



**DRAFT MINUTES OF THE MUNICIPAL  
CHIEF FINANCIAL OFFICER'S FORUM  
HELD 11 JUNE 2012, COUNCIL CHAMBERS,  
STELLENBOSCH MUNICIPALITY**

**1. TEA ON ARRIVAL**

**2. OPENING AND WELCOMING**

The Chairperson, Mr H Malila opened the meeting and welcomed all protocol observed.

**3. ATTENDANCE AS PER ATTENDANCE REGISTER**

<b>ORGANISATION</b>	<b>NAME</b>
City of Cape Town	Mr J Steyl
Matzikama Municipality	Mrs E van Der Westhuizen
Cederberg Municipality	Mr I Pretorius
Saldanha Bay Municipality	Mr S Vorster
Saldanha Bay Municipality	Mr J Luus
Swartland Municipality	Mr K Cooper
Swartland Municipality	Councillor C Hunsinger
Swartland Municipality	Mr W Rossouw
Drakenstein Municipality	Mr C Mapeyi
Stellenbosch Municipality	Ms M Hardneck
Stellenbosch Municipality	Ms C Lategan
Witzenberg Municipality	Mr C Kritzing
Breede Valley	Mr M Boonzaaier
Langeberg Municipality	Mr C Hoffman
Overberg Municipality	Mr J Snyman

<b>ORGANISATION</b>	<b>NAME</b>
Overberg Municipality	Ms L Bastian
Overstrand Municipality	Mr BA King
Overstrand Municipality	Mr H Kleinloog
Overstrand Municipality	Mr C Le Roux
Eden Municipality	Ms L Hoek
Kannaland Municipality	Mr N Delo
George Municipality	Mr K Jordaan
Oudtshoorn Municipality	Mr D Lott
Laingsburg Municipality	Ms A Groenewald
Beaufort West Municipality	Mr D Louw
Prince Albert Municipality	Mr J Neethling
SALGA	Mrs M Murcott
Auditor-General	Mr G Van der Hoven
Auditor General	Ms T Zandi
Auditor-General	Mr Lesley Hollard
Auditor-General	Mrs S Adams
PT-Public Finance	Mrs V Shabalala
Department of Local Government	Mr G Pause
Department of Local Government	Ms E Barnard
Department of Local Government	Mr M Abrahams
Department of Local Government	Mrs D Nolan
Western Cape Provincial Treasury – Fiscal and Economic Services Branch	Mr H Malila
Western Cape Provincial Treasury – Local Government Finance	Mr T Arendse
Western Cape Provincial Treasury – Public Policy Services	Mr A Phillips
Western Cape Provincial Treasury – Financial Governance	Mr A Hardien
Western Cape Provincial Treasury – Budget Management	Mr M Booysen
Western Cape Provincial Treasury – Budget Management	Ms N Silulwane
Western Cape Provincial Treasury – Budget Management	Mr K Roman
Western Cape Provincial Treasury – Budget Management	Mr M Mlangeni
Western Cape Provincial Treasury – LG Accounting Services	Mr T Madondile

<b>ORGANISATION</b>	<b>NAME</b>
Western Cape Provincial Treasury – Corporate Governance	Mr A Thomas
Western Cape Provincial Treasury – Corporate Governance	Mrs M Van Niekerk
Western Cape Provincial Treasury – Moveable Asset Management	Mrs N Ebrahim
Western Cape Provincial Treasury – Moveable Asset Management	Mr R Moolman
Western Cape Provincial Treasury – Public Finance Policy Research And Modelling	Mrs S de Visser
Western Cape Provincial Treasury –Assets and Liabilities Management	Mr A Saaiers
Western Cape Provincial Treasury –Assets and Liabilities Management	Mr W Baatjies
Western Cape Provincial Treasury - Local Government Finance (Group 1)	Mr F Sabbat
Western Cape Provincial Treasury - Local Government Finance (Group 2)	Mr M Sigabi
Western Cape Provincial Treasury - Local Government Finance (Group 2)	Ms T Grainger
Western Cape Provincial Treasury - Local Government Finance (Group 2)	Mr Z Zonyane
Western Cape Provincial Treasury - Local Government Finance (Group 2)	Mr M Gqotso
Western Cape Provincial Treasury - Local Government Finance (Group 2) Interns	Ms N Bakaqana
Western Cape Provincial Treasury - Local Government Finance (Group 2)Interns	Mr S Bhaza

### 3.1 Apologies

Cape Winelands Municipality	-	Mr JG Marais
Stellenbosch Municipality	-	Mr M Bolton
Theewaterskloof Municipality	-	Mr S Jacobs
Cape Agulhas Municipality	-	Mr H Schlebusch
Swellendam Municipality	-	Mr H Krapohl
Hessequa Municipality	-	Mrs L Hoek
Mossel Bay Municipality	-	Mr H Botha
Knysna Municipality	-	Mr G Easton
Central Karoo	-	Mr K Kymdell
Bitou Municipality	-	Mr A Bredenhann (Acting CFO)

#### 4. SETTING/APPROVAL OF AGENDA

No items were added to the agenda however Mr Malilla opened the floor for everyone to add or amend for future contents and process.

#### 5. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 05<sup>th</sup> March 2012 was accepted as a true reflection of the discussions which took place.

#### 6. MATTERS ARISING

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

#### 7. NEW MATTERS

Item No.	Topic	Discussion	Action required	Due Date
7.1.1	Audit 2012: Improving audit outcomes	<p>A presentation was made by Ms T Zondi pertaining to the Audit files, Preliminary audit findings, and Audit Communication for the local government for the financial year ended 30 June 2011.</p> <p>She indicated that audit outcomes for 2010/11 were received and finalised on time.</p> <p>Saldanha, George, Cederberg Municipalities have improved from their previous audit status.</p> <p>The City and CTICC audit status have regressed.</p> <p>She mentioned how important effective internal controls can benefit the municipalities regarding early identification of critical risks, safeguarding of assets, as well as effective operations. Leadership is the drivers of internal control, the understanding drivers of internal control to influence clean administration.</p> <p>She emphasised that the instability at Municipal Manager/CFO levels impacted on implementation of action plans and reforms.</p> <p>She also alluded to the fact that the Mayors and Councillors of Municipalities need to take ownership of key controls.</p> <p>An indication was also given that transfer of skills to take place from consultants to ensure accountability and the consequence of non-performers.</p> <p>Emerging risks of three critical areas:</p> <ul style="list-style-type: none"><li>• GRAP compliance is an issue in terms of simplifying processes.</li><li>• SCM an improvement in the skills gap.</li><li>• Pre-determined objectives there are a need to improve internal control methods.</li></ul> <p>She also indicated that the AG can assist to improve data credibility from yellow zone to green zone.</p>	None	None



Item No.	Topic	Discussion	Action required	Due Date
7.1.3	General and Financial Management	<p>Mr K Cooper presented on the Status on model on financial standards by Swartland Municipality. The reason for the benchmark is to see where municipalities are standing in terms of financial position, and the progress.</p> <p>He indicated that the purpose is not to compare municipalities in terms of financial health.</p> <p>He indicated that the municipalities should not feel frightened regarding the benchmark.</p> <p>Mr Sabbat requested copy of the presentation by Mr Cooper to be distributed.</p> <p>He also requested Mr Cooper to provide a document that will contain explanation of financial terminology. As well the accuracy on municipal comparison.</p> <p>Mr Cooper commented that they will not name and a shame municipality as the information is confidential.</p> <p>Mr Malila asked Mr Sigabi if he could arrange a meeting between Provincial Treasury and DLG to discuss the way forward on the benchmark exercise.</p> <p>PT and AG to review the tool for a clean audit.</p> <p>1 set of information to be available to municipalities for use as well as a dictionary and formula.</p> <p>The information to be distributed to municipalities to confirm information on the data before finalization of the benchmark.</p> <p>Presentation was distributed for further details.</p>	<p>None</p> <p>Copy of municipal presentation to be distributed.</p> <p>Mr Sigabi to arrange a meeting</p>	<p>None</p> <p>Copy was distributed via the PT website on 26 June 2012.</p> <p>A meeting was set for the 29<sup>th</sup> June 2012.</p>
7.1.4	General and Financial Management	<p>Mr A Phillips presented to the members of the CFO Forum the overview of provincial strategic objective.</p> <p>He indicated the effective and efficient delivery of its mandate so that it earns the acknowledgement of being the best run regional government in the world and the vision of an open opportunity society for all.</p> <p>He indicated that the PSO12 sets the governance framework for the Western Cape government.</p> <p>He alluded that the 4 P's impacts all departments as it deals with how the WCG functions, operates and is managed on a daily basis.</p> <p>The CFOF to find a whole tic way to approach financial management.</p> <p>Mr Malila indicated a concerted effort with PT to drive PSO aims for clean audit reports.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None

Item No.	Topic	Discussion	Action required	Due Date
7.1.5	Department Local Government	<p>A presentation was made by Mr M Abrahams (DLG) pertaining to the overview of the Guideline on the Municipal Property Rates Act No6 of 2004.</p> <p>The reason for MPRA guideline was brought due to challenges with MPRA, Capacity to manage and monitor property valuations.</p> <p>He indicated the objective of the MPRA guidelines is to support improved efficiency and effectiveness of the implementation of the MPRA by promoting best practises and building capacity. It is the transition from CP ordinances to the PMRA. In terms of the rates policy is must be reviewed for exemptions. Resolutions to be published in legislature. The municipalities were encouraged to commit recommendations.</p> <p>Ms E Barnard commented in addition to the presentation that property the municipality need to review the guidelines and if challenges exist that contact be made with DLG as 2 court cases was in progress.</p> <p>She also indicated that the amendment process on the act not completed yet.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None
7.1.6	Feedback by Provincial Treasury on Municipal activities	<p>Mr H Malila summarized the presentation to the members of the CFO Forum on the 2013/14 approach on LGFGRO, LGMTEC 2, and LGMTEC 3 processes.</p> <p>Mr Hardien mentioned that findings in each LGFGRO Report were presented to the relevant municipality in Feb 2012.</p> <p>LGFGRO Report-2011 to be used as an internal document by treasury, local government and municipality for areas of improvement.</p> <p>He also indicated the remedial steps that the Provincial Treasury will take to support the municipalities.</p> <p>The approach for 2012/13 will be split into two sections, sections A DLG, and Section B for Provincial Treasury.</p> <p>The way forward is that terms of reference and MGRO chapter 2 to be signed by Dr JC Stegmann.</p> <p>Section A and B will be consolidated by the 15 February 2013.</p> <p>He indicated that the engagement dates are fixed between 15 February and 05 March 2013 and that the Cabinet report needs to be submitted no later than 31 March 2013.</p> <p>Mr Malila indicated that the LG MTEC 3 run as a joint project with DLG and same process will be followed. The difference is that all governance matters to be addressed in the MGRO process and budget part of MTEC 3. DLG to link the report to the IDP.</p>	A circular to be drafted in terms of timelines and agreed upon process from the CFOF.	TBD

Item No.	Topic	Discussion	Action required	Due Date
		<p>In April/May purely a budget discussion and more responsive to sustainability. The benchmark exercise will be used to determine what budget tells us.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>		
7.1.7	Financial Accounting	<p>A presentation was made by Mr T Madondile pertaining to projects to be rolled out relating to the 2011/12 audit.</p> <p>The focused area in his presentation was:</p> <ul style="list-style-type: none"> <li>• Formation of District municipal accountants forum</li> <li>• Hard close of the financial records</li> <li>• Training on standard operating procedures (SOPs) on accounting cycles</li> </ul> <p>He indicated the objective of the DMAF is to:</p> <ul style="list-style-type: none"> <li>• Establish formal communication channels</li> <li>• Implement GRAP standards and the related reporting framework</li> <li>• Facilitate assistance amongst municipalities.</li> </ul> <p>He also mentioned the purpose of DMAF is to share knowledge with regard to standard operating procedures.</p> <p>He indicated the term used in the accounting world 'Hard Close'. It signifies that once a particular month's accounts are hard closed there would not be any major change in the position of the cash flow and financial records.</p> <p>He indicated that PT is running the SOP Project in partnership with USD-ED. The project has been slightly delayed, but first draft is completed.</p> <p>On the feedback received from pilot municipality, further roll-out will then be done at the rest of the municipalities.</p> <p>He concluded that communication of the dates will be forwarded in due course.</p> <p>He also encouraged municipalities to participate to ensure success of the initiatives.</p> <p>After the presentation Mr A Hardien directed the question to CFO's whether the initiatives will add value to the Districts. He alluded to the fact that the engagements will give the CFO's platform to discuss issues that affect the municipalities.</p> <p>Ms L Ngxonono suggested that this initiative can be launched in a bigger group but it must be done on a district level going forward. Feedback to be provided and to move forward with the process.</p> <p>Mr Malila indicates that the forum must be formed to determine what is happening in the districts.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None



Item No.	Topic	Discussion	Action required	Due Date
7.1.8	Budget management	<p>A presentation was made by Mr M Booysen on the feedback on 2012 LGMTEC 3 Findings, Interpretation of Circular 58, and MPAC.</p> <p>He gave a background that LGMTEC 3 starts each year after municipalities' tabled budget during March.</p> <p>There was a major improvement in conformance (PSO 12 objectives), excluding some smaller municipalities with capacity constraints. Majority of municipalities tabled on time and in the correct format except three.</p> <p>On the responsiveness side, he mentioned that public participation remain low and requires improvement, as well as the LED still remains a huge challenge in many municipalities.</p> <p>On Credibility of municipalities, he indicated that Bulk of municipalities tabled deficit budgets, as well the collection rates is a challenge. Capital budgets decreased due to lack of funding and planning. Distribution losses of electricity and water remain high.</p> <p>In terms of sustainability, he indicated that many of the municipalities indicated decreasing cash resources and lower current and liquidity ratios over MTREF. Cash management in municipalities still requires improvement.</p> <p>Regarding Governance, he indicated that most municipalities are political stable. He specified that municipalities were in support of the implementation of Thusong mobiles and most municipalities have Thusong service Centres.</p> <p>On the presentation of Municipal Public Accounts Committees, he indicated that MPAC was established to exercise oversight over the executive obligations of council. In the Western Cape eight municipalities started MPAC's and 22 have committees. The MPAC reports directly to council through the Speaker of the municipality.</p> <p>The proposed training dates to municipalities:</p> <ul style="list-style-type: none"> <li>• 5 – 7 June 2012 municipalities that already established.</li> <li>• 20 - 22 June 2012 municipalities who have not yet established.</li> </ul> <p>He also presented and explained the interpretation of circular 58-par 4.8. The issue surfaced at the MINMAY tech and tools of trade.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None
7.2.1	Corporate Governance	<p>A presentation was made by Mr A Thomas and Mrs M Van Niekerk on BTO structures, Circular 60, CRO Feedback</p> <p>In terms of NT Circular 60 she indicated that NT will respond to the challenges raised by municipalities, PT, and DLG and the deadline remains as 1 January 2013.</p>	None	None

Item No.	Topic	Discussion	Action required	Due Date
		<p>She indicated that a written request to NT to consider delay of the enforcement of the regulation to current employees, application will reach NT by 7 September 2012, which the application will be outlining the municipalities plan of action. Municipalities need to apply for a delay up to 18 months and goes to July 2014.</p> <p>Accredited training providers to be used as the WITS CPMD will be accredited till 30 November 2013.</p> <p>She indicated that effective monitoring and support by PT to municipalities regarding compliance with the regulations, special merit cases, and statement of results.</p> <p>Regarding the BTO Structures project, analysis has been done on 29 Municipalities excluding Metro. NT to provide feedback on guidance document for BTO. In the process of finalising the TOR with USB-ED.</p> <p>CRO held two meetings in this regard. Matters raised were non-attendance to CAE and CRO forums. PT encouraged municipalities to budget for the items in order for officials to attend. PT would like CRO and CAE to be involved with the budget process. A combined framework to be issued.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	<p>Information to be sent to municipalities on the WITS CPMD training by Mrs Van Niekerk.</p>	<p>Before next CFO meeting.</p>
7.2.2	Local Government Revenue and Expenditure	<p>Mr F Sabbat presented to the members of the CFO Forum the management forum feedback, the USB-ED training initiatives and municipal support.</p> <p>The MAF was established and hosted in Overstrand and is a sub-committee to the CFO. Draft TOR was established and a request was made for staff to attend the forum for a year. The forum will commence again the first week in August 2012.</p> <p>USB-ED training progress- SCM finalised training sessions and rolled-out training in a customised way. Second phase as per the TOR. LG finance training will be rolled-out differently to SCM. The rural and agricultural research project and overall 70 per cent complete.</p> <p>Corporate Governance training finalising TOR for next phase in terms of what is ideal BTO structure and delegation process.</p> <p>GRAP 17 training and development of SOP's for accounting cycle. The GRAP training will be repeated as it was successful and the development of the SOP to be finalised soon.</p> <p>The Government debt was noted.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None

Item No.	Topic	Discussion	Action required	Due Date
7.2.3	Public finance research modeling and liability management	<p>Mrs S de Visser, and Mr A Saaiers presented to the members of the CFO Forum the P3 Modelling feedback and improving Cash flow management in municipalities.</p> <p>Cash Management presentation was made by Mr Saaiers and Mr Malila indicated that the IYM assessments need to be reviewed to improve compliance levels.</p> <p>Comments to be furnished to NT by 13 June 2012 in respect of the Local Government Functional Framework review.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None
7.2.4	Supply Chain management	<p>A presentation was made by Mr R Moolman on SCM Forum feedback and Guide to municipalities in terms of SCM Challenges faced by municipalities.</p> <p>CFOF to be held 10&amp;11 December as a proposed date.</p> <p>No questions of clarity were asked.</p> <p>Presentation was distributed for further details.</p>	None	None
7.3	General and Conclusion	<p>Mr Malila concluded by welcoming any suggestions for future Agenda items and ways to improve the contents and process of the forum.</p> <p>All presentations were to be placed on the website.</p>	None	None

## 8. CLOSURE

The Chairperson, Mr H Malila, thanked all present for attending the CFOF. The presenters were thanked for their input as the CFO is a platform to present best practices. He also thanked Provincial Treasury CFO Co-ordination team for organising the forum.

The next CFO Forum will be held on the 17 September 2012.

The meeting adjourned at 14:00.