



PROVINCIAL TREASURY

Provincial Government of the Western Cape

MINUTES OF THE MUNICIPAL CHIEF FINANCIAL OFFICER'S FORUM HELD ON 8 SEPTEMBER 2011 COUNCIL CHAMBERS CAPE WINELANDS DISTRICT MUNICIPALITY WORCESTER

1. OPENING AND WELCOMING

The Chairperson, Mr H Malila opened the meeting and welcomed everyone.

1.1 Attendance as per Attendance Register

ORGANISATION	NAME
City Of Cape Town	Mr J Steyl
West Coast District Municipality	Mr J Koekemoer
Matzikama Municipality	Mr K Bruwer
Cederberg Municipality	Mr F Lötter
Bergrivier Municipality	Mr T Swart
Saldanha Bay Municipality	Mr J van Coller
Swartland Municipality	Mr K Cooper
Swartland Municipality	Mr E Paulse
Cape Winelands District Municipality	Ms J Van Rensburg
Witzenberg Municipality	Mr R Esau
Drakenstein Municipality	Mr D Jacobs
Drakenstein Municipality	Mr V Crail
Stellenbosch Municipality	Ms Kekeis
Breede Valley Municipality	Mr McThomas
Breede Valley Municipality	Mr W van Rooyen
Langeberg Municipality	Mr P Hoffman
Overberg Municipality	Mr R Butler
Theewaterskloof Municipality	Mr S Jacobs
Overstrand Municipality	Mr H Kleinloog
Overstrand Municipality	Mr C le Roux

ORGANISATION	NAME
Cape Agulhus Municipality	Mr H Schlebusch
Swellendam Municipality	Mr H Krapohl
Mossel Bay Municipality	Mr G Vermeulen
Mossel Bay Municipality	Mr H Sadie
George Municipality	Ms L Maksella
George Municipality	Mr M Cupido
Central Karoo District Municipality	Mr C Kymdell
Laingsburg Municipality	Ms A Groenewald
Beaufort West Municipality	Mr D Louw
National Treasury	Mr S Mashaba
National Treasury	Ms Y Maphumalo
SALGA	Mr T Hadingham
Deloitte & Touche	Mr C Eager
Deloitte & Touche	Mr M Damon
Auditor General	Mr A America
Auditor General	Ms S Adams
University of Stellenbosch	Mr MC Botha
STATS SA (Statics South Africa)	Mr M Cronje
Department of Local Government	Mr G Paulse
Department of Local Government	Ms M Ismail
Department of Local Government	Mr M Wust
Department of Local Government	Mr S Deliwe
Western Cape Provincial Treasury – Fiscal and Economic Services Branch	Mr H Malila
Western Cape Provincial Treasury – Budget Management	Mr M Booysen
Western Cape Provincial Treasury – Budget Management	Mr K Haarhoff
Western Cape Provincial Treasury – LG Accounting Services	Ms L Ngxonono
Western Cape Provincial Treasury – LG Accounting Services	Mr T Madondile
Western Cape Provincial Treasury – Corporate	Mr B Vink

ORGANISATION	NAME
Governance	
Western Cape Provincial Treasury - Local Government Finance (Group 1)	Mr F Sabbat
Western Cape Provincial Treasury - Local Government Finance (Group 1)	Ms N Dinga
Western Cape Provincial Treasury - Local Government Finance (Group 1)	Ms T Grainger
Western Cape Provincial Treasury - Local Government Finance (Group 2)	Mr M Sigabi
Western Cape Provincial Treasury – Moveable Asset Management	Mr R Moolman

1.2 Apologies

Bergrivier Municipality	- Mr AJ van Niekerk
Cape Winelands District Municipality	- Mr J Marais
Stellenbosch Municipality	- Mr M Bolton
Drakenstein	- Mr C Petersen
Mossel Bay Municipality	- Mr H Botha
Hessequa Municipality	- Mrs L Viljoen
Kannaland Municipality	- Mr N Delo
Eden District Municipality	- Mr N Delo
Oudtshoorn Municipality	- Mr N Delo (pro-tem)
Bitou Municipality	- Mr D Lott
Knysna Municipality	- Mr G Easton & Mrs L McCartney
Prince Albert	- Mr J Neethling

2. SETTING/APPROVAL OF AGENDA

No items were added to the agenda. The presentation by Mr G. Pause (Dept of LG) was however brought forward by the Chair person.

3. CONSIDERATION OF MINUTES

The minutes of the previous meeting held on 9 June 2011 was accepted as a true reflection of the discussions which took place. (Secondments by H. Shlebusch from Cape Agulhas and S. Jacobs from Theewaterskloof)

4. MATTERS ARISING

It was noted that all matters arising will be addressed as agenda items.

5. TOPICS FOR DISCUSSION

Item No.	Topic	Discussion	Action required	Due Date
5.1.1	Information Systems Audit	<p>A presentation was made by Mr America (AG-WC) pertaining to Information Systems Audit relating to the increase of the scope for good financial management.</p> <p>Mr Vink informed the meeting that at the Chief Risk Officers meeting a concern was raised with the level of risk within the IT environment within a municipality. He also enquired about assistance for a risk library.</p> <p>Mr Sabbat referred to the recent AG reports which highlight the serious lack of IT Governance in municipalities and posed the question wrt the correct location in a municipality of this function as most municipalities have it as part of the CFO's Office.</p> <p>Mr Schlebusch from Cape Agulhas also raised his disappointment with the AGs service around ISA where after Mr M. Cupido indicated their experience is the exact opposite as in the case of Cape Agulhas (received good service from the ISA of AG). The AG apologized for the service in Cape Agulhas and indicated that he will follow up on the matter.</p> <p>Mrs Adams (AG-WC) indicated that this issue should relate to a pre-determined objective as it is regulatory. The cost to be kept as minimal as possible and information on agreed turn-around time.</p>	None	None

Item No.	Topic	Discussion	Action required	Due Date
5.1.2	UIF deductions for councillors	<p>Mr Malila presented the latest position and stance on the UIF matter to the forum by referring to documentation provided by the National Minister of Finance and the AG on the topic.</p> <p>In short he indicated that all councilors must pay UIF ito the current legislation, although it was never the intention of the law. Mr Malila also pointed out the provincial legislature in the Western Cape had decided to pay this on behalf of the members until the legislation is changed.</p> <p>Mr Malila indicated that the National Minister of Finance had indicated to request the change in the legislation and municipalities were requested to please comply with the current legislation in the mean-time. Municipalities were also requested to not obtain any further legal counsel on the matter as it will be regarded as fruitless and wasteful expenditure.</p> <p>Key questions on this topic included 'Whether municipalities need to create a liability to make provision for councilors', 'What about those councilors who have not paid the UIF in the past and who is now no more councilors following the elections?</p> <p>Mrs Adams (AG-WC) stated that the municipalities should create a liability for council and the member portion and create a debtor for member. A liability need to be created, debtor created and impaired as it cannot be recovered. This may be material to some municipalities. She also indicated that like SARS with the PAYE it must be paid over as the municipality acts as an agent.</p> <p>The deductible allowance of R120 000 for councilors was also briefly raised and discussed but referred to the next CFOF.</p>	<p>Assistance from the City of Cape Town will be provided to the Swartland Municipality in the form of Mr George Lubbe.</p> <p>His details below: GeorgeFred.Lubbe@capetown.gov.za and 021-400-4643.</p> <p>Mr Malila to get clarity on uniformity and requested that Mr Lubbe address the CFOs regarding the practical implications and also to get SARS at the next CFOF.</p> <p>The deductible allowance of R120 000 for councilors to be discussed at the next CFO forum. Mr Sabbat indicated that the matter was sent to SARS for better opinion and clarity to be provided at the next CFO.</p>	Feedback to be provided before the next quarterly CFO Forum meeting.
5.1.3	Enhancing Governance in Local Government	<p>Mr M Damon from Deloitte and Touche presented on good governance in municipalities. Mr C Eagar presented on VAT issues and mainly indicated how difficult VAT audits could be which holds the potential additional revenue to municipalities. He indicated that Deloitte has the resources to assist municipalities on request.</p> <p>Mr Malila indicated that the PT will extend invitations to the other accounting and audit</p>	None	None

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		firms to the CFOF to showcase available products and services in the Local Government arena.		
5.1.4	The 2011 Census	<p>Mr Cronje presented on the upcoming census and its importance. He motivated the forum to ensure that the community participates as it also plays a role in funding.</p> <p>On the 9th of October a snap shot will be taken of the country and a survey of 70 questions needs to be completed by all household members.</p> <p>Mr Haarhoff enquired as to whether people can fill in the forms and submit at a later stage. The response was that it takes 40 minutes and it is possible that it be collected at a later stage.</p> <p>Mr Sabbat prompted the presenter to provide more detail on the publicity campaigns to raise the awareness in the public and also about the recruitment of local people as enumerators.</p>	None	None
5.1.5	The USB-Ed Support Programme	<p>Mr Botha presented on an agreement entered into with PT and outlined the role, interventions (ToRs) and training to be provided.</p> <p>Mr Malila indicated that this is an exciting project as the focus is on the training.</p> <p>Mr Louw enquired as to whether the training will be rolled out to pilot or all municipalities and also if it is according to accounting unit standard regulations?</p> <p>Mr Malila indicated that the roll-out of the training still needs to be completed and that the training needs to be specific to municipalities. Mr Botha indicated that the municipalities will be trained on projects as an initiative of PT and no costs will be involved. This project will continue over the next two to three years.</p>	None	None
5.1.6	Financial Viability in TWK.	<p>Mr Jacobs presented on financial sustainability which is being implemented at the municipality. The following areas were addressed: Budget and Financial Management, Fast growing Local Population, Unemployment and Communities ability to pay, Partnership, Political stability, Institutional capacity, Expectation Management ("Mind the Gap"), Central Government Fiscal Policy Review.</p> <p>Mr Jacobs discussed quite a few initiatives around cost efficiencies and processes within the Theewaterskloof municipality that seems to bear very good results. Due to the length of the presentation, Mr Jacobs was invited to present and workshop this topic again at the next CFO Lekgotla in December 2011.</p>	Mr Jacobs was to present and workshop this topic again at the next CFO Lekgotla in December 2011.	CFO Lekgotla on the 8 th and 9 th of December.

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5.1.7	Unspent Conditional Grants	<p>Mr S Mashaba presented to the meeting the legislative background in terms of unspent conditional grants and the criteria for the request. He also outlined the process for requisition of unspent grant indicating the deadline for request by 31 August 2011.</p> <p>Mr Lötter enquired as to how they will receive their money back as they have submitted 4 requests for the funds. Mr Mashaba requested a separate discussion with the Cederberg municipality and also indicated that all requests prior to 2008 will not be approved by the Minister. Mr Schlebusch also raised his continuous concerns with the NT regarding the Cape Agulhas applications.</p>	Cape Agulhas and Cederberg to take up matter with Mr Mashaba.	As soon as possible.
5.2.5	IGR framework	<p>Mr Paulse presented on the IGR framework who indicated this will be an item at the next PCF to be held on 13 September 2011.</p> <p>Mr Bruwer also raised his concerns regarding the National Departments who do not attend the Indaba's which need to be reviewed in the future. Mr Malila agreed to the concern of Mr Bruwer and tasked Mr Paulse to attend to it.</p>	Mr Paulse was tasked to extend invitations to the National Departments to participate in the IGR engagements eg. IDP Indabas.	As soon as possible.
5.1.8	Feedback from SALGA conferences	Mr T Hadingham briefly presented on the feedback, outcomes and recommendations of the SALGA Provincial and National conferences. He mainly emphasized some of the current challenges experienced by municipalities which are being further pursued in attempt to find possible solutions for these challenges.	None	None
5.2	Feedback on Local Government activities within Provincial Treasury			
5.2.1	Draft Circulars by NT on Banking & MPACs.	Mr Sabbat briefly presented the two sets of communications regarding two new proposed reforms which documents were provided as part of the meeting pack for information and further perusal and implementation.	None	None
5.2.2	WC-PT Consolidated Presentation			
	LG Accounting Services	<p>A presentation was done by Ms L Ngxonono outlining the status of the 2010/11 AFS submissions. She further highlighted the importance of interim financial statements and the importance of preparing it bi-annually. She also indicated that there is a need for feedback from the CFO's in terms of the exposure draft.</p> <p>Mr Esau spoke to the pre-determined objectives as the AG would not express an opinion and only highlighted non-compliance issue. AG only reviewed performance regulations and highlighted non-compliance. The request was as to how municipalities implement performance auditing as this prevents municipalities</p>	<p>Ms Ngxonono to make a formal communication to the AG in this regard.</p> <p>Mr Madondile to follow-up on the municipalities not responding to draft.</p>	Before next CFOF.

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		from getting a clean audit.		
	Budget Management	Mr Haarhoff presented on how to improve the SDBIP's and also indicated that a workshop was to be held on 28 September 2011 with regards to audit findings on pre-determined objectives. The municipalities were requested to report on the non-financial information.	Municipalities invited to the workshop.	Workshop 28 September 2011
	Corporate Governance	<p>Mr Vink briefly spoke to the risk management minutes and tabled the minutes in the meeting. He indicated that on the 31 August an agreement was reached with the Wits University who will provide the 4 outstanding modules for free and municipalities need to provide the names soonest and urgently. The colleagues were informed that names provided after the due date will not be considered.</p> <p>Mr Vink also mentioned the interns' workshop that took place on 1 September 2011, the NT Systems of Delegation project which will be piloted by Eden and Matzikama and the roll-out will be over the next 12 months.</p> <p>Ms Groenewald asked whether the 4 modules are part of the 7 modules and if they still need to go to Stellenbosch. Mr Vink indicated that the unit standards four modules will be covered and part of the circular. The municipalities need to review the contract with the University of Stellenbosch before discontinuing with current arrangements.</p>	A circular to be distributed in this regard by Mr Vink and all municipalities to provide list of names of municipal officials for the 4 outstanding modules to Wits.	9 September 2011
5.2.3	Provincial Strategic Objective – 12 (MFMA)	Mr Sabbat presented a brief overview on this topic and indicated that the intention is to increase the impact within municipalities. He emphasized mainly the CFOF - SubComs that are planned to be instituted by the PT.	None	None
5.2.4	Provincial Infrastructure	Mr Wust presented on the Bulk infrastructure plan as the aim was to compile a consolidated report for the Western Cape. He highlighted key issues such as growth, water demands and project costs. He also provided recommendations on how to implement and monitor projects.	None	None
6.	General – The next CFO Lekgotla	Mr Malila announced that the next CFO Lekgotla will be held on the 8 th and 9 th of December 2011 and Beaufort West was proposed as a possible location/venue for the meeting. CFOs were requested to provide more suggestions.	CFOs to provide more proposals for a venue of the CFOF Lekgotla in December 2011.	By 31 October 2011

6. CLOSURE

The Chairperson, Mr H Malila, thanked all present for attending the meeting and encouraged municipalities to be interactive and to give input and feedback on any MFMA related matters. The meeting adjourned at 13h30.

7. ITEMS FOR FOLLOW-UP

Item No.	Topic	Action required	Due Date
5.1.2	UIF deductions for councillors	<p>AG requested to communicate to municipalities not to get more legal advice as legislation to be introduced in Parliament soon. A document to be distributed as law stands.</p> <p>Mr Malila to have a one-on-one session with AG regarding clean audits.</p> <p>The deductible allowance of R120 000 for councilors to be discussed at the next CFO forum.</p> <p>Mr Sabbat indicated that the matter was sent.</p> <p>Mr Kooper requested assistance from the City of Cape Town. Mr Steyl indicated that George Lubbe can be contacted on how to deal with this matter. His details: e-mail is George.lubbe@capetown.gov.za and telephone is 021 400 4643.</p> <p>Mr Malila to get clarity on uniformity. He also indicated that Mr Lubbe to address CFO regarding the practical implications and also to get SARS at the next CFO.</p>	<p>Feedback to be provided before the next quarterly CFO Forum meeting.</p> <p>Matter has been dealt with already</p> <p>Next CFOF</p>
5.1.5	The USB-Ed support programme	TOR to be submitted to Ms Ngxonono.	9 th September 2011 - The TOR was received but a follow-up meeting to be held to discuss content and the costs.
5.1.6	Financial Viability in Theewaterskloof	Full three to four hours discussion is required at the next CFO meeting. The presentation will receive more attention.	CFO on the 8 th and 9 th December
5.2.5	IGR framework	Mr Pause to write an invite to National and Province and also request the commissioner to attend.	Next Indaba
5.2.2	Corporate Governance: The CPMD training	A circular to be distributed in this regard.	9 th September 2011 - Treasury Circular Mun 31 of 2011 was distributed as per agreed date.