



NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 2629 [NW2935E]

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2629. Mr A M Figlan (DA) to ask the Minister of Finance:

Whether any measures have been put in place in each municipality in Gauteng to ensure that they are equipped to implement the National Treasury's new Municipal Standard Chart of Accounts (*mSCOA*); if not, why not in each case; if so, what (a) is the current status of implementation of the *mSCOA* in each case and (b) are the further relevant details?

NW2935E

REPLY:

The National Treasury provided various types of support to municipalities for the implementation of *mSCOA*. The following initiatives were undertaken in preparation of the affected environment, with a specific focus on the Gauteng province:

1. After promulgation of the *mSCOA* Regulations, the *mSCOA* chart was rigorously tested and refined by piloting in selected municipalities. Gauteng pilot municipalities were Cities of Johannesburg, Tshwane and Ekurhuleni.
2. A dedicated website was established to assist municipalities in understanding, educating and implementation of *mSCOA*, including information such as the project summary document, chart versions, Municipal SCOA circulars, presentations, etc:

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

3. The *mSCOA* Frequently Asked Questions (FAQ) Portal was established, an internet based database tool for logging and responding to *mSCOA* related queries in March 2015 and is available to all municipalities.
4. Ongoing technical guidance and support to municipalities in the form of Circulars:
 - *mSCOA* Circulars No. 1 to 6 provided guidance on *mSCOA* implementation; and
 - MFMA Circular No. 80 and its addendum set out the proposed minimum ICT and business process functionality to enable transacting against *mSCOA* with effect 1 July 2017.

5. All the circulars were extensively consulted and also published on the National Treasury website.
6. The *Transversal Tender: Local Government Financial Management and Internal Control Systems* (RT25-2016 in the Government Tender Bulletin of 4 March 2016) was issued to support all municipalities that decided to make any system change(s) and / or upgrade(s).
7. Support provided through various *mSCOA* National and provincial forums, including *mSCOA* work groups, vendor forum(s) / platforms and a National Integrated Communication Forum involving the Gauteng Provincial Treasury and Gauteng pilot municipalities. These sessions were duplicated by the Gauteng Provincial Treasury in *mSCOA*, CFO and other relevant provincial forums.
8. Provided training across the affected environment, which included:
 - A one-day training initiative: 'Demystifying *mSCOA*', which was attended by 118 Gauteng officials on 8 December 2014;
 - 2-day non-accredited *mSCOA* training sessions was rolled-out for piloting municipalities, system vendors, and provincial treasuries. Gauteng delegates participated on 5 and 6 May 2015, with concurrent metro specific sessions facilitated with the Cities of Ekurhuleni, Johannesburg and Tshwane;
 - 3-day non-accredited sessions for all non-pilot municipalities was rolled-out to ensure that all non-pilot municipalities have a clear understanding of *mSCOA* and impact this will have on their respective municipalities. The training was attended by 71 officials in Gauteng comprising of 39 and 29 from municipalities and provincial treasury respectively.
 - Drawing closer to phase 4 project-end, a strategic partnership was concluded resulting in the future outsourcing of all project related training (accredited and- non-accredited) through a strategic partnership with the Certified Institute of Government Finance Audit and Risk Officers (CIGFARO (previously IMFO)) in cooperation with SALGA with effect 01 December 2016.
 - Dedicated support through the placement of a *mSCOA* Advisor as part of *mSCOA* project phase 4 (01 February 2016 to 31 March 2017) for project phase 5 (01 June 2017 to 31 March 2020) to the Gauteng Provincial Treasury to support municipalities in the province.

(a) & (b) The current status of implementation in Gauteng can be summarised as follows:

- i. All Gauteng municipalities successfully submitted both their tabled and adopted budgets in the *mSCOA* data string to the Local Government Database hosted by the National Treasury;
- ii. 3 of the 11 Gauteng municipalities (City of Johannesburg, Ekurhuleni and Midvaal) successfully submitted MFMA section 71 reports in the *mSCOA* data strings;
- iii. 5 of the 11 Gauteng municipalities (City of Johannesburg, City of Tshwane, Emfuleni, Rand West City and Sedibeng) successfully submitted their integrated development plans in the *mSCOA* data string format;

- iv. The recent *mSCOA* transaction verification assessments conducted by the National Treasury and Gauteng Provincial Treasury on whether municipalities are transacting across selected test areas refers. Verification was completed for 7 municipalities, none of the verified municipalities in Gauteng is transacting across all the 8 selected test areas. The verified municipalities are partially transacting across some test areas. Each municipality not fully transacting across the 8 areas assessed, National Treasury and Gauteng Treasury are engaging all affected municipalities individually on their project plan to reach full transacting together with concurrent hands-on-support.