

**NATIONAL COUNCIL OF PROVINCES  
QUESTION FOR WRITTEN REPLY  
QUESTION NUMBER: 295 [CW396E]  
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**295. Ms B A Engelbrecht (Gauteng: DA) to ask the Minister of Finance:**

- (1) Whether the National Treasury has instructed all municipalities to adopt a Standardised Reporting Format; if not, why not; if so, (a) for what purpose and (b) what is the final date for implementation;
- (2) whether the final date for implementation will be extended; if not, what is the position in this regard; if so, what will be the (a) financial and (b) operational implications for municipalities in this regard;
- (3) whether municipalities will have to shut down their systems for any length of time to implement this; if not, what is the position in this regard; if so, what are the relevant details?

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**REPLY:**

- (1) Yes. Municipalities have since 2009 been using the framework specified in the Municipal Budget and Reporting Regulations (MBRR) to prepare and report their budgets and in-year performance. In addition, to ensure further consistency in budgeting and reporting at local government the Municipal Standard Chart of Accounts (*mSCOA*) was enacted on 22 April 2014.

- (a) The objective of the MBRR Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the Municipal Financial Management Act, 2003 (Act No 56 of 2003) and is in line with Chapter 13 (Section 215) of the Constitution of South Africa.

The purpose of the *mSCOA* regulations are to provide a national standard for the uniform recording and classification of municipal budget and financial information at a transaction level. *mSCOA* require that municipalities and all municipal entities prepare their budgets in the *mSCOA* format, then to do all their in-year transactions in the standard classification framework and lastly to report on the performance against the budget in terms of the chart. This framework is a business reform that provides for better comparability and transparency of municipal performance at a more detailed level. *mSCOA* is (i) aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard charts of accounts for national and provincial government; and (ii) enable uniform information sets recorded in terms of national norms and standards across the

whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

- (b) The MBRR came into effect on 1 July 2009 and the *m*SCOA regulations have been effective from 01 July 2017.
- (2) No. The final date for *m*SCOA implementation of 01 July 2017 will not be extended as all municipalities were required to effectively implement the Regulations in the 2017/18 financial year. They were given a three year window to prepare for the implementation of this reform. National Treasury is providing continuous support to ensure successful implementation of this Reform since the inception in 2009.
- (3) No. The normal practice is that where municipalities change systems, they must run parallel systems to ensure successful data migration and continuous operation of the system. Therefore National Treasury is not aware of municipalities that had to shut down their systems for any length of time to implement this. Where there is no change in financial system data migration is not required.