



Municipal SCOA Circular 4 – Implementation

mSCOA is a business reform - it is therefore important that this circular is distributed to all senior managers and other relevant officials throughout the municipality

This circular introduces the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) to non-pilot municipalities in preparation for full *mSCOA* compliance by the outer compliance date of 1 July 2017. This is the fourth in a series of *mSCOA* circulars. Municipalities can use the Municipal SCOA circulars to assess whether they are on track in achieving *mSCOA* implementation.

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1. Discussion- Frequently Asked Questions (FAQ)

We updated the mSCOA website and it now includes a direct link to the mSCOA Frequently Asked Questions (mSCOA FAQ) Database “04. mSCOA FAQ”:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

In this section we discuss a selection of questions from the mSCOA frequently asked questions (FAQ) Database. We selected questions dealing with posting level detail to guide you and ensure a common understanding of the mSCOA requirements.

	<p>What is a posting level?</p> <p>Each mSCOA segment has a classification structure. Every transaction is captured/ ‘posted’ in this structure at a specific level. These specific posting levels (defined in the classification structure) have been designed to provide for consistent information for reporting purposes: for example the budget reporting tables; annual financial statements prepared in compliance with the Standards of GRAP; and specific stakeholder requirements such as NERSA or DWA.</p>
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The mSCOA classification framework defines the posting level accounts (*supported by definitions*) to assist users in selecting the applicable account. The definition set is commonly known as “Metadata or Core”. Municipalities are required, in certain instances and depending on the particular Segment, to add detail to mSCOA Tables through “breakdown required”. This implies that the municipality must add the positing level and give a description for the account as per the guidance given in the Project Document relevant to the Segment and Group of Accounts.

In summary, detail can be added to the mSCOA table for a *specific municipality* in the following cases:

- Project Segment – defines operational and capital projects within the classification structure provided. The municipality is responsible for defining the project, expanding the code structure and the account description.
- Item Segment – adding detail related to Cash and Cash Equivalents, Investments, Borrowings and Bank Overdrafts. In addition, also information for adding posting level

accounts for agency services within the revenue component of the Item Segment. Similar to the above requirements the posting level relates to a specific account and institution.

- Fund Segment - adding detail related to Cash and Cash Equivalents, Investments, Borrowings and Bank Overdrafts. Similar to the above requirements the posting level relates to the specific account and institution.
- Function Segment – adding sub-sub-function to the existing sub-function in the case where the Municipal Standard Classification is not in use.

It is important to note that additional classification detail *not provided for in the above breakdown required detail*, must be submitted to the FAQ Database (as a request) for consideration by the National Treasury.

For transfers and subsidies made by provincial government and district municipalities, posting levels have not been fully and comprehensively defined in Version 5.4 of the mSCOA Tables (with the exception of information provided by the pilot municipalities). The structure (within which the posting level detail needs to be set-up/ structured) provides for classification comparison across all municipalities, provincial government and district municipalities. Unless the National Treasury collects this information, incorporates it into the mSCOA classification framework, and defines the posting levels, it means that a broad spectrum of municipalities will not be able to transact at this level. Please refer in this regard to the detailed discussion in the paragraphs to follow:

1.1 Posting Levels (currently not defined owing to limited detail): Transfers and Subsidies - from provincial departments to municipalities

	mSCOA segments relevant here:		
	Item Segment	Revenue	Non-exchange Revenue/ Transfers and Subsidies Provincial Government
	Item Segment	Assets	Current Assets Receivables from Transfers and Subsidies/ Provincial Government
	Item Segment	Liabilities	Current Liabilities unspent from Transfers and Subsidies/ Provincial Government
	Funding Segment	Fund	Transfers and Subsidies/ Provincial Government

The classification (reporting) structure of *mSCOA* applies the 'purpose' or 'nature' (function served) to determine the posting level of a transfer and/ or subsidy within the structure (refer to the table above). This classification (reporting) structure provides criteria that enable comparison across municipalities and provinces:

	<p>Example 1:</p> <p>Collecting information (according to this classification/ reporting) structure enables a comparison across provinces and district municipalities. Through the utilisation of the classification (reporting) structure we obtain statistical information that will inform decision making, planning and whole-of-government reporting requirements.</p> <p>For example – if all provinces and municipalities use the same classification (reporting) structure we can collect the:</p> <ul style="list-style-type: none"> (i) actual Rand value of transfers made by each province to health services; and (ii) actual Rand value of transfers made by different provinces to all the district municipalities.
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The **criteria (categories)** currently included in the reporting structure (Local Government Database) for **transfers and/ or subsidies from provincial departments to municipalities** are:

Health	Maintenance of Road Infrastructure
Public Transport	Maintenance of Water Supply Infrastructure
Housing	Maintenance of Waste Water Infrastructure
Sports and Recreation	Capacity Building
Disaster and Emergency Services	Other
Libraries, Archives and Museums	

Provincial departments therefore have to provide their specific allocations (detailed specifications) to the National Treasury, which is then included annually or in the next *mSCOA* release (whichever is earlier). *mSCOA* Version 5.4 already includes information provided by municipalities relevant to KwaZulu-Natal, Western Cape and the Eastern Cape.

Every provincial department is requested to urgently provide its specific allocations (detailed specifications) to the National Treasury by no later than Thursday, 31 March 2016 to lgdocuments@treasury.gov.za, for inclusion in the next *mSCOA* release. In this regard, each provincial treasury must coordinate this effort in the province and extend this

request to the relevant official(s) in every provincial department. A formal letter to this effect will be issued in due course.

1.2 Posting levels (currently not defined owing to limited detail): Transfers and Subsidies – from district municipalities to other municipalities

	mSCOA segments relevant here:		
	Item Segment	Revenue	Non-exchange Revenue/ Transfers and Subsidies District Municipalities
	Item Segment	Assets	Current Assets Receivables from Transfers and Subsidies/ District Municipalities
	Item Segment	Liabilities	Current Liabilities unspent from Transfers and Subsidies/ District Municipalities
	Funding Segment	Fund	Transfers and Subsidies/ District Municipalities

The design principles for *transfers from district municipalities* are based on the same classification (reporting) structure as applied to transfers and subsidies from provincial departments; *namely purpose or nature* (function served). The collection of information according to this classification (reporting) structure enables, among others, a comparison across provinces and district municipalities. This classification (reporting) structure enables statistical reporting through the Local Government Database (LG Database) which in turn informs decision making, planning and whole-of-government reporting requirements.

The **criteria (categories)** currently included in the reporting structure (Local Government Database) for **transfers and/ or subsidies from district municipalities to other municipalities** are:

Community and Social Services	Public Safety
Environmental Protection	Road Transport
Executive and Council	Sport and Recreation
Finance and Admin	Waste Water Management
Health	Water
Housing	Planning and Development

To ensure completeness of the mSCOA classification framework district municipalities must provide the required detail relating to transfers and subsidies to the National Treasury, which will then be included annually or in the next mSCOA release (whichever is earlier). mSCOA

Version 5.4 already includes classification information provided by some district municipalities in KwaZulu Natal, Western Cape and the Eastern Cape.

District municipalities are requested to urgently provide their specific allocations (detailed specifications) to the National Treasury by no later than Thursday, 31 March 2016 to lgdocuments@treasury.gov.za, which will be included in the next mSCOA release.

2. mSCOA Project Implementation – Support

2.1 Change Management and mSCOA:

The National Treasury has received numerous requests for support from municipalities to get their broader organisations on board with the mSCOA reform. This section of the circular discusses how a municipality can go about change management by themselves. Firstly, we will be discussing the psychology of change and what should be considered to make a successful change. Then we will elaborate on available tools and support that can be used during the change involved or the process of implementing mSCOA.

2.2 The Psychology of Change

People are complex individual beings, operating simultaneously from at least three (3) levels namely, the physical (body), through feelings/ emotions and by thinking (mental/ reasoning). All these impact on one another and are interrelated. When required to make a change, as a minimum, these three (3) levels have to be involved and integrated to ensure a person:

- (a) understands the change (**thinking/ mental/ reasoning**);
- (b) feels that the change is achievable. In other words, the person feels that he/ she is able to make the change and actually wants to achieve the change (**feelings/ emotions**);
and
- (c) actually change. Act or do something to change (**physical body**).

In the mSCOA change management process we refer to these matters as the **Head, Heart** and **Hands** of every individual in the mSCOA implementation (refer to the illustration below). It addresses cognitive (reasoning/ mental) processes, emotions and business execution and/ or business processes, including new standard operating procedures (SOPs).



2.2.1 mSCOA: Changing the Head

To address the **cognitive processes (Head)** we have to create an understanding of mSCOA by stakeholders across the organisation. We do this through (i) mSCOA awareness (introduction) sessions and (ii) by training all municipal stakeholders (municipal councillors, senior management and officials). Training for a municipal councillor will of course be different from the mSCOA training of a finance official and again different for non-financial officials.

Training opportunities and mSCOA awareness sessions offered by the National Treasury have been addressed in earlier mSCOA circulars and include:

1. *Awareness training for Councillors* facilitated by the South African Local Government Association (SALGA). Please contact your National and/ or provincial SALGA directly in this regard;
2. *Three-day non-accredited mSCOA training* for non-pilot municipalities. The provincial treasuries are currently facilitating these sessions per municipal district; and
3. *Accredited mSCOA training* for financial and non-financial practitioners. The Institute of Municipal Finance Officers (IMFO) is facilitating this training in cooperation with the National Treasury from March 2016.

The mSCOA project team of the municipality/ provincial treasury is encouraged to already now embark on mSCOA awareness sessions across the organisation. The “**Demystifying mSCOA**” presentations used by the National Treasury in the one (1) day training sessions can be used ‘as is’ or aligned to the municipality’s specific needs for this purpose. All the presentations and training material is available and can be downloaded from “**03. mSCOA Training**” on the following link:

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

2.2.2 mSCOA: Changing the Heart

Change can be frightening. It is important to guide and support officials through the change (brought about by mSCOA) from project inception till mSCOA has become “business as usual” for the municipality.

The best way to address the **emotional aspects** related to mSCOA implementation is through constant and positive communication with all the individuals affected by the change.

In this regard it is important to involve all individuals (affected by mSCOA across the organisation) to:

- define and implement their own solutions (create ownership of their part in mSCOA implementation);
- articulate the benefits that implementing mSCOA will have for the individual; and
- celebrate every small victory which is achieved.

The National Treasury mSCOA Project Team also uses self-assessments and ‘competing with oneself’ to facilitate progress in this area. Municipalities and provincial treasuries are encouraged to do the same:

	<p>How to self-assess mSCOA progress:</p> <p>Example 2:</p> <p>You can use the Municipal SCOA Circulars as well as the ‘non-pilot and provincial treasury self-assessment tool’ (attached in Annexure B1 and B2 respectively) as assessment tools (checklists). We recommend that you compare your progress (every 2 months) with the targeted timeframes for mSCOA implementation explained in the Municipal SCOA Circulars. This will provide a good indication to you, whether you are on track or need to fast track your implementation.</p>
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Municipality and provincial treasury teams are welcome to use the slides and templates provided by the National Treasury to articulate the mSCOA messages within the municipality

or in their *mSCOA* support. These tools assist to facilitate ownership and progress, towards small victories and eventual successful *mSCOA* implementation (including compliance).

Municipalities should also attend the provincial Integrated Consultative Forum (ICF) and/ or related provincial forums, including encouraging the broad participation from municipal stakeholders. Municipalities can also call on the National Treasury and the relevant provincial treasury, pilot municipalities and vendors to assist them to articulate correct and inspiring *mSCOA* messages to communicate across the municipality's organisation.

	<p><i>What other ideas did pilot municipalities have to communicate mSCOA across their organisation?</i></p> <p>Other ideas for <i>mSCOA</i> communication are to:</p> <ul style="list-style-type: none"> (i) distribute posters or newsletters in the municipality and/ or province; (ii) establish a dedicated repository where officials can find information about <i>mSCOA</i> and the project as it relates to the municipality. Communicate widely where this repository can be found; (iii) distribute regular <i>mSCOA</i> information snippets through the intranet/ or e-mail to officials; and/ or (iv) open brown bag information sessions ¹ in the municipality.
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We attach an example “*mSCOA* information” presentation in **Annexure A**. The presentation basically sets out the role of the municipality and provincial treasury and high-level activities of both during this phase four (4) of *mSCOA* implementation. Stakeholders are welcome to use and customise the presentation for their specific meeting(s) and/ or municipal forums.

2.2.3 mSCOA: Changing the Hands

The **hands** in the proposed change management strategy refer to doing things, getting involved and taking action. *mSCOA* is an organisational reform and as such, includes all employees, departments and functions in the municipality. Individuals should be encouraged not only to review their own business activities to identify the changes brought about by *mSCOA* implementation, but also to get involved in the municipal project implementation.

¹ A ‘brown bag session’, refers to an informal *mSCOA* discussion over lunch. Everyone brings their own lunch (brown bag) and there are *mSCOA* knowledgeable officials present to address questions/ guide the discussion. It can take place anywhere. It is an informal exchange of *mSCOA* knowledge.

If the mSCOA project activities are broken down into small deliverables, these become easily manageable and nobody is overloaded or over-worked. To this end, the municipality's mSCOA project implementation team should break down their respective work stream activities into smaller actions and nominate officials from the various user departments to help with these.

2.3 mSCOA - Project Risk Management:

Risk, or the uncertainty of outcome, is inevitable and a part of life, also of the mSCOA project. The project team and all the municipal officials must manage, control and contain risk, and limit the exposure of the municipality including, taking action to ensure the success of the project. Risk management at the project level focuses on keeping unwanted outcomes to an acceptable minimum. Where project partners such as vendors are involved, it is important to gain a shared view of the risks and how these will be managed.

Risk management in the context of the mSCOA project, involves:

- Access to reliable and up-to-date information related to project risk;
- That management make decisions informed by and considering the regular risk analysis and evaluation;
- Risk ownership. This involves assigning risks to a specific individual(s) to manage;
- Processes to contain and monitor risk; and
- A balance between mitigation measures, cost and benefits.

The municipality's mSCOA project steering committee should consider the amount of risk they are prepared to tolerate, before they can decide what to do about the mSCOA project risks that were identified. The risk and audit committee of the municipality, based on the risk policies of the municipality should provide guidance to the municipality's mSCOA project steering committee.

The risk tolerance (*how much risk are we prepared to tolerate*) of a municipality can vary according to the perceived importance of every risk. Risk should also be related to a tolerance parameter like the risk of completion within the set timeframes and budget, the acceptable quality of the completed project, the project scope, the risk of political embarrassment and the consequences of project failure. Factors like these can influence the risk tolerance for certain risks.

The municipality should compile a risk register for every key project in the municipality. All these project risk registers, inform the municipal risk register. The municipality has to identify both strategic and operational mSCOA risks for inclusion in the project risk register. However, it is important to fully investigate and analyse project risks before including such in the project risk register.

An example of a project risk register (**Annexure C1**) and examples of project risks (**Annexure C2**) have been included for your consideration. When a municipality compiles its mSCOA project risk registers, the examples and mSCOA risk template (**Annexure C3**) should be considered for guidance. Once in place, these risk registers should:

- Regularly be reviewed by the municipality’s mSCOA project steering committee;
- **on/ before Thursday, 31 March 2016 (and thereafter every six (6) weeks)** be –
 - submitted to the relevant provincial treasury for review; and
 - to lqdocuments@treasury.gov.za for uploading on the local government (LG) database and mSCOA risk matrix.

2.4 mSCOA Project Issue Log

Every project, including the municipality’s mSCOA project should have an issue log. Key decisions made during the execution of the project should be captured in the project issue log. The issue log forms part of the ‘project knowledge’ which is captured and documented for future use and understanding of the project implementation rationale. Internal- and external auditors use the issue logs during their audit.

Issues differ from risks in their very nature. A **risk** refers to a **future uncertain outcome**, which is mitigated and managed to reduce the possible negative impact it could have. An **issue** refers to **something that is happening at the present time**, and needs key decisions in terms of approach and resolution. Once the decisions have been implemented, the issue is closed and recorded for future reference, and the project implementation moves on:

	<p><i>The examples below illustrate the difference between a <u>risk</u> and an <u>issue</u>:</i></p> <p><i>Example 3:</i></p> <p>Risk – Will the municipality’s general ledger be capable of accommodating all seven (7) of the mSCOA segments?</p> <p><i>Issue – The municipality’s existing general ledger can only accommodate four (4) of the mSCOA segments. How will we change our general ledger</i></p>
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	<p style="text-align: center;"><i>to accommodate all seven (7) of the mSCOA segments?</i></p> <p>Example 4:</p> <p>Risk – Will the municipality be able to integrate the human resources (HR) system with the core financials as required by the mSCOA Regulations (compliant)?</p> <p><i>Issue – During the system’s testing we realised the HR system does not integrate with the core financials. How should we integrate the HR system with the core financials to meet the mSCOA requirements (compliance)?</i></p>
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It is clear from these examples that in many cases, risks are addressed by key decisions of the project team (issue resolution). The success of the action which was taken, determines the outcome of the project (in other words was the risk successfully mitigated). This is however, not always the case.

To support municipalities and provincial treasuries, an example project issue log is included in **Annexure D** to this Circular.

2.5 mSCOA - Data Purification:

2.5.1 System(s) conversion/ migration

The mSCOA pilot process taught that mSCOA implementation in a municipality does not necessarily result in a system conversion/ migration. A system conversion/ migration refers to:

- (a) An extension or renewal or upgrade of an existing system(s); and/ or
- (b) Procuring a new system(s).

The National Treasury will soon replace MFMA Circular No. 57 with updated minimum business processes and system specifications that must inform a municipality’s system(s) conversion/ migration. However, once a municipality has followed due process in terms of the National Treasury’s guidance and decide on a way forward in its system(s) conversion/ migration, the transfer of information (between system(s)) is crucial:

2.5.2 mSCOA conversion - transferring information between system(s)

Before any municipality transfers its information from its existing system(s) to its mSCOA aligned system(s), it is crucial to make sure that the information (to be transferred) is correct and of good quality.

The process to prepare the municipality's information (ensuring it is correct and of good quality) is referred to as "Data Purification". Data purification is an ongoing process of updating and/ or maintaining information and removing redundant, aged and inaccurate information.

mSCOA does not fix poor quality 'input information'. All of the pilot municipalities indicated that the quality of their information was a key challenge in converting to mSCOA aligned system(s). Where pilot municipalities transferred poor quality information to their (new) mSCOA aligned systems, the testing of the system(s) proved that: "garbage in – garbage out" was true. The municipality must ensure that the *IT controls instituted in the municipality include attending to the data on an ongoing basis*. All non-pilot municipalities are urged to **start with** a process of **data purification** as soon as possible.

What information needs to be purified?

The municipality should identify all information (balance sheet account balances) related to its:

- (i) core financial system(s);
- (ii) all sub systems which are to be integrated with the core system(s); and
- (iii) all other data affecting any of these systems.

Essentially, all of these data sets have a direct bearing on the audit outcome of the municipality (before and after implementing mSCOA).

Examples of information that should be 'purified':

- Human Resources (HR) information such as the data of employees and individual/ personal contractors²;
- Asset data (e.g. the GRAP 17 asset register)³;

² The exercise should include:

- Checking every position on the organisational structure and comparing it with the function performed; and
- The municipality must conduct a head count that (a) requires every employee to bring a *bank account verification letter* from their bank; and (b) confirming the level of the person, for example section 57 management or ordinary permanent employee?
- Verifying the nature of contractual arrangements for every contracted employee/ service provider.

- Vendor register/ supplier database⁴;
- Creditors' data records⁵;
- Debtors' data records⁶;
- Valuation roll reconciliation, interim valuations and zoning/ use of properties⁷;
- Reconciliation of vote/ account numbers (balance sheet items);
- Clearing of all suspense/ clearing accounts, etc. Resolve any remaining items before take on of balances⁸.

What should be done:

1. The municipality should review each of these data sets individually. The review must include, scrutinising the information to ensure that it is complete, correct and securely stored;
2. Keep and maintain a document trail of the 'data purification process';
3. Keep and maintain a record of all amendments and updates made to information. These records have to be signed by a person authorised to do so in the municipality's formal delegations; and
4. The **closing balances** of the municipality's system(s) **before converting to mSCOA**, together with a **detailed reconciliation with the take on balances of the mSCOA aligned system**, duly reviewed and authorised, also needs to be kept.

³ For this exercise it would be useful to divide the municipality's assets into different classes of assets and then tackle the 'classes of assets' one at a time. The exercise should include (a) the physical verification of assets, (b) checking the correct asset class on the asset register for every asset and assignment aligned to the mSCOA chart, and (c) integration of this information into the financial system if the "asset system" is not on the same core system.

⁴ Vendor register/ supplier database: this would include checking tax certificates, insurance policy details and expiry date, comparing the vendor register/ supplier database with the National Treasury black list and remove vendors/ suppliers from the list if required, CIPC (*old CIPRO*) comparison, ID and bank account comparison with employees, check whether any vendor/ supplier has outstanding municipal accounts; etc.

⁵ Creditors: conduct a similar exercise as what was done for the vendor/ supplier database. Additionally, assess (a) the top creditors in terms of money - who are they, what are we paying for and is there a contract and service level agreement in place? (b) the top creditors in terms of number of payments - who are they, what are we paying for and is there a contract and service level agreement in place?

⁶ Debtors: check property, meter numbers, valuation, registration, municipal account and contact details, zoning and consent use, tariff type or class, who are the top debtors and what do their accounts look like? Who is managing the relationship with these debtors?

⁷ Reconciliation of valuation roll with billing information, review zoning and use of properties to ensure correct tariffs are charged, insure that all interim valuations have been updated on the system.

⁸ No suspense account can be migrated, for example all control accounts should reconcile before being migrated.

2.6 The Nature and Ethics of the mSCOA Project

Given the strategic nature of the mSCOA project and the close interaction government officials have with system vendors, it is highly recommended that every official who is involved or appointed to an mSCOA committee and/ or working group in the municipality, is required to sign a “Code of Ethics” and non-disclosure agreement as these relate to the municipality’s mSCOA project. An example “Code of Ethics” and “non-disclosure agreement” are attached in **Annexures E and F**.

3. Provincial Treasury Support – mSCOA implementation

In terms of the National Treasury, MFMA delegations to the provincial treasuries, the National Treasury is directly responsible to support the 17 non-delegated municipalities. These include the eight (8) metropolitan municipalities and nine (9) secondary cities. The provincial treasuries are responsible to support the remaining 261 delegated municipalities. The MFMA delegations require financial management support, monitoring and oversight, including for financial management related projects such as mSCOA implementation and compliance.

The National Treasury as part of mSCOA project phase 4 provides extensive support and guidance to all provincial treasuries to enable them to fulfil their oversight, monitoring and support role in terms of the mSCOA project:

3.1 Role and Terms of Reference for Provincial Treasuries

At this stage in mSCOA implementation, the provincial treasury should have:

- an established mSCOA Provincial Steering Committee;
- appointed an mSCOA project sponsor (ideally the HOD or PAG) and project manager for the province;
- established an mSCOA Integrated Consultative Forum (ICF) for the province or identified an existing communication structure/ or forum and amended its Terms of Reference (ToR) to use it as an mSCOA communication forum;
- hosted the launch meeting for its mSCOA ICF/ or related forum; and
- planned and communicated its second provincial mSCOA ICF to take place within March/ April 2016 and thereafter quarterly.

We included example terms of references (ToR’s) for the *project steering committee* and *project implementation team* in Municipal SCOA Circular No. 1. An example of a *project sponsor appointment letter* was included in Municipal SCOA Circular No. 3. The provincial

treasury is welcome to use and align these examples to their specific organisational requirements.

The provincial treasury can freely structure the provincial team to best suit the provincial mSCOA needs and circumstances. A possible mSCOA committee structure could include strategic and tactical committees, district level committees, governance, oversight, technical and audit committees, and municipal manager (MM)-, chief financial officer (CFO)- and municipal councillor committees.

3.2 Provincial Treasuries: Framework for an mSCOA Project Plan

At this stage of mSCOA project implementation and support, the provincial treasury should already have an mSCOA project plan in place. To support provincial treasuries, we have included an example framework for a high-level project plan⁹ in **Annexure G**. The provincial treasury is welcome to use the example and align it to their particular circumstances to guide the mSCOA support activities in the province.

The provincial team should prepare milestone reports and submit these to the provincial mSCOA steering committee for consideration. These records must be maintained for audit purposes.

Provincial mSCOA teams must also compile an mSCOA project risk register (similar to what was discussed in paragraph 2.3 above). The provincial treasury must, **on/ before Thursday, 31 March 2016**, submit the **provincial mSCOA project plan** and **provincial mSCOA project risk register** to the National Treasury, lgdocuments@treasury.gov.za

3.3 Provincial Treasury mSCOA Advisors

National Treasury procured the services of technical advisors to support provincial mSCOA teams with change - and transition management, oversight and capacity building in the provincial treasury and municipalities.

Candidates were interviewed and contracted from January 2016. The candidates participated in an extended induction and training programme, before being deployed to the various provinces. These advisors are not intended to do the work on behalf of the provincial treasury

⁹ The detailed project plan of the KwaZulu-Natal provincial treasury mSCOA team informed this example.

teams, but to provide additional capacity and a direct link to the National Treasury mSCOA project team as may be required. It is the firm intention of National Treasury to create a legacy through this initiative, up-skilling officials and providing opportunity to shadow technically competent resources in an attempt to increase the capacity across government.

Provincial Treasuries are urged to welcome the additional mSCOA provincial treasury advisors and to intensify their efforts to build capacity within the province, attend the training which is being provided and use every opportunity to learn through personal involvement and commitment to the mSCOA project.

4. Self-Assessment Tool: Municipalities and Provincial Treasuries

National Treasury developed two (2) self-assessment tools to assist provincial treasuries and municipalities to evaluate their progress in terms of their role and responsibilities with mSCOA implementation. The assessments, in the form of excel-based tools, were already presented, demonstrated and distributed to the provincial mSCOA teams during the Integrated Consultative Forum (ICF) of 8 and 9 September 2015. The tools are included in **Annexure B1** (the self-assessment tool for a non-pilot municipality) and **Annexure B2** (the self-assessment tool for a provincial treasury).

It is crucial that provincial treasuries roll out this municipal readiness assessment to the municipalities in their province. The provincial treasury should explain and demonstrate the assessment to every municipality in the province. Provincial treasuries should also complete their own self-assessment which provides a benchmark of where the provincial mSCOA support team is in capacitating itself for mSCOA support. The National Treasury will do a separate (independent) assessment of the provincial mSCOA teams' progress during the first quarter of 2016.

The provincial treasury must review every municipality's completed municipal readiness assessment, together with the municipal mSCOA project plan and mSCOA project risk register. Once the municipality has aligned the documents with the provincial treasury input, the **municipality must submit its municipal readiness assessment, together with the municipal mSCOA project plan and risk register, on/ before Friday, 15 April 2016** to the National Treasury, lgdocument@treasury.gov.za

The National Treasury confirms that 1 July 2017 is the outer compliance date for going live with mSCOA across the municipality's organisation and in its system(s). All municipalities are

therefore urged at this stage to prepare for their implementation of mSCOA and to do so at an earlier date to ensure all implementation challenges are resolved prior to 1 July 2017.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001

Phone 012 315 5009

Fax 012 395 6553

Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh

Chief Director: Local Government Budget Analysis

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