Municipal Accounting Systems Project

Western Cape Provincial Treasury

06 December 2011

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Background

<u>Areas which motivated WCPT to initiate this project:</u>

- Incorrect Completion and late submission of input forms in terms of the MFMA (Addressing non-compliance)
- Manual Capturing of input forms instead of automated methods
- Lack of accounting systems interface
- Lack of integrity on data generated from the system
- Limited utilisation of exception reports for monitoring and review/evaluation
- Periodic accounting reconciliations not performed on regular basis
- Lack of clarity on the extent to which the accounting systems can be utilised to produce Annual Financial Statements (AFS)
- Non compliance regarding Municipal Reporting and Budget Regulations
- Incorrect Treatment of Creditors

Overall Purpose/Objective of the Project

The overall purpose to address the shortcoming identified and to ensure the following items amongst others.

- To create a platform where municipalities, PT, NT and the vendors get together to discuss various challenges and developments on the accounting systems
- To ensure correct Completion and timely submission of input forms in terms of the MFMA and to encourage utilising the automated methods for the completion of input forms
- To encourage full utilisation of accounting systems package i.e. using all modules for a possible financial benefit
- To ensure that accounting systems interface
- To improve integrity of data generated from the system
- To encourage utilisation of exception reports for monitoring and review as a form of internal control
- To highlight the need for monthly reconciliation of the key votes
- To obtain clarity on the extent of AFS preparation using the accounting systems
- To improve the compliance regarding Municipal Reporting and Budget Regulations
- To discuss the correct Treatment of Creditors

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Internal Project Planning

- Established a project team and agreed on a Project Plan with clear time frames
- Engaged various units within PT to ensure the project cover all the requirements and expectations
- Engaged with relevant stakeholders (NT, Vendors, and Municipalities) introducing the projects and requesting support
- Conducted assessments and surveys from municipalities on functionality and challenges on accounting systems
- Planned workshops or Knowledge Sharing sessions for all municipalities using a same service providers
- Western Cape has 4 major system service providers covering 28 municipalities

Accounting System Providers: Western Cape

SAP
3%

Venus
7%

Sebata
3%

Samras
44%

Fujitsu
23%

Promun
20%
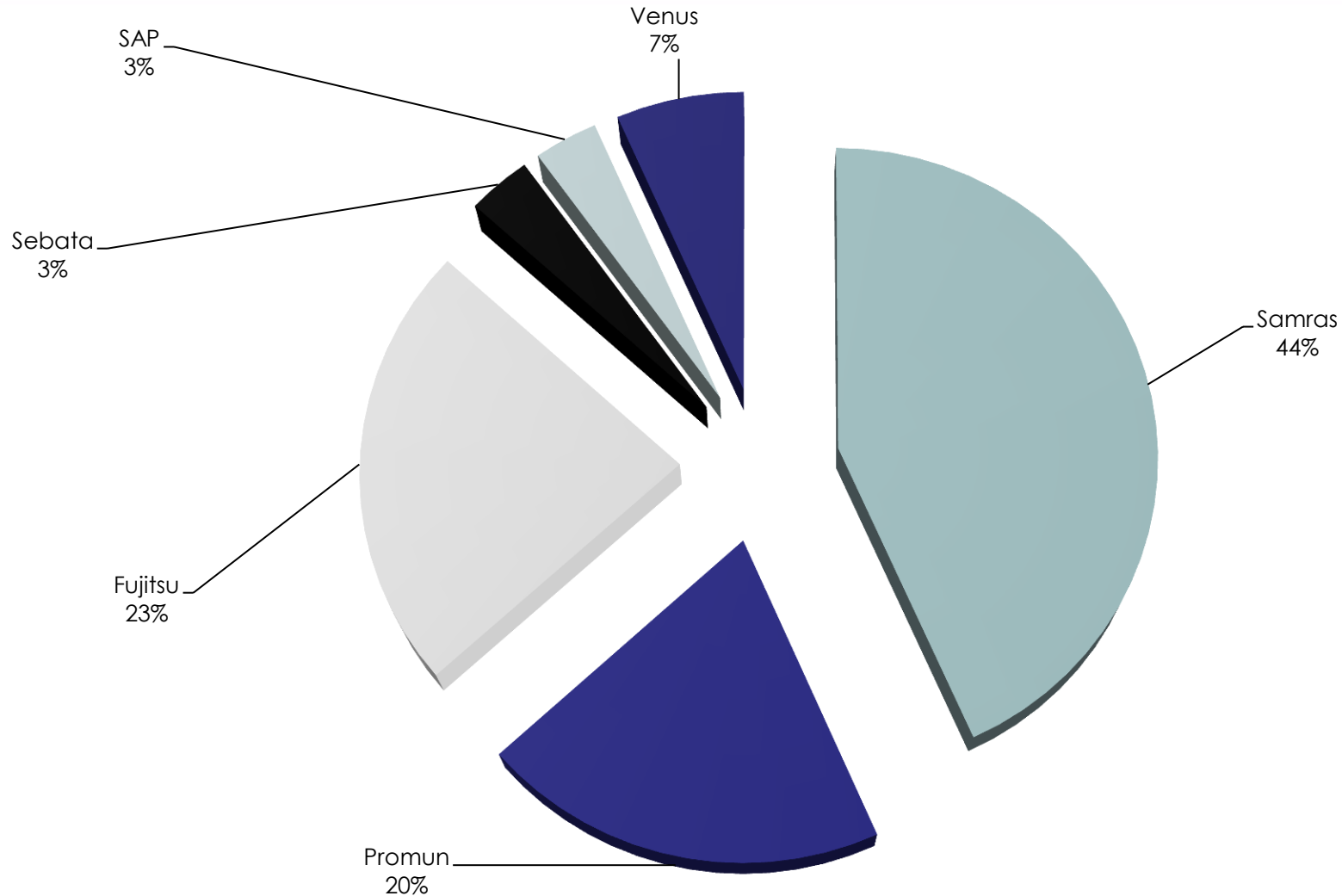
Execution Phase

The execution phase of the project included a series of events which included the following:

- Analysis of survey results from municipalities
- Continuous engagements with NT to identify linkages and to avoid overlaps
- Engaged with the vendors requesting assistance in terms of envisaged workshops
- Logistical planning of the workshops
- 6 Knowledge sharing/working sessions were held between the 17 Octobers 2011 to 8 November 2011 with 4 service provider covering 28 municipalities

Knowledge Sharing/Working Sessions

MUNICIPALITIES	DATE OF ENGAGEMENT	ATTENDANCE
PROMUN		
• Knysna • Langeberg • Swartland • Oudtshoorn • Mossel Bay • Laingsburg	17 OCTOBER 2011	YES YES YES NO NO NO
PROMIS		
• Bergriver • Cederberg • Matzikama	18 OCTOBER 2011	YES YES YES

Knowledge Sharing session/ Working sessions cont.

ACCOUNTING SYSTEM USERS	DATE OF ENGAGEMENT	ATTENDANCE
ABAKUS		
• Central Karoo District Municipality	31 October 2011	YES
• Eden District Municipality		YES
• Prince Albert Municipality		NO
• Theewaterskloof Municipality		YES
VENUS		
• Hessequa Municipality	2 November 2011	YES
• Drakenstein Municipality		YES

Knowledge Sharing session/ Working sessions cont.

ACCOUNTING SYSTEM USERS	DATE OF ENGAGEMENT	ATTENDANCE
SAMRAS 1ˢᵗ session		
• Overstrand	3 NOVEMBER 2011	YES
• Stellenbosch		YES
• Breede Valley		YES
• Saldanha Bay		NO
• Witzenberg		YES
• Cape Winelands		YES
• West Coast District		YES
SAMRAS 2ⁿᵈ session		
• Bitou	8 November 2011	YES
• Overberg		YES
• Cape Agulhas		NO
• Kannaland		NO
• George		YES
• Swellendam		YES

The accounting systems workshops outline

The workshops were a whole day event and the Agenda included the following:

- Presentation of the project and the findings by the PT
- Presentation of NT accounting systems to highlighting the linkages of these projects (PT and NT)and discussion the outlook of the projects going forward including circular 57
- NT presentation also included the SCOA and Tariff Modeling
- Presentation of the system functionality by the vendors and also the response to challenge
- Then a presentation of best practice by municipalities
- Interactive and Knowledge sharing sessions whereby items such as Compliance, Capacity issues, System Challenges, Customer Care etc. were discussed

Key findings on the project so far

❖ A need for continuous Accounting system training for municipal officials.

❖ No IT support staff within municipalities.

❖ Non attendance of vendors forum by certain municipalities.

❖ Fear by staff of work function becoming redundant due to system automation.

❖ Insufficient understanding of the functionality of the accounting system

❖ Not all Municipalities do their reconciliations on a monthly basis

❖ Dependency on consultants

❖ Communication breakdown in terms of how to fill/upload the schedules/return forms

❖ Accounting systems are currently not able to produce Annual Financial Statements. (i.e. excel, Caseware or another software package required)

❖ The use of shared services has been identified as a viable option for IT hardware and support etc.

Limitation encountered

❖ Limited understanding on Accounting Systems within Provincial Treasury

❖ Non attendance of the sessions/workshops by some municipalities which in effect had major systems challenges

❖ Lack of IT support within municipalities

❖ Project scope did not include general and application control

Suggested Solutions and way forward

❖ Compilation of a detailed report summarising the outcomes the workshops/sessions and table it to all of the relevant stakeholders

❖ Encourage municipal participation on user group meetings(monitor attendance registers)

❖ Follow up on IT related training

❖ Follow up with muni's in terms of doing monthly reconciliations and

❖ Encourage comprehensive utilising of the system

❖ Follow up on the resolutions taken from the workshops

❖ Work hand in hand with NT project and compliment each other's initiatives

❖ Still to arrange an engagement/workshop with Sebata and the municipality

Conclusion

- PT would like to thank the following:
  - ➢ Municipalities for outstanding participation during sessions
  - ➢ National Treasury for their availability and support
  - ➢ Vendors for their availability, participating and assisting PT
- In PT's view the project was a success
- Regular follow-up on the resolutions will be a standing item on PT's agenda

THANK YOU, ENKOSI,DANKIE