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NORTHERN CAPE PROVINCIAL TREASURY

Office of the Provincial Accountant General (PAG) – Municipal Accounting Services

CFO FORUM
mSCOA Progress

Presenter

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1. Requirements

- Prepare the Tabled and Original Budget on the mSCOA structure (V 6.1 and V6.2) for the 2017/18 and 2018/19 MTREF

- Comply with mSCOA (Go Live) - 01 July 2017

- Submission of below via LG Database
  - ❖ Tabled Budget - 31 March
  - ❖ Original Budget - 30 May
  - ❖ Project details per Original Budget - 30 June
  - ❖ Monthly reporting – Financial Information – 10 working days after month end i.e 15th of every month
    - ▪ In-Year reporting (Sec 71 report) July – May 2018 (MO1 – M10)
    - ▪ July 2017 – March 2018 – Creditors (CR), Debtors (DB),
  - ❖ Quarterly reporting - 10 working days after end of quarter (15th after every end of quarter) - Non Financial Information
    - ▪ Borrowings (BMQ 1 - 3)
    - ▪ Investments(IMQ 1 - 3)

2. Database Submissions

-Yearly Submissions – Financial Data

STATUS	TABB	PRTA	ADJB	PRAD	Criteria
Completed	20	24	24	23	Stage 1 & 2 Complete
In Progress	4	0	3	2	Submission Attempt
Not Started	6	6	3	5	No Submission

Data obtained from submissions as at 13 June 2018

*ORGB –Draft Original Tabled Budget

*ADJB – Adjustment Budget

Stage 1 = Content and lay out

Stage 2 = Segments

2. Database Submissions continued….

-Monthly Submissions – Financial Data

STATUS	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	Criteria
Completed	23	26	23	22	22	22	22	23	23	23	Complete Stage 1 and 2
In Progress	7	4	7	8	8	8	8	7	7	7	Submission Attempt
Not Started	0	0	0	0	0	0	0	0	0	0	No Submission

Stage 1 = Content and lay out

Stage 2 = Segments

*Data obtained from submissions as at 13 June 2018

2. Database Submissions continued….

❖ Monthly Submissions – Non-Financial Data Creditors

	CR01	CR02	CR03	CR04	CR05	CR06	CR07	CR08	CRO9	CR10
Complete	29	29	29	28	29	28	29	26	26	25
In Progress	1	1	1	2	0	1	0	2	2	2
Not Started	0	0	0	0	1	1	1	2	2	3

❖ Outstanding (CR10):

- ▪ !Kheis

- ▪ Umsobomvu

- ▪ Richtersveld

Data obtained from submissions as at 13 June 2018

2. Database Submissions continued….

❖ Monthly Submissions – Non-Financial Data Debtors

	DB01	DB02	DB03	DB04	DB05	DB06	DB07	DB08	DB09	DB10
Complete	29	29	29	28	28	27	26	24	21	25
In Progress	1	1	1	2	1	2	1	3	5	2
Not Started	0	0	0	0	1	1	3	3	4	3

❖ Outstanding (BD10):

- !Kheis

- !Kai Garib

- Richtersveld

Data obtained from submissions as at 13 June 2018

2. Database Submissions continued….

Quarterly Submissions - Investments and Borrowings

	IMQ1	IMQ2	IMQ3	BMQ1	BMQ2	BMQ3
Complete	23	23	23	25	21	20
In Progress	6	5	3	3	4	5
Not Started	1	2	4	2	5	5

Data obtained from submissions as at 13 June 2018

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- Refer to link for the overview of the Data Submissions

Excel with the dates.xlsx

3. mSCOA Targeted support

What will be Done	Who Will do it	When will it happen	What Role will PT/NY/LGBA/Advisor play?	Update
mSCOA Awareness/ Internal Audit Training	PT	When Requested	PT will Faciliate the sessions	Awareness Sessions were held on Magareng during March 2018
mSCOA Audit file inspections in relation to the 2017/18 audit which will look at the audit files	PT	When Requested	Municipalities	Commence from Mid June 2018
Evaluation of governance structures and functionality ect	PT District Champions	Monthly	PT will advise and build capacity within muncipality and conduct the testing	Evaluations were conduced in the municipalities in the JTG District
Follow-up on monthly data submissions and report reviews	PT Municipal Finance	Monthly	PT & NT LGBA Perform the verification of the data strings submitted via portal	Done on a Weekly basis and reported on Monthly basis within the monthly reporting.

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- SLA's not signed and copies not readily available

- Vendor dependency - Reliance by the municipalities on the vendors for their data submissions

- Slow progress with correcting the data strings

- Seamless integration of sub-systems not taking place

- Monthly reporting not taking place as per the set deadlines

- Management of vendors i.t.o of SLA – Insufficient support.

- Poor ICT Infrastructure & Connectivity

- Audit files are not up-to-date

- Municipalities are not taking ownership of the whole mSCOA process

- Poor understanding of the errors by the municipalities

The following guidance was provided from the AG regarding the 2017/18 audit

- **Point of departure to prepare mSCOA Audit File**:
    - MFMA Circular No 57, 80 AND 85
    - Mscoa Circulars 1 to 6
    - Transversal tender (RT 25 2016), if applicable
    - mSCOA regulations

- Following key documents should be included in the audit file
    - **Governance**
        - Council resolutions pertaining to mSCOA implementation, including the resolutions to establish an mSCOA steering committee and project implementation team
        - All documents of the Project Steering Committee and Project Implementation Committee such as agendas, attendance registers, signed minutes of all meetings
        - Correspondence with NT and PT
        - Mscoa project plan and reports/evidence of monitoring thereof

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- **Change Management and Training**
  - Records as evidence that change management were implemented and that all officials were trained on mSCOA and the use of the mSCOA enabled systems
- **Procurement of Systems**
  - Evidence that the processes set out in Annexure B of mSCOA Circular Number 6 were followed including an ICT Due Diligence process, obtaining a recommendation from the mSCOA project steering committee and the views of the PT/NT and correspondence with the OCPO where the transversal tender RT25-2016 was used
- **Data Migration/conversion**
  - As part of the audit process, the Auditor General will review the conversion/migration/ cleansing process, used by the municipality to assess the completeness, accuracy and validity of data in addressing this requirement.

Municipalities should therefore:

- Provide a detailed project plan to outline the process that the municipality followed
- Demonstrate its understanding of the process, as a mere sign-off would not be sufficient
- Provide sufficient evidence (audit trail) of the before and after state of the data, for example:
  - Reconciliations of comparative trial balance before (old system prior year audited balances) and after conversion (new system)
  - Reconciliation of the disclosure notes impacted by their reclassification
  - Number of accounts before and after conversion and the translation from old accounts to mSCOA accounts
  - Records inspected by the municipality to confirm the validity, accuracy and completeness of data including master data for example debtors, meters, vendors ect
  - The migration and conversion plans set out in the AG guide are critical

- I.T.O circulars municipalities were supposed to submit documents to NT as evidence that the required processes were followed – NT will provide the AG with a list of compliance by each municipality
- For the financial year ended 30 June 2018, AG will audit mSCOA based on financial statement implementation, the audit approach for all other municipalities that have not implemented mSCOA will remain the same as the prior year

- Encourage Municipalities to submit info on time

- Assist municipalities through vendor engagements.

- Notify municipalities and vendors of errors timeously

- Sensitize municipalities of the importance of the Audit File

- Circulate information as and when required

- Continuous interaction and follow ups with stakeholders

Thank You