

mSCOA Team Meeting: NT Project Team

2 October 2017



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Verification Progress

What is the Purpose of the verification process:

➤ Primary Objective

The primary objective of the verification assessment exercise is to determine the ability of Municipalities to transact within the prescripts of the Municipal Standard Chart of Account: Version 6.1 across all financial activities within a Municipality.

Verification Process :

➤ Secondary Objective;

- Determine which financial transacting activities (financial Modules) have been implemented and the number of municipalities that have been successful.
- Determine the number of municipalities who are not transacting at all within the prescripts of mSCOA Version 6.1.
- Determine what support Provinces and Municipalities require in order for the Municipalities to transact within the prescripts of the mSCOA Version 6.1

Verification Period :

- The verification exercise was undertaken during the period July 2017 to 15 September 2017.
- The results of the verification process is influenced by municipalities monthly financial cycle .
- The results of municipalities visited during the month of July 2017 are effected by the timing of the assessment done in monthly financial cycle
- July is the beginning of the new financial year of a municipality and therefore, for example no assessment could be undertaken for transaction relating to: Billing and Salary Payments as these activities take place in the latter part of the monthly financial cycle .

Where Does the Process Come From :

- mSCOA Evaluation Cycle**

Assessment Activity Time Table

1 July to 30 Sept 2017	1 Oct to 31 Dec 2017	1 Jan to 31 March 2018	1 April to 30 June 2018	1 July to 30 Sept 2018	1 Oct to 31 Dec 2018
Transacting and reporting					
	Sub systems				
	System integration				
		Implement Version 6.2			
		Minimum system specifications			
			Year-end activities		

Limitations of the Verification Exercise

The scope and outcome of the verification process is affected by certain limitations, which are:

- **The verification assessment results per municipality will depend on the period within the monthly financial activity cycle, the verification process was undertaken.**
- **The verification process did not entail an assessment as to whether any Municipality was compliant with the mSCOA Regulations.**
- **The verification process did not entail an assessment as to whether various financial modules integrate seamlessly.**

Limitations Cont:

- **The assessment was undertaken by different Officials from Provinces and appointed mSCOA . Advisors .Their understanding of the requirements of the mSCOA classification framework, the application of the ‘Verification Guide Line Document’ may vary materially, and the outcome of the assessment could be skewed**
- **The Verification Guide Line Document contained questions that did not directly related to the ability of the Municipality to transact.**
- **The Verification Guide Line Document did not make provision for the evaluation of Vendors**

National Overview :

*Non-functional Municipalities 54 (21%)

Province	Total number of municipalities	Number of municipalities assessed	Number of Municipalities Non Functional
Eastern Cape	39	39	10
Free State	23	23	9
Gauteng	11	11	2
KwaZulu-Natal	54	54	1
Limpopo	27	27	8
Mpumalanga	20	20	1
North West	22	22	10
Northern Cape	31	31	7
Western Cape	30	30	6
Total	257	257	54



National Overview

	SCM	Payments	Debtors: Rates / services	Receipting	Payroll	Budgets	Inventory	Assets	Reporting
Fully Functional	63	132	39	52	30	67	39	15	21
Non Functional	72	92	100	97	189	56	166	144	104
Partially Functional	122	33	118	108	38	134	52	98	132
Total	257	257	257	257	257	257	257	257	257
% Progress	48%	52%	37%	47%	18%	63%	25%	12%	33%

National Functionality Verification

- The “**National Overview**” above gives a breakdown as to the number of municipalities that are operational and fully transacting in specific financial modules referred to as functional areas. The verification assessment revealed some salient observations. These are:
- That 203 (79%) municipalities are transacting on the mSCOA Version 6.1 Chart to varying degrees across all financial functionality areas .
- That 54 (21%) of Municipalities are not transacting at all in terms of the mSCOA prescripts.
- That 63% of municipalities on a National basis are either fully or partially functional within the Budget transactional functionality area.
- That the least progress made with the transactional functionality environment on a National basis is the Payroll (18%) and Assets (12%) functional areas.
- That the overall weighted functionality on National basis across all functional areas is 37%

Provincial Performance

Western Cape	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	7	18	6	10	7	5	8	1	0
Non Functional	8	7	3	3	15	2	12	0	8
Partially Functional	15	5	21	17	8	23	10	29	22
Total	30	30	30	30	30	30	30	30	30
% Progress	54%	71%	54%	74%	47%	64%	48%	16%	39%
Limpopo	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	6	10	6	8	4	8	6	0	1
Non Functional	13	15	10	13	22	10	16	24	8
Partially Functional	8	2	11	6	1	9	5	3	18
Total	27	27	27	27	27	27	27	27	27
% Progress	42%	41%	47%	47%	16%	60%	36%	6%	43%

Provincial Performance

Eastern Cape	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	9	16	3	9	6	14	5	7	2
Non Functional	13	18	18	17	26	9	28	23	15
Partially Functional	17	5	18	13	7	16	6	9	22
Total	39	39	39	39	39	39	39	39	39
% Progress	49%	49%	32%	41%	26%	70%	23%	23%	36%
Free State	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	1	9	3	3	1	6	2	1	1
Non Functional	9	12	16	14	22	10	18	11	12
Partially Functional	13	2	4	6	0	7	3	11	10
Total	23	23	23	23	23	23	23	23	23
% Progress	32%	43%	23%	30%	4%	50%	17%	17%	30%
Gauteng	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	0	0	0	0	1	1	0	0	0
Non Functional	6	5	4	3	9	2	6	11	10
Partially Functional	5	6	7	8	1	8	5	0	1
Total	11	11	11	11	11	11	11	11	11
% Progress	28%	16%	43%	54%	15%	56%	21%	0%	5%

Provincial Performance

Mpumalanga	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	15	18	7	14	2	15	4	1	1
Non Functional	1	2	12	4	10	1	12	12	2
Partially Functional	4	0	1	2	8	4	4	7	17
Total	20	20	20	20	20	20	20	20	20
% Progress	84%	90%	40%	79%	22%	83%	31%	11%	43%
North West	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	3	3	0	0	1	4	0	0	1
Non Functional	11	15	14	15	20	11	22	17	19
Partially Functional	8	4	8	7	1	7	0	5	2
Total	22	22	22	22	22	22	22	22	22
% Progress	29%	21%	15%	10%	5%	40%	0%	4%	6%

Provincial Performance

KZN	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	18	44	12	4	5	8	12	4	9
Non Functional	2	3	8	9	39	4	25	25	22
Partially Functional	34	7	34	41	10	42	17	25	23
Total	54	54	54	54	54	54	54	54	54
% Progress	71%	86%	58%	58%	13%	80%	40%	29%	40%
Northern Cape	SCM	Payments	Debtors : Rates /Services	Receipting	Payroll	Budget	Inventory	Assets	Reporting
Fully Functional	4	14	2	4	3	6	2	1	6
Non Functional	9	15	15	19	26	7	27	21	8
Partially Functional	18	2	14	8	2	18	2	9	17
Total	31	31	31	31	31	31	31	31	31
% Progress	46%	47%	25%	30%	14%	67%	10%	8%	51%

Vendor

Vendor Performance:

- The verification assessment of the transactional ability of municipalities did not include a particular section relating to Vendors.
- However the outcome of the assessment does reflect on the role of the Vendor in supporting the Municipalities are reliant on the Vendor software and the Vendors ability to ensure that municipalities are transacting within the rules of the mSCOA classification framework.

Vendor Performance

Vendor	Total Sites	Loaded Version 6.1	Not Loaded	% Related to not Loaded
BCX	47	40	7	13%
Bytes	23	22	1	2%
Camelsa	36	35	1	2%
Fujitsu	1	1	0	-
JD Edwards	1	1	0	-
Munsoft	55	47	8	15%
OS Holdings	8	5	3	5%
Quill	4	3	1	2%
R-Data	16	15	1	2%
SAP	5	2	3	5%
Sebata	38	17	21	39%
Vesta	33	15	18	33%
Total	257	203	54	

Municipalities not on mSCOA Version 6.1

Province	Municipality	Vendor	Functionin g mSCOA v6.1
Eastern Cape	Alfred Nzo	Munsoft	No
Eastern Cape	Mnquma	Sebata	No
Eastern Cape	Raymond Mhlaba	Sebata	No
Eastern Cape	Emalahleni (Ec)	Sebata	No
Eastern Cape	Sakhisizwe	Sebata	No
Eastern Cape	Joe Gqabi	Sebata	No
Eastern Cape	Elundini	Munsoft	No
Eastern Cape	Walter Sisulu	Sebata	No
Eastern Cape	Ngquza Hills	Munsoft	No
Eastern Cape	Dr Beyers Naude	R-Data	No
Free State	Ngwathe	BCX	No
Free State	Mafube	BCX	No
Free State	Tswelopele	Munsoft	No
Free State	Nala	Quill	No
Free State	Maluti-a-Phofung	Vesta	No
Free State	Phumelela	Vesta	No
Free State	Mantsopa	Sebata	No
Free State	Kopanong	Sebata	No
Free State	Mohokare	Munsoft	No

Municipalities not on mSCOA Version 6.1

Gauteng	City Of Johannesburg	SAP	No
Gauteng	City Of Tshwane	SAP	No
KZN	Msunduzi	SAP	No
Limpopo	Blouberg	BCX	No
Limpopo	Lepelle-Nkumpi	Sebata	No
Limpopo	Mopani	Sebata	No
Limpopo	Greater Letaba	Sebata	No
Limpopo	Greater Tzaneen	Sebata	No
Limpopo	Ba-Phalaborwa	Sebata	No
Limpopo	Musina	Munsoft	No
Limpopo	Makhado-Thulamela	Munsoft	No
Mpumalanga	Albert Luthuli	Sebata	No
Northern Cape	Magareng	BCX	No
Northern Cape	Ubuntu	Sebata	No
Northern Cape	Umsobomvu	Vesta	No
Northern Cape	Kareeberg	Sebata	No
Northern Cape	Renosterberg	BCX	No
Northern Cape	Thembelihle	Sebata	No
Northern Cape	!Kai! Garib	Sebata	No

Municipalities not on mSCOA Version 6.1

North West	Kgetlengrivier	Vesta	No
North West	City Of Matlosana	Vesta	No
North West	Dr Ruth Segomotsi Mo	OS Holding	No
North West	Mamusa	Munsoft	No
North West	Lekwa-Teemane	BCX	No
North West	Kagisano-Molopo	OS Holding	No
North West	Ngaka Modiri Molema	Camelsa	No
North West	Ratlou	OS Holding	No
North West	Tswaing	BCX	No
North West	Ditsobotla	Sebata	No
Western Cape	Central Karoo DM	SEBATA	No
Western Cape	Beaufort West	SEBATA	No
Western Cape	Kannaland	Bytes	No
Western Cape	Eden DM	Vesta	No
Western Cape	Cederberg	Vesta	No
Western Cape	Bergrivier	Vesta	No

Conclusion:

- The results of the verification assessment for the quarter ending September 2017, indicates that the overall progress made by municipalities on a National level, to transact across all functional areas within a municipality is 37%. The results differ per Province with only the North West Province revealing a high likelihood of failure.
- What is significant is that 203 municipalities out of 257 municipalities had loaded Version 6.1 and are transacting across all functional areas to various degrees.
- The concern is that not one individual municipalities evaluated is considered fully compliant with the mSCOA classification framework.
- What seems to be an area of concern is that although only 54 municipalities did not load Version 6.1. One hundred and four (104) municipalities could not extract the long codes imbedded in Version 6.1.

Conclusion:

- The verification results further revealed that municipalities were more successful within the functional areas of Budgets and Supply Chain.
- The areas of concern with progress made are in the functionality areas of Assets and Payroll.
- Although Vendors were not part of the overall verification assessment, the outcome did reflect on the Vendors ability to implement their software and ensure the municipalities could transact across all functional areas.
- Two (2) Vendors namely, Sebata and Vesta are responsible for 39 out of the 54 municipalities who are transactional on Version 6.1.

Discussion:

