

Reference: RCS/C.5

## **TREASURY CIRCULAR MUN NO. 6/2017**

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, SWELLENDAAM 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 J MARAIS (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: MS L WARING (ACTING)  
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 D LOUW (ACTING)  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL  
THE MUNICIPAL MANAGER, SWELLENDAAM MUNICIPALITY: MR CM AFRICA  
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR R STEVENS (ACTING)  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV MG GILIOMEE

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 JA VAN NIEKERK  
 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: MS C LATEGAN (ACTING)  
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M WÜST  
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG (ACTING)  
 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 F VAN DER WESTHUIZEN (ACTING)  
 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 PW ERASMUS  
 THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN  
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 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR F LÖTTER  
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR G GROENEWALD (ACTING)  
 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 M SIGABI) (ACTING)  
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MR IG SMITH)  
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR B VINK)  
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUY)  
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
 THE DIRECTOR: FINANCIAL GOVERNANCE (MR AD THOMAS) (ACTING)  
 THE DIRECTOR: FISCAL POLICY (DR N NLEYA)  
 THE DIRECTOR: INFRASTRUCTURE (MR R DANIELS) (ACTING)  
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR L BRINDERS)  
 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 – 17 MARCH 2017

1. Provincial Treasury considered all the inputs received in respect of **Treasury Circular Mun No. 4/2017** where municipalities and other stakeholders were requested to submit inputs and additional items to be included on the agenda for the CFO Forum to be held on 17 March 2017. Attached find the final agenda including the minutes of the previous meeting which was previously distributed.
2. To this end, members of the Western Cape Municipal CFO Forum to note that the theme for the upcoming meeting is: **“TOWARDS IMPROVED FINANCIAL GOVERNANCE AND CONTINUED FISCAL DISCIPLINE AND ALLOCATIVE EFFICIENCY TO ENSURE SUSTAINABLE LOCAL GOVERNMENT”**.
3. As a follow-up to their presentation at the December CFO Lekgotla, the Auditor-General will address attendees on pre-determined objectives and related linkage to ensure sustainable local government.
4. The logistics for the Chief Financial Officers' Forum is also hereby confirmed which are as follows:

**Date:** Friday, 17 March 2017

**Time:** 08:00 – 14:30

**Venue:** Le Franschhoek Hotel and Spa

**GPS location:** 33.9358° S, 19.1104° E

5. The continued support and participation by all role-players are appreciated.



**MR H MALILA**

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

**DATE:** 15 March 2017



Western Cape  
Government

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**Municipal CFO Forum –**

**Le Franschhoek Hotel & Spa**

**(Franschhoek: Stellenbosch Municipality)**

**“TOWARDS IMPROVED FINANCIAL  
GOVERNANCE AND CONTINUED FISCAL  
DISCIPLINE AND ALLOCATIVE EFFICIENCY TO  
ENSURE SUSTAINABLE LOCAL GOVERNMENT”**

**17 March 2017**



**Western Cape  
Government**

Provincial Treasury

## **AGENDA**

### **MUNICIPAL CHIEF FINANCIAL OFFICERS' FORUM**

**DATE:** 17 March 2017

**VENUE:** Le Franschhoek Hotel & Spa

**GPS location:** 33.9358° S, 19.1104° E

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

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

Item	Topic		Time
1.	<b>OPENING AND WELCOME</b>	Chairperson	08:30 - 08:34
2.	<b>ATTENDANCE</b> Apologies	Chairperson	08:34 - 08:35
3.	<b>SETTING/APPROVAL OF AGENDA</b>	Chairperson	08:37 - 08:45
4.	<b>CONSIDERATION OF MINUTES OF THE PREVIOUS MEETING:</b> 5 & 6 December 2016	Chairperson	08:45 - 08:50

Item	Topic		Time
<b>5.</b>	<b>NEW MATTERS</b>		
<b>5.1</b>	<b>SESSION 1: HOW DO WE BALANCE EXPENDITURE, TAXATION AND SERVICE DELIVERY RESPONSIBILITIES BETWEEN THE THREE SPHERES OF GOVERNMENT?</b>		
5.1.1	Overview of the 2017 Western Cape Provincial Budget and its relevance for municipalities.	Ms RH Slinger	8:50 - 09:05
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 & Mr M Sigabi	9:05 - 09:30
5.1.3	Predetermined Objectives: Creating robust service delivery improvement plans post 2016 Local Government Elections to ensure ongoing financial sustainability.	Ms S Adams, AGSA	9:30 - 10:00
5.1.4	2017/18 MTREF preparations: The implications of the Spatial Planning and Land Use Management on Municipal Financial Sustainability.	Department of Environmental Affairs and Development Planning	10:00 - 10:25
5.1.5	2017 MTREF Municipal Budget Process (Municipal budget preparation, guidance, circular, expectations & LG MTEC process).	Mr M Booysen	10:25 - 11:00
<b>MID-MORNING TEA/COFFEE</b>			11:00 - 11:15
<b>5.2</b>	<b>PROPOSED LEGISLATION, CASE LAW, CURRENT REFORMS OR POLICIES AFFECTING LOCAL GOVERNMENT</b>		
5.2.1	<i>Implementation of mSCOA Regulations</i> <ul style="list-style-type: none"> <li>– Update on rollout of regulations, financial and non-financial support, etc.</li> <li>– Implementation Risks &amp; Challenges</li> </ul>	Mr A Hardien & Mr D Stuurman	11:15 - 12:00
5.2.2	Accounting Reforms: Feedback from Public Sector Accounting Forum and AFS verification process	Municipalities	12:00 - 12:30
5.2.3	Implementation of 2017 Preferential Procurement Regulations and its implications for Municipalities.	Mr L Brinders	12:30 - 13:00
5.2.4	Case Law & New legislation introduced i.r.o. Capacity building affecting Local Government	Mr R Moolman	13:00 - 13:30
		Mr B Vink	

Item	Topic		Time
5.3	<b>IGR Structures</b>  Feedback reports from IGR structures and CFO Sub-Forums tabled <b>noting purposes:</b> <ul style="list-style-type: none"> <li>• Feedback from Quarterly NT Engagement</li> <li>• SCM Forum</li> <li>• MAF</li> <li>• CRO and CAE Forum</li> <li>• PDO Forum</li> </ul>	Mr M Sigabi  Mr R Moolman  Mr A Dyakala  Mr B Vink  Mr M Booysen	
6.	<b>CONCLUDING REMARKS</b>	Chairperson	13:30 - 13:40
<b>LUNCH</b>			13:40 - 14:15

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

**5 & 6 DECEMBER 2016, PINNACLE POINT ESTATE – MOSSEL BAY**

***THEME: "AN INTEGRATED APPROACH TO PROMOTE INCLUSIVE GROWTH TO  
ENHANCE SUSTAINABLE LOCAL GOVERNMENT"***

### **DAY 1**

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

The Chairperson, Mr H Malila, welcomed everyone to the meeting and extended a special welcome to Minister Meyer (Minister of Finance-Western Cape) and Mayor Levendal of Mossel Bay Municipality.

#### **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. OPENING ADDRESS BY THE EXECUTIVE MAYOR MOSSEL BAY MUNICIPALITY**

Mayor Levendal welcomed everyone to the town where cultures meet and also introduced the new Municipal Manager of Mossel Bay, Mr Thys Gilsomee, to the attendees. The Mayor congratulated Minister and Provincial Treasury for not just only setting the vision but also living it.

#### **4. KEY NOTE ADDRESS – ROLE OF THE CFO IN CREATING PUBLIC VALUE – GOOD FINANCIAL GOVERNANCE**

Minister Meyer thanked Provincial Treasury for the invitation and acknowledged the previous speaker, the Mayor of Mossel Bay municipality. The Minister congratulated municipalities on the outcomes of the most recent audit outcomes.

The role of a CFO has changed from looking internally through systems and processes in the past to conform. Currently that has now changed to looking more external as this influences what informs a budget. Looking at the example of the adjustments estimates tabled by Minister the previous week was affected by things such as drought, inflation, exchange rate, water shortage, fire season, political risk and the current debt levels. A fiscal risk statement has also been tabled with the Medium Term Budget Policy Statement for the first time since 1994.

The presentation of Minister covered the strategic goals as outlined in the Western Cape Government Provincial Strategic Plan. Good financial governance is made up of three dimensions i.e normative



dimension, political economy dimension and a technical dimension. A good governance financial strategy is made up out of governance sustainability, financial sustainability, economic sustainability and public value creation.

In order to create public value the role of the CFO will be to:

- Move beyond conformance to performance
- Provide ethical leadership
- Support the Municipal Manager and the Council
- Ensure accountability
- Implement monitoring and evaluation mechanisms
- Focus on sustainability
- Enable improvements in service delivery

The municipal money website developed by National Treasury was also presented its background and what it has to offer. A live demonstration of the website was conducted by Mr T Phogole from National Treasury after the break to demonstrate to attendees.

## **5. PRESENTATION : LOCAL GOVERNMENT FINANCE - A COMPARATIVE STUDY: KEY FINDINGS AND RECOMMENDATIONS TO ENHANCE THE USE OF PUBLIC FUNDS IN LINE WITH THE MFMA REGULATIONS TO DELIVER ON THE POLICY OBJECTIVES AND IMPROVE SERVICE DELIVERY IN A RESOURCE EFFICIENT MANNER.**

Dr. Brand from the University of Stellenbosch presented to delegates on this topic. The presentation covered reflecting on the current situation, internal and external factors.

In effect for municipalities to enhance the use of public funds and to improve service delivery innovation needs to take place through revenue, expenditure, service delivery, energy funding and infrastructure funding.

*Revenue innovation is achieved through:*

- Tax sharing
- New revenue opportunities
- Effective debt collection

*Expenditure innovation is achieved through proper costing of services.*

*Service delivery innovation is achieved through:*

- Increase menu of service options
- Co-production of public services
- Crowdsourcing
- Innovation in funding of capital projects

*Innovation in energy funding is achieved through:*

- Energy contracting – municipality and energy service company
- Financing of project is done through energy savings over contract period

*Innovation in infrastructure funding is achieved through:*

- Infrastructure funding gap
- Public and private sector funding is needed
- Development cost charges for commercial or residential development, e.g. in Canada
- Project bonds, or Special bonds, e.g. Jhb Green Bond
- PPPs
- Broadband internet infrastructure
- Community-driven development finance

Minister Meyer thanked Dr Brand for the presentation and highlighted the following and liked the discussion around the principle of subsidiarity, citizen centric and fairness based on an A- symmetrical approach. Minister Meyer also made examples of the Bergivier Rand named B-Rand their own currency to stimulate the local economy which has been approved by National Treasury and the Reserve Bank. The example of Swartland was also used where it takes 8 days to approve a building plan as this is a source of revenue, the quicker the building plan is approved the more revenue will flow to the Municipality. Another example is the City of Cape Town where building plans are submitted and tracked electronically and it could be shown to other countries where this is not currently happening.

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#### **6.1. PANEL 1 ON INTEGRATED MANAGEMENT**

**Ms M Korsten**  
**Mr M Bolton**  
**Ms S de Visser**  
**Mr S Kenyon**

#### **ECONOMIC AND FISCAL POLICY CONSIDERATIONS INFORMING LOCAL GOVERNMENT SUSTAINABILITY**

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##### **Setting the Scene: Current economic and fiscal environment and its implications for Local Government sustainability**

Ms S Korsten indicated that the outcome of this panel is to pick up on the current economic and fiscal environment and its implications on Local Government sustainability. Some of the most relevant things that need to be taken cognisance of is that the economy context is currently recovering from a recession and this has translated into austerity and fiscal consolidation. Recently the millennium development goals have been adapted to form sustainable development goals and this is also a critical policy context to understand. The National and Provincial and Municipal fiscal risks were also presented. An integrated management approach which is essentially co-ordinating the activities (planning, budgeting, implementation, sequencing, and monitoring, review and learning) of all the various delivery partners to achieve a common goal should be followed. The role of Local Government and the levers of economic development were also presented.

##### **Implications for Local Government of the 2016 National Treasury Medium Term Budget Policy Statement and key Local Government policy reforms and changes to fiscal framework**

Mr S Kenyon from National Treasury presented to the delegates on key messages from the 2016 MTBPS , the economic context on which the 2016 Adjustment estimates were based, the fiscal context and the Division of Revenue expanding on growth in coming years, revisions to local government allocations and conditional grant funding.

##### **Applying Economic Intelligence to inform fiscal policy considerations to improve municipal sustainability**

Mr M Bolton from Swartland Municipality presented to the attendees from a municipal perspective what informs the policy environment. The presentation Mr Bolton's presentation covered:

- The various towns under Swartland and their identity
- Strategic alignment with all government spheres
- Economic and fiscal context under which budget is prepared
- Connections of all local and regional economies
- The economy of the West Coast District in a spatial context
- Economic base of all the towns in Swartland and
- Lessons learnt and of their best practices

## **District Sustainability and Regional Economic Co-ordination**

A presentation was done by Ms S de Visser on the research done on district municipalities. The presentation covered the legal context and economic enablers of district municipalities, normative & economic context regional and sub-national coordination and the district funding research initiative and findings from Western Cape municipalities.

### **Key points to note from panel:**

- Prioritisation, effectiveness and efficiency in spending remain key.
- Important for municipalities to know what drives growth in budgets as it is useful to know what is source of that growth
- Changes in the municipal infrastructure conditional grants and the importance to fund maintenance.
- Manage beyond compliance with LED being the overarching strategy.
- Economic development does not exclude social development the two are linked.
- Innovation in efficiencies e.g. telephone and energy.

### **Questions/Comments**

Mr Trevor Madison from Hessequa wanted to know from NT why it is that if not applied for rollover those funds are taken away but reasons were supplied in a letter to NT for not applying.

*Need to apply if no application cannot be assessed happen to all municipalities who do not apply. Some other municipalities also affected so PT is following up with NT on this.*

Mr Memani wanted to know about employee costs as on the presentation it was highlighted as a major cost driver is there something being done at Treasury or SALGA in regulating salaries of municipal employees.

*No engagements on salaries for lower than \$57 employees. Regulations quite new so first see how it works for \$57 level before looking at lower levels. SALGA is employee representative in bargaining negotiation so NT doesn't negotiate on behalf of municipalities.*

Mr Dyakale commented on the municipal grants and funding of new assets and the related cost of maintenance since assets deteriorate this could be something to look at when funding assets fund maintenance in the outer year.

*Routine maintenance is part of the core business of a municipality one of the first things that should be budgeted for hence funded through the equitable share.*

Mr Dyakale -To Swartland turnaround time in approving plans what are the secrets that can be shared.

*The person allowed to arrange meeting with the senior building control officer within 24 hours and can sort out all their issues.*

Mr Dyakale -Discipline of the language austerity versus fiscal consolidation use language that can be more relevant for local government.

*Municipalities need to define their own fiscal strategy and what some of these terms mean in your own fiscal space.*

**Topic: MUNICIPAL AUDIT OUTCOMES FOR 2015/16**

Ms Adams (BE of the WC AGSA office) presented to delegates on the MFMA audit outcomes for the 2015/16 financial year. The outcomes of the municipalities were categorised as follow improved, unchanged and outstanding where 2 municipalities improved, 29 remained unchanged and 1 audit was still outstanding which will be finalised by the end of the week.

The key things to be aware of and to be on the lookout for are material misstatements, SCM deviations where audit trail not always evident municipalities are advised to ensure process is documented and ensure pre-determined objectives complies with SMART principles.

Emphasis was placed on municipalities in the Central Karoo District where audit outcomes showed stagnant or little progress in terms of prior year audit outcomes. Some of the key issues identified in this district are :

- Audit recommendations are not acted upon and commitments made to address major audit concerns and to prevent recurring findings are not honoured.
- Municipal leadership, including councils did not provide the required assurance through their oversight and monitoring role.
- The district struggles attract appropriately skilled individuals.
- Action plans are prepared too late or do not address the real root cause.

Emerging risks that municipalities need to be aware of are:

- MQF
- Municipal SCOA
- Responding / readiness for any changes in the GRAP standards
- Centralised supplier database
- PDO (change in political leadership -- new IDP -- new items needs to be on SMART principle)
- SCM (deviations not motivated adequately & contract management)

**Questions/Comments**

Mr Carstens from Drakenstein wanted to know about the MMC Regulations and the fact that anybody involved in SCM process has to be competent when is AG going to make this a material non-compliance.

*Do report on this but only on certain % about threshold.*

Central supplier database and disclosure in AFS when doing business with employee of the state.

*Comment is noted info is not always readily available will report in management letter.*

Prince Albert in the yellow group with one finding and repeat finding report to NT was not a true reflection of all municipalities in CKD.

*Apologies information was not reported to any forum yet was only reported to PT.*

Mr Vink wanted to know as on one of slides in terms of risks was "assurance balancing the investing in internal audit activities in forums",- AG do not place reliance on work of internal audit how strengthen that part of assurance on LG.

*Internal audit more forward looking whereas AG are auditing on prior years, in some instances do rely on work done especially relating to IT.*

**6.3. PRESENTATION**

**HOD- Western Cape Provincial Treasury- Mr Z Hoosain**

**THE ROLE OF WESTERN CAPE PROVINCIAL TREASURY IN SUPPORTING LOCAL GOVERNMENT SUSTAINABILITY AND SERVICE DELIVERY INITIATIVES**

Mr Hoosain address delegates on the support initiatives from the Provincial Treasury towards sustainable local government. Amongst others he highlighted the policy priorities as set out in the **NDP 2030: Chapter 13 – Building a capable state, MTSF 2014 - 2019, Provincial Strategic Plan 2014 – 2019** and how the **Provincial Working Groups model** is functioning with particular reference to **Work Group 1 - Local Government Governance** chaired by the HOD: Local Government and **Work Group 4 - Integrated Management (Planning, Budgeting Policy and Delivery)** chaired by the DDG: Fiscal and Economic Services Branch. Mr Hoosain furthermore explained the roadmap in terms of the **Reality check; Moving beyond compliance**.

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#### 6.4. PANEL 2 ON INTEGRATED MANAGEMENT

*Ms N Zamxaka*

*Mr K Haarhoff*

*Mr M Booyesen*

*Mr M Wust*

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#### INTEGRATED PLANNING, BUDGETING AND IMPLEMENTATION TOWARDS SUSTAINABLE LOCAL GOVERNMENT

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##### **Setting the Scene: Towards the 4<sup>th</sup> Generation IDPs – Role of the CFO**

Ms Zamxaka presented to the forum on this item. The presentation covered the legislative requirements for an IDP emphasising the public participation process and what the role of a CFO is in the IDP process.

For the compilation of new IDPs the following should be borne in mind:

- 4<sup>th</sup> Generation IDPs should move to IDPs that are aligned to the budget and consider spatial targeting.
- Community/ citizens must be the central focus
- Take into account the physical and social demographics, spatial circumstances- Census Surveys, MERO, SDF
- Role players must be identified and considered during the planning stage and not only at implementation
- Move from “wish lists” to “priority needs”
- Develop a simplified manner of communicating the strategic intent and reporting on the progress

The role of the CFO in the 4<sup>th</sup> Generation IDP is to;

- Ensure that the IDP, budget related policies and final budget are mutually consistent and credible
- Align IDPs to the budget & consider spatial targeting
- Become more strategically-focused, more value-focused and more future-focused
- Become more involved in the preparation of the time schedules/ process plans and review of IDP
- Have stronger communication and alignment with IDP managers to meet the mSCOA requirements

##### **Performance Management: Linking plans and budgets for improved service delivery and creating public value**

Mr Haarhoff and Mr Booyesen jointly did a presentation on this item. Public value primarily in essence is to improve the lives of citizens. The problem however lies in the disconnect between planning, the budget and the provision of public services. Public value creation according to the Moore's strategic triangle is based on community, administration and Council. Where community is the authorising environment, administration is capacity and administration and Council is responsible for values, targets and strategies. Mr Booyesen in turn presented on the steps to prepare a budget, budget preparation process timeline and the budget planning and governance cycle.

Some practical considerations on how to make planning more useful for the budget includes:

- Base the plan on reliable costing of policies and priorities
- Link to Medium Term Expenditure Framework (MTEF)
- Be explicit about responsibility for implementing the plan
- Set performance targets and milestones
- Establish procedures for updating the plan
- Focus the plan on priorities to guide budget decisions

##### **Using the IDP and the Budget as key instrument in advancing Local Economic Development**

Mr Wust (CFO- Stellenbosch Municipality) presented on this item and started off by providing some economic

background. A definition for LED was given where the purpose of it is to build up the economic capacity of a local area to improve its economic future and the quality of life for all and it is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.

As a practical example Mr Wust explained how IDP process was done at Stellenbosch where a focus group needs assessment was done based on the Prof. Schutte model where more than 400 people in communities were involved with not more than 10 in a group. These groups are chosen on an ad-hoc basis to get a spread of different representatives across the ward. Issues are then weighed on how important it is and to what extent the meeting has addressed the issue it based on a scale. Based on this top priority needs that were identified were safety, housing, youth development and clean environment.

Practical proposals to advance LED were shared and some of it are:

- Greater need for public/private partnerships
- A focus on housing can accelerate construction sector growth and jobs
- Supporting housing development
- Upgrading of physical and social space management
- Upgrading transport infrastructure and transport hubs
- Retail development especially around transport nodes

### **Questions/Comments**

IDPs are written in such a way that it is very difficult for the ordinary citizen to understand it what National Treasury has done was to write a "people's budget" so that it is easily understood for the ordinary citizen. It should be considered to follow this same approach for IDPs.

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**PROCUREMENT AND INFRASTRUCTURE AS STRATEGIC ENABLERS TOWARDS SUSTAINABLE LOCAL GOVERNMENT**

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**Setting the Scene: Infrastructure as a lever for economic growth**

Ms Gantana presented to the forum on this item linking the outcomes of the NDP to infrastructure development. The benefits of investing in infrastructure were also highlighted. Emphasis was also placed on the maintenance of infrastructure as this is key. Some principles for prioritising infrastructure investment includes:

- Ensure it meets a need
- Ensure consistency with other objectives
- Ensure the numbers add up
- Ensure it will benefit the wider economy

**Utilising procurement as a strategic enabler to enhance local economic development**

Mr Esau gave a powerpoint presentation to the forum on this item. The legislative background for local government and the developmental duties of municipalities was again reiterated. A few recent cases were also brought to the attention of the audience which was SCM related. Mr Esau discussed the matters that strategic procurement can and cannot allow for.

Some tips on how strategic procurement can be institutionalised includes:

- Must be reflected in IDP's
- Must be linked to MTREF, LED plans and infrastructure plans
- Annually review strategic procurement plans in line with SDBIP
- Foster joint planning and execution between, LED, IDP, SCM, finance and engineering officials

**Project Management (PPM) – A methodology to ensure optimum capital investment and service delivery**

Mr Boskovic from City of Cape Town gave a powerpoint presentation on this programme implemented by the City. The presentation covered the definition, key elements of the programme, the process, reporting and its benefits.

Some the key outcomes of this programme for the City are:

- Multi-year project planning beyond the Budget Cycles.
- Greater insights into the Project Portfolio of the City.
- The better alignment of Projects to Strategies.
- Stage gates and Check lists to ensure that "projects which are ready" get through.
- Better tracking of Project Execution.

**Spatial Governance an approach and consideration as a lever to improve LG sustainability**

Mr Booysen presented on this item and started off with a quote which says *"our strength does not lie in our numbers but in our unity"*. Previous discussions of the day revolved around the IDP and the Budget but the missing element is the SDF which speaks to the environmental and spatial engagement as part of the role of local government. The IDP, SDF and Budget needs to be interconnected and interdependent to achieve the goals of local government. The goal of spatial governance is to ensure integrated co-ordinated and spatially targeted planning delivery and development through the whole of government including all government national, provincial and local including entities and the community built on intelligence. The 3 spheres must participate in each other's planning to ensure that the plans & programmes are coordinated, consistent and in harmony with each other. The ultimate

**Key points made by panel:**

- If we want to use infrastructure procurement as a lever for economic growth need to get rid of working in silos.

- As government we need to make use of the fact that we have control over a large amount of expenditure we can use that to influence the economy's expansion.
- Longer term planning not just for infrastructure but for construction procurement.
- Finding the right balance between operational and capital expenditure
- Not just authorising the right projects but doing the projects right.

#### **Questions/ comments**

Mr Rodney Moolman how we institutionalise procurement must be reflected in the IDP how important is this and if missed what is the consequence of that.

*Must as CFO's include a chapter in the IDP on strategic procurement and to optimally spend to transform our societies.*

## **7. CONCLUDING**

Mr Malila thanked everyone that partook in the discussions and events of the day were followed by a braai.



## DAY 2

### 1. OPENING AND WELCOME

The Chairperson, Mr A Hardien, opened the meeting.

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### 2. PRESENTATION

#### A NEW LOCAL GOVERNMENT DISPENSATION TOWARDS FACILITATING LOCAL GOVERNMENT SUSTAINABILITY AND SERVICE DELIVERY

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Mr G Paulse stated that after the local government elections, that there will be a period of instability in local government and from a provincial perspective together with the municipalities, it's their job to keep local government stable in the next couple of months. He did a presentation that dealt with: "In pursuit of a new vision....in practise". He advised the audience that they need to remember 4 words:

- Municipality
- Political structure
- Administration and
- Community

The emphasis is on the contribution to improve the lives of ordinary people. From a provincial department perspective requires a paradigm shift so that normal citizens can benefit from government initiatives.

As a department, we have to call the organisation to a higher level of consciousness, which implies that it is not business as usual, but the focus is on the citizen. The theme in relation to all the interactions is about Sustainable Local Government. What does it imply and do we have the ability together with the municipality to raise a debate on a strategic level about sustainable local government and how do we rally our resources behind the notion of sustainable local government. That is the way to go.

He stated that fundamentally they want to strengthen the provincial and local government interface both on a strategic and operational level. This is beyond the IGR e.g. HOD/MM Retreat and Speed dating.

The quality of councillors has caused problems in municipalities. Their type of decision making and oversight that causes local government to intervene.

"The Rule of Law" has to be applied, mindful of the implication on and the impact on service delivery.

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### 3. PANEL 1: ON EFFECTIVE, EFFICIENT AND RESPONSIVE LOCAL GOVERNANCE

#### FINANCIAL GOVERNANCE AS A LEVER TOWARDS SUSTAINABLE LOCAL GOVERNMENT

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Setting the scene: Financial Governance initiatives to improve sustainability within municipalities

Mr B Vink did a presentation. It dealt with:

- Introduction
  - Serious and Pressing

Strategies and the way things are being thought of. Limited funding and resources. These issues put pressure on municipalities.

- Incredibly complex
- Addresses the three key issues of:
  1. Public Value,
  2. Democracy,
  3. Sustainability
- Relating the concept of governance to the concept of sustainability requires no less than reformulating the basics
- Concepts of public value creation and sustainability are both absolutely

indispensable

- What is Financial Governance
  - Good financial governance is about the processes for making and implementing decisions.

What are the main characteristics of good Governance?

- I. Good financial governance is accountable
  - II. Good financial governance is transparent
  - III. Good financial governance follows the rule of law
  - IV. Good financial governance is responsive
  - V. Good financial governance is equitable and inclusive
  - VI. Good financial governance is effective and efficient
  - VII. Good financial governance is participatory
- What is Financial Management
    - **Financial management** refers to the efficient and effective **management** of money in such a manner as to accomplish the objectives of the organization.
  - What is Sustainability
    - Sustainability is the ability to continue a defined behavior indefinitely
  - Benefits of applying
    - Provides assurance to stakeholders when they entrust their stewardship over resources.
    - Provides stability, encourages growth and contributes to sustainability of municipalities.
    - Establishes clear lines of accountability.
    - Encourages transparent budget processes and reporting.
  - Conclusion
    - Good financial governance is about providing **assurance** to stakeholders that **abilities** are applied in such a manner that **objectives** will be achieved **efficiently** and **effectively** in an **agreed ethical** environment.

Applying Good Governance Principles to ensure effective, efficient and Responsive Local Government  
Mr C Africa did a presentation from Swellendam municipality perspective, which dealt with:

- The Commitment
  - The back-to-basics programme was implemented i.e. putting people first
- The 5 pillars
  - Putting People and their concerns first
  - Demonstrating Good governance and administration
  - Delivering Municipal Services
  - Sound financial Management and Accounting
  - Sound Institutional and Administrative capabilities
- Municipal Environment: Challenges based on the 5 pillars
- The implementation
  - The back-to-basics principles are understood, supported and implemented correctly
- Assistance required
- Way forward

Corporate Governance initiatives to improve sustainability within municipalities

Mr K Haarhoff stated that there are 10 key principles that came out of the discussions thus far:

- Equity
- Liberty
- Resourcefulness
- Transparency
- Participation
- Accountability
- Efficiency
- Inclusiveness
- Stewardship
- Integrity

The presentation dealt with:

- Single Window of Support to Municipalities
- Transversal Support to Municipalities

- Conclusion

### Questions and Comments

Mr J Carstens stated that he learned from some of his colleagues that some of the councillor's meeting did not go orderly. The opposition party will go for the speaker. He suggested that the training be especially be provided to the speakers.

Mr M Memani raised an issue where the mayors are asking for forensic investigations at their municipalities. He stated that the first line of defence is the internal audit. He is of the opinion that another process will be created on top of the legislation.

### Responses

Mr C Africa responded that the speaker has a direct path to follow within the council meeting. He is the most powerful person in the council.

Mr K Haarhoff responded that they have started a phased approach with the training of the speakers. They first started with the districts, which will be in February 2017 and once completed will move to the other local municipalities. He stated that some councillors are uneducated and cannot engage on a civilized manner, and they constantly need training and education.

Mr B Vink stated that there is further training that will happen for councillors' post the SALGA induction. He received feedback from the induction sessions, that people were attacking each other, which were not constructive for local government. Department of Local Government is focusing on further training for councillors in its entirety to use the platform for democracy better.

Mr B Vink responded to Mr M Memani's issue. He indicated that there is correct procedure to follow. There is a financial misconduct regulation that guides when there is alleged financial misconduct. It is not necessary the internal audit unit that does the investigation but should have looked at the disciplinary board within the municipality. The board can be established based on the alleged misconduct, but must be core members. The core members is usually internal audit and legal service. When the allege misconduct is in administration, then the municipal manager must hand that over to the board by which they will do a preliminary investigation. The municipal manager is also compelled within a certain timeline to advise council of the allege misconduct, as well as to write to the Provincial Treasury. There is a process to deal with the initial investigation and the regulations makes it clear, that when it is the municipal manager, how council must deal with it and when it is political, how does it go to the MEC of local government. He is of the opinion that some municipalities have not establish these structures; they have not operated in some of those things that has been observed and some of these areas are technical for initial investigation that they actually need a forensic specialist to determine if it is a financial misconduct, to secure evidence, to have the people dealt with in a way that they don't interfere with people that are witnesses.

Mr B Vink closed the session and thanked the panel members for their presentations and input.

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## 4. PANEL 2: ON EFFECTIVE, EFFICIENT AND RESPONSIVE LOCAL GOVERNANCE REFORMS CONTRIBUTING TOWARDS SUSTAINABLE LOCAL GOVERNMENT

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Setting the scene: Integrated Financial Management as an enabler to financial sustainability

Mr M Sigabi did a presentation. The presentation dealt with:

- Integrated Financial Management as an enabler to financial sustainability
  - Background
 

The MFMA dictates Provincial Treasury's oversight role over municipalities in terms of all financial management disciplines. These include:

    - ✓ Budgeting; Supply Chain Management; Accounting; Internal Audits; External Audits; Reporting risks and Overall compliance with the legislative frameworks.

Tools were developed over years to monitor and measure municipal financial performance, compliance, maturity levels and capabilities.

    - ✓ Credibility of the budget; Policy-based budgeting; Predictability and control in budget execution; and Accounting, classification frameworks and reporting.

- MGRO Criterion incl. FMCMM and Ratio's  
The tools were designed to assess and improve the level of financial management maturity and capabilities within municipalities.
- Focus areas  
Key reforms which were addressed relate to:
  - ✓ Budgeting reforms; Implementation of mSCOA regulations; Asset Management and Procurement reforms; Financial Accounting reforms.
- Key questions to stimulate discussions
  - ✓ Are these reforms and related support initiatives assisting CFO in the role they need to play in addressing inequality, poverty, poor service delivery by government?
  - ✓ How will PT and municipalities address the LG service delivery / performance challenges?
  - ✓ What do we need to do to ensure the entire MFMA team are on "top of their game", understand the environment, and are appropriately capacitated?
- Way forward / Outlook over the MTREF  
An integrated management strategy has been adopted which involves a transition from the current system of better coordinated, provincial and municipal planning, budgeting and governance processes.

#### Key Local Government Reforms over the MTREF from the National Treasury's Perspective

Mr T Phogole did a presentation which dealt with the following:

- South Africa is in a very difficult economic and fiscal environment
- Long-term objectives of LG budget reform agenda
- Envisaged impact on the local government sphere
- In summary: What have we done to date
- LGBA has been building a strong foundation for effective management of LG finances
- Conditional Grant application process
- Outcome of the 2016/17 MTREF Budget Verification
- Where does mSCOA fit in?
- Municipal Money and Financial Management Reforms
- Municipal Budget led through Planning

#### mSCOA Project Implementation: A project quality assurance – City of Cape Town case study

Mr J Steyl stated that this would have been a PWC presentation which would have highlighted / outlined their approach to project quality assurance but using the work which they are currently doing at the City of Cape Town by way of a case study. The presenter that was going to do the presentation is still stuck at Cape Town airport due to delays and will not make it by 13h00. He made apologies on behalf of PWC to the meeting that this topic will not be dealt with.

#### Key SCM and Accounting Reforms

Mr L Brinders did a power point presentation on Accounting Reforms. The presentation dealt with:

- Exposure Drafts (ED)
  - ED 144 – ED 148
  - ED 149 – Conceptual Framework; Qualitative Characteristics; Reporting Entity; Elements of AFS; Recognition; Measurement; Presentation Comparison;
  - ED 151 – IGRAP on Land
  - ED 152 General improvements
  - ED 153 – IGRAP on liabilities to Pay Levies
- Audit Outcomes
- Post Audit Activities

- Emerging risks

Mr R Moolman did a power point presentation on Local Government Supply Chain Management (LGSCM). The presentation dealt with:

- LGSCM – Strategy and 2017/18 focus
  - SCM Governance
  - SCM Capacitation and Development
  - Strategic Procurement
  - SCM Technology
- LGSCM – Partnering
- NT Reforms

mSCOA: Next steps and how it will impact Local Government

Ms M Herselman of NT did a power point presentation on mSCOA. It highlighted the following points:

- Where are we now?
- Where are we going?
- Deliverables and Milestones
- LG Upload Portal
- Post 1 July 2017 Support

Mr D Stuurman, project manager at WCPT did a power point presentation on mSCOA. The following points were discussed:

- mSCOA Provincial Update
- ICT Due Diligence
- Addendum to MFMA Circular 80
- Current mSCOA Deliverables

### Questions and Comments

Mr M Bolton stated that that they must first acknowledge from a NT mSCOA perspective that NT has not met their own project implementation deadlines, which put unnecessary pressures on those municipalities that want to make it work. He further indicated that he heard from NT colleague that they locked down version 6.1 because it comes to huge costs to vendors. From his experience it is the other way around, which the municipalities have to pay those costs because of the additional work that the vendor has to do. The last question was posed to the PT mSCOA, that the costing segment according to the circular is excluded for now, because they make everything at costing at default. The way he understand it is that they exclude the costing segment from their draft budget.

Mr M Wust commented that the Municipal Money is a great initiative but he thinks that they should do brief financial statements just like money web, which might be handy to stakeholders. With regard to the Unauthorised, Irregular and Fruitless expenditure to be split and explained to the public. From mSCOA point of view is that the vendor is still developing and they are not sure if the system will be able to do what it intends to do which indicates substantial risks.

Mr J Steyl requested that the new NT project manager of mSCOA notify all the MMs and CFOs regarding the composition of the team as well as the duration of their seating. This information is important for the technical team.

Ms S Reyneke-Naude stated that this is the first time that she heard that it is officially announced that the piloting phase is over and done with. That served an important purpose by allowing somebody who is willing and able to test, to see to it whatever is rolled out to other municipalities that it is in good working order and that everybody can follow without creating havoc. If this process is not in place and development is rolled out that is not tested, then havoc is going to occur. And her second question she wanted to know what NT contingency plan is if there are indeed problems arising 1 July 2017 or is it that each municipality should cover for themselves. With respect to the mSCOA reporting pack – she requested more information on the extent to that and what will be the implementation date or when they need to adhere to that.

### Follow-up questions

Mr M Bolton stated that the assessment reports and feedbacks go to the municipal managers. From a personal level, it is an understatement to tell the municipalities that they should not panic. Over 90 per cent of the municipalities will be implementing at the 1 July and he cannot foresee how they can perform people's functions.

Mr M Memani wanted to know:

1. What is the municipal minimum compliance that they are talking about?
2. How do they evaluate the vendors in the document process with the scores and then were listed?

Mr C Kritzing indicated that he looked at the Municipal Money website the previous day. It seems to be a good website but to be relevant, it must be up to date. The repairs and maintenance for many municipalities shows zero. By the audit outcomes, if they can add another year on the site as well. With respect to mSCOA, that he is in a fight with NT with the creation of the cost codes on the system. According to the system provider information cannot be just upload data on the system.

Mr K Jordaan stated that the accreditation process of the service provider was left to the municipality while the tender process was done to NT. The service providers made presentations to NT of which their service provider was acknowledge as the top presentations made. That system is under in a state of development and they have functional problems with the system itself. He further wanted to know what will be the findings of the AGSA when they audit in terms of compliance. And what will municipalities be measured against.

### Responses

Ms M Herselman apologised for not introducing herself formally. She indicated that she has been an mSCOA advisor since January 2016 which was stationed in the Free State. She has been moved in the project management role for the last week because Ms S Koekemoer has rolled of the project effectively the end of this month which occur with Andre and Johanna. She stated that she has been shadowing Silma and Johanna very closely and are competent to take over their roles. She gave the following contact details of herself:

- [Monique.herselman86@gmail.com](mailto:Monique.herselman86@gmail.com)
- Cell number – 073 793 1533

The person taking over from Andre position is Trevor Chetty. His details will be given to Mr D Stuurman, so that he can distribute to all municipalities. She further stated that Jan will send out a formal communication.

In terms of not meeting the project deadlines – the tender process came out later than expected. There has been a lot of complications in terms of legal issues that needed to be dealt with. However all the other work regarding mSCOA: Understanding the charts; Unpacking the charts; Looking into IDP; Budgets; Project implementation; Governance issues has nothing to do with the system. It is a process to now go through the compliance part of the system implementation and for that reason nobody was penalised for taking a little bit longer. The 1 July 2017 deadline will not change. There is enough time to ensure that the minimum mSCOA compliance is adhered to.

NT lock down the chart due to:

1. High costs to municipalities and vendors and,
2. Re-train those that have already been trained if the charts is changing, the system is changing and processes that change.

The official piloting phase has been closed. This does not mean that vendors test their system on the pilot sites. The pilot sites have been seen to run with the mSCOA process and all the other municipalities sorted waved and laid behind. At this point, this cannot happen. When they say there is no pilot, there is no 1 or 2 municipalities that are running ahead of the game and the others are waiting to see what is going to

happen. For minimum compliance purpose, there has been enough testing and enough progress to equip municipalities to move to that point. That is where NT want to get everybody. Support is available from NT and PT.

With regard to the supporting packs and the A-Schedules, Jan will send out formal communication which will be send out this month to inform them exactly what changed and when it will be enforced. No ridiculous timeframes for the schedules will be expected from the municipalities.

Mr D Stuurman stated that he received a communication from NT indicating which pilot sites have not submitting their monthly data streams. PT has advice these municipalities and they have started to engage with NT and some of them have submitted their monthly data streams. To note, that all municipalities that are live on mSCOA, must submit their monthly data streams to NT. The costing segment must be included in the submission to NT. It can be on default for now. Secondary costing can be done as part of the implementation. He is aware that the service provider is still developing a self-assessment. Some municipalities have submitted their IDP data streams, which was supposed to come by the system but then they have indicated that they don't have an IDP model installed yet. Municipalities are requested to get a full quote from their vendor for the full system implementation because it was found that municipalities just receive invoices and this cannot be linked to a formal quote, so they are spending more than they should. Quotations can be submitted to PT for review and input to ensure that municipalities are not over charged.

Mr T Phogole responded that the next information that will be added to Municipal Money will be the municipal service delivery.

#### **Follow-up responses**

Ms M Herselman stated that in one of the circulars that was issued, it was indicated in the addendum in Circular 80 as to what the minimum compliance level is. She will request Jan to send out a communication regarding this.

With regard to the AGSA, NT Technical Committee has been in meetings with them, discussing what will be audited which will be in line with the minimum specifications which can be found in Circular 80.

The vendors went through a tender process. The normal tender and pricing policies were followed. The details of how much of the system were tested, is not available right now but she will get and circulate it.

The Municipal Money comments were noted and will be taken to NT.

The uploading of the excel documents which cannot be done is because of human intervention. NT wants everything to be done manually on the system. This is to ensure that the credibility of information right from the IDP to transacting to the financial statements is intact.

Mr A Hardien committed to the following:

- To go down to Jan in January 2017 and take all the questions that was raised forward.
- To meet with the vendors and be the municipalities voice and discuss issues with them.

He has also informed the MAYCO members of Finance on what is the key deliverables for the next six months. Reports had to be given to Provincial Parliament as to what is happening on mSCOA. It is getting the highest attention from all aspects.

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

Mr Hardien 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 – PINNACLE POINT ESTATE – MOSSEL BAY**

<b>NAME</b>	<b>ORGANISATION</b>	<b>5 DECEMBER 2016</b>	<b>6 DECEMBER 2016</b>
Ms S Adams	Auditor General SA	Y	N/A
Mr G van der Hoven	Auditor General SA	Y	N/A
Mr C Kymdell	Beaufort West Municipality	Y	Y
Mr R Eland	Beaufort West Municipality	Y	Y
Mr K van Niekerk	Bergvliet Municipality	Y	Y
Mr M Memani	Bitou Municipality	Y	Y
Ms B Volschenk	Breedevlei Municipality	Y	Y
Mr R Esau	Breedevlei Municipality	Y	Y
Mr J Jamneck	Cape Agulhas Municipality	Y	Y
Mr M Lesch	Cape Winelands District Municipality	Y	Y
Mr J Jonkers	Central Karoo District Municipality	Y	Y
Mr P Hoffman	Central Karoo District Municipality	Y	Y
Mr J Steyl	City of Cape Town	Y	Y
Mr R Boskovic	City of Cape Town	Y	N/A
Mr G Paulse	Department of Local Government	Y	Y
Ms N Zamxaka	Department of Local Government	Y	Y
Mr K Haarhoff	Department of Local Government	Y	Y
Mr J Carstens	Drakenstein Municipality	Y	Y
Ms L Hoek	Eden District Municipality	Y	Y
Mr K Jordaan	George Municipality	Y	Y
Mr W Bergh	Hessequa Municipality	Y	Y
Mr T Maddison	Hessequa Municipality	Y	Not attended
Mr R Bont	Hessequa Municipality	Y	Not attended
Mr P Erasmus	Kannaland Municipality	Y	Y
Ms G Bothma	Laingsburg Municipality	Y	Y
Ms A Groenewald	Laingsburg Municipality	Y	Y
Mr B Brown	Langeberg Municipality	Y	Not attended
Mr M Botha	Mossel Bay Municipality	Y	Y
Mr H Le Roux	Mossel Bay Municipality	Y	Not attended
Mr T Giliomee	Mossel Bay Municipality	Y	N/A



NAME	ORGANISATION	5 DECEMBER 2016	6 DECEMBER 2016
Ald H Levendal	Mossel Bay Municipality	Y	N/A
Mr T Phogole	National Treasury	Y	Y
Mr S Kenyon	National Treasury	Y	N/A
Mr E de Kock	National Treasury MFIP II Advisor	Y	Y
Mr F L Ötter	Oudtshoorn Municipality	Y	Y
Mr J Tesselaar	Overberg District Municipality	Y	Y
Mr C Le Roux	Overstrand Municipality	Y	Y
Ms S Reyneke Naude	Overstrand Municipality	Y	Y
Mr J Neethling	Prince Albert Municipality	Y	Y
Minister I Meyer	WC Ministry of Finance & International Relations	Y	N/A
Mr Z Hoosain	Provincial Treasury	Y	N/A
Mr H Malila	Provincial Treasury	Y	Y
Mr M Sigabi	Provincial Treasury	Y	Y
Mr A Dyakala	Provincial Treasury	Y	Y
Mr M Booysen	Provincial Treasury	Y	Y
Mr B Vink	Provincial Treasury	Y	Y
Mr R Moolman	Provincial Treasury	Y	Y
Mr L Brinders	Provincial Treasury	Y	Y
Ms N Palmer	Provincial Treasury	Y	Y
Mr A Hardien	Provincial Treasury	Y	Y
Ms S de Visser	Provincial Treasury	Y	Y
Ms S Cupido	Provincial Treasury	Y	Y
Mr P Pienaar	Provincial Treasury	Y	Y
Ms A Pick	Provincial Treasury	Y	Y
Mr I Smith	Provincial Treasury	Y	Y
Ms J Gantana	Provincial Treasury	Y	Y
Ms M Korsten	Provincial Treasury	Y	Y
Mr E Johannes	Provincial Treasury	Y	Y
Mr D Stuurman	Provincial Treasury	Y	Y
Ms V Coetzee	Provincial Treasury	Y	Y
Mr P Petersen	Provincial Treasury	Y	Y
Ms A October	Provincial Treasury	Y	Y
Mr S Roets	Saldanha Bay Municipality	Y	Y
Mr S Vorster	Saldanha Bay Municipality	N/A	Y

NAME	ORGANISATION	5 DECEMBER 2016	6 DECEMBER 2016
Mr M Wust	Stellenbosch Municipality	Y	Y
Dr D Brand	Stellenbosch University	Y	N/A
Mr M Bolton	Swartland Municipality	Y	Y
Mr F van der Westhuizen	Theewaterskloof Municipality	Y	Y
Mr M Markus	West Coast District Municipality	Y	Y
Mr C Kritzing	Witzenberg Municipality	Y	Y
<b>APOLOGIES RECEIVED:</b> <ul style="list-style-type: none"> <li>• Matzikama Municipality</li> <li>• Cederberg Municipality</li> </ul>			