LED are important.

- MAF

Mr A Dyakala did a presentation. The presentation focus on:

- Implementation of Municipal Budget and Reporting Regulation
- Preparation of the 2017/18 MTREF Budget
- mSCOA

- CRO and CAE Forum

Mr H Malila stated that the presentation is in the booklet and any questions relating to this should be directed to Mr B Vink.

- PDO Forum

The item was dealt with by Mr M Booysen under 5.1.3.



### **Questions/Comments**

Mr J Carstens commented that this meeting in middle of March is not good. He suggested that the meeting be either the beginning of April or the beginning of March. His second comment was that asset registers and asset management falls under the SCM forum. There is a need for asset registers / managers forum separately from the SCM forum.

Mr H Malila stated that Mr J Carstens comments are valid. This forum dates are usually in the first week of month at the end of each quarter. He requested that Mr R Moolman and Ms J Gantana discuss the linkages between the asset management and financial management. He requested that Mr R Moolman to give feedback at the next CFO forum.

### **6. CONCLUDING REMARKS AND WAY FORWARD**

Mr H Malila thanked everyone that partook in the discussions and wished everyone a safe travel home.

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**HC MALILA**  
**CHAIRPERSON**  
**DATE:**

**ATTENDANCE REGISTER****MUNICIPAL CFO FORUM – LE FRANSCHHOEK HOTEL & SPA - FRANSCHHOEK**

NAME	ORGANISATION	17 MARCH 2017
Mr K Kymdell	Beaufort West Municipality	Y
Mr G Seas	Matzikama Municipality	Y
Mr G Goliath	Bergvliet Municipality	Y
Ms B Volschenk	Breede Valley Municipality	Y
Ms FA DuRaan-Groenewald	Cape Winelands District Municipality	Y
Mr J Koekemoer	Cape Winelands District Municipality	Y
Mr J Steyl	City of Cape Town	Y
Mr N Smit	Cederberg Municipality	Y
Mr S Vorster	Saldanha Bay Municipality	Y
Mr J Carstens	Drakenstein Municipality	Y
Mr Z Van Rooyen	George Municipality	Y
Mr Z Qhanqisa	Langeberg Municipality	Y
Mr F Lötter	Oudtshoorn Municipality	Y
Ms W Stassen	Overberg District Municipality	Y
Ms S Reyneke-Naude	Overstrand Municipality	Y
Mr J Neethling	Prince Albert Municipality	Y
Mr M Wüst	Stellenbosch Municipality	Y
Mr M Bolton	Swartland Municipality	Y
Mr F van der Westhuizen	Theewaterskloof Municipality	Y
Mr N September	SALGA	Y
Ms A Fillis	SALGA	Y
Ms S Adams	Auditor General SA	Y
Mr G van der Hoven	Auditor General SA	Y
Mr A Vancoillie	Department Environmental Affairs Development Planning	Y
Mr H Malila	Provincial Treasury	Y
Mr M Sigabi	Provincial Treasury	Y

NAME	ORGANISATION	17 MARCH 2017
Mr A Dyakala	Provincial Treasury	Y
Mr M Booysen	Provincial Treasury	Y
Mr R Moolman	Provincial Treasury	Y
Mr L Brinders	Provincial Treasury	Y
Ms N Palmer	Provincial Treasury	Y
Mr A Hardien	Provincial Treasury	Y
Dr N Nleya	Provincial Treasury	Y
Ms J Gantana	Provincial Treasury	Y
Ms R Slinger	Provincial Treasury	Y
Mr E Johannes	Provincial Treasury	Y
Mr D Stuurman	Provincial Treasury	Y
Ms V Coetzee	Provincial Treasury	Y
Ms A October	Provincial Treasury	Y
Mr P Petersen	Provincial Treasury	Y
<b>APOLOGIES RECEIVED:</b> <ul style="list-style-type: none"> <li>• Mossel Bay Municipality</li> <li>• Eden District Municipality</li> <li>• Bitou Municipality</li> <li>• Knysna Municipality</li> <li>• Swellendam Municipality</li> <li>• Hessequa Municipality</li> </ul>		