



## **ORDINARY MEETING OF THE MAYORAL COMMITTEE**

## **GEWONE VERGADERING VAN DIE BURGEMEESTERSKOMITEE**

## **INTLANGANISO YESIQHELO YEKOMITI KASODOLOPHU**

# **A G E N D A**

## **I-AJENDA**

<b>DATE / DATUM / UMHLA :</b>	<b>29 APRIL / APRELI 2015</b>
<b>VENUE / PLEK / INDAWO :</b>	<b>BANQUETING HALL / BANKETSAAL CIVIC CENTRE / BURGERSENTRUM / IZIKO LOLUNTU HERMANUS</b>
<b>TIME / TYD / IXESHA :</b>	<b>10:00</b>

**MUNICIPALITY / MUNISIPALITEIT / UMASIPALA WE-OVERSTRAND**

Office of the Municipal  
Manager  
Municipal Offices  
HERMANUS

**24 April 2015**

**NOTICE TO ALL ALDERMEN AND COUNCILLORS**

**NOTICE IS HEREBY GIVEN** that an **ORDINARY MEETING** of the **MAYORAL COMMITTEE** will be held in the **Banqueting Hall, Civic Centre, HERMANUS**, on **WEDNESDAY, 29 APRIL 2015** at **10:00** to consider the items set out on the attached agenda.

**C GROENEWALD  
MUNICIPAL MANAGER**

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**24 April 2015**

**KENNISGEWING AAN ALLE RAADSHERE EN RAADSLEDE**

**KENNIS WORD HIERMEE GEGEE** dat 'n **GEWONE VERGADERING** van die **BURGEMEESTERSKOMITEE** gehou sal word in die **Banketsaal, Burgersentrum, HERMANUS**, op **WOENSDAG, 29 APRIL 2015** om **10:00** vir oorweging van die items op die meegaande agenda.

**C GROENEWALD  
MUNISIPALE BESTUURDER**

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**24 April 2015**

**ISAZISO ESIYA KUBO BONKE OOCEBAKHULU NOOCEBA**

**INTLANGANISO YESIQHELO YEKOMITI KASODOLOPHU WE-OVERSTRAND**

**OKU KUKWAZISA** ukuba intlanganiso **YESIQHELO yeKOMITI KASODOLOPHU**, iza kuba se **Banqueting Hall, kwiZiko, eHermanus ULWESITHATHU UMHLA, 29 APRELI 2015** ngeye-10:00 ukuqwalasela imicimbi ekule ajenda iqhotyoshelwe apha.

**C GROENEWALD  
UMPHATHI KAMASIPALA**

**AGENDA/...**

- 1. OPENING**
  
- 2. APPLICATIONS FOR LEAVE OF ABSENCE**
  
- 3. CONFIRMATION OF MINUTES**
  - 3.1 Minutes of an **Ordinary Meeting** of the **Mayoral Committee** held on **Wednesday, 25 March 2015 at 10:00**
  
  - 3.2 Minutes of a **Special Meeting** of the **Mayoral Committee** held on **Thursday, 2 April 2015 at 10:30**
  
- 4. STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE EXECUTIVE MAYOR/EXECUTIVE DEPUTY MAYOR**

**5. MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (mSCOA) : STATUS OF IMPLEMENTATION**

3/2/3/15

Clint Le Roux  
27 March 2015

(028) 313 8107

Corporate Head Office

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**1. Executive Summary**

The purpose of this report is to inform Council on the status of the implementation of mSCOA (Standard Charts of Accounts) for Overstrand Municipality.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Provision and maintenance of municipal services  
Creation and maintenance of a safe and healthy environment  
The encouragement of structured community participation in the matters of the municipality  
Promotion of tourism, economic and social development

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act (Act 56 of 2003)  
Local Government: Municipal Systems Act (Act 32 of 2000)  
Local Government: Municipal Regulations On A Standard Chart Of Accounts (mSCOA), Notice 312 Of 2014, Government Gazette No. 37577

**6. Background/Discussion**

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards.

The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and

enables the Minister of Finance to further prescribe, by regulation, such measures in terms of section 168 thereof.

In terms of section 169(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (mSCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation.

Progress Reports were submitted to Council on 25 June 2014 and 3 December 2014.

Overstrand Municipality was selected by National Treasury as a vendor pilot site for the implementation of mSCOA on the SAMRAS financial system of Bytes Universal Systems.

The mSCOA regulation is, in the viewpoint of National Treasury, the biggest reform in Local Government since the implementation of the MFMA. It is not just a financial reform, but an organisational reform.

### **Governance**

The following governance structures have been established:

- Overstrand Municipal mSCOA (Project) Steering Committee;
- SAMRAS mSCOA Committee;
- A mSCOA Integrated Consultative Forum (mSCOA ICF) has been established by National Treasury in August 2014 consisting of all the Metros, pilot municipalities, vendors, National Treasury and the Provincial Treasuries; and
- A Western Cape mSCOA Technical Committee has been established by Provincial Treasury represented by all the Western Cape Pilot sites, Provincial Treasury and the Department of Local Government.

The establishment of a High Level mSCOA Steering Committee consisting of the Municipal Manager, Directors, CFO and the Chief Audit Executive is in the process of being constituted together with the terms of reference which will include:

- Role of the mSCOA Steering Committee Meeting
- Responsibilities of the mSCOA Steering Committee Chair
- Responsibilities of the mSCOA Steering Committee Members
- Composition
- Quorum and decision making
- Frequency of Meetings
- Agenda, Minutes, and Decision Papers
- Proxies; and
- Project issue and dispute escalation process

A temporary project manager has been appointed for three months from 2 March 2015 and as a pilot site, Overstrand may be allocated a resource, to be funded by National Treasury with financial, municipal, project management and IT expertise during the period June to September 2015. The purpose of this resource will be to assist and monitor the implementation of the pilot process and will report to National Treasury. This person will subsequently be allocated to Provincial Treasury in the third quarter of 2015, to assist non-pilot sites with mSCOA implementation.

### **Current Status**

In collaboration with Bytes Universal Systems, Overstrand has taken a three-phased approach to the system development and piloting processes. Two further phases have been adopted in order to implement the mSCOA regulations by 01 July 2017.

Phase 1 – Budgeting Module

Phase 2 – Transactional Posting Levels

Phase 3 – Reporting Modules

Phase 4 – mSCOA Piloting Implementation

Phase 5 – Full mSCOA Operational Compliance

An updated mSCOA project time line is attached.

Reason for amendments to the SCOA project timeline:

We submitted feedback to Bytes during the User Acceptance Testing (UAT) performed on the Budgeting Module during November 2014; In addition, feedback from NT was received at the December 2014 ICF. This necessitated design changes to the Budgeting module in January 2015 and as a result, the UAT and sign-off was amended to 30 April 2015.

The current status, inclusive of milestones reached, with regard to Phase 1:

- Overstrand Matched the current GL to the mSCOA Framework and Bytes compiled a mSCOA Register;
- The budget module has been developed and tested by Bytes;
- Budgeting module was deployed and User Acceptance Training (UAT) commenced on site at Overstrand;
- The Budget Office conducted 6 workshops early November 2014, to demystify mSCOA and assist budget holders to compile budgets aligned to the mSCOA framework;
- The mSCOA capital budget has been prepared for six segments in excel (spreadsheet);
- The operating budget has been aligned to three segments (Function/Item/"Own Departmental"/, the remaining segments are default and require further detail in the remainder of the current financial year, or will alternatively remain on default, in a phased in approach.;

- The draft budget submitted to Council on 25 March 2015 was prepared by using a report from the mSCOA application on SAMRAS to populate the MTREF Budget Schedules and Report;
- Service tariffs are in line with the mSCOA framework and preliminary meetings have been held with the Revenue team to prepare for implementation of mSCOA;
- 3<sup>rd</sup> Party Systems mSCOA impact was reviewed; and
- The National Treasury risk register was updated.

The following areas are currently under review:

- Overstrand's mSCOA project plan – detailed implementation plan currently under review in consultation with Bytes;
- Overstrand mSCOA RISK register – in process of development based on matrix of inputs received; and
- Database of users created for specific functional change management training.

A successful engagement was held with National Treasury on 23 March 2015 relating to progress made thus far by Overstrand with mSCOA piloting, where the abovementioned items were discussed in detail and a practical live demonstration of the development with regard to Phase 1 – Budgeting Module of the SAMRAS mSCOA system was presented by Bytes.

## 7. Financial Implications

Provincial Treasury Financial Management Support Grant (PT FMSG) –  
R300 000  
National Treasury Financial Management Grant (FMG) –  
R658 000

## 8. Staff Implications

None

## 9. Comments from other Departments, Divisions and Administrations

None

## 10. Annexures

Annexure A: Page 1 - mSCOA Project Timeline.  
Page 2 – High Level Scope - Project Plan  
Page 3 – High Level Scope - Requirements

## RECOMMENDATION TO THE COUNCIL:

that the mSCOA Progress Report for the implementation of the mSCOA regulations, **be noted.**

**RESPONSIBLE OFFICIALS:**

**S REYNEKE-NAUDE  
C. LE ROUX  
B. KING  
R. LA COCK  
E. HOONEBERG  
H. VORSTER  
R PAGE**

**TARGET DATE FOR IMPLEMENTATION :**

**1 JULY 2017**





# High Level Scope - Project Plan




# High level scope - Requirements




**SYSTEM:**

- New General Ledger Accounts
- Changes to budgeting & planning system
- Changes and developments to SAMRAS system
- New reports for National Treasury
- System master data updates
- System portal access for National Treasury
- Accommodate for system data growth



**PROCESS:**

- Changes to Business Processes
- Changes to Budget Guidelines
- Changes to General Ledger Account definitions



**PEOPLE:**

- Change Management
- Training
- Knowledge sharing
- Consistent interpretation of SCOA regulations