



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

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

mSCOA Progress

**Presenter
Mr. H Salome**

Table of Content

- | | |
|---|---|
| 1. Requirements | 10. Identification of Vulnerable Municipalities |
| 2. LG Database submissions | 11. Updated Vulnerable Municipalities list |
| 3. Go Live Assessments | 12. Capacity building |
| 4. Verification Summary | 13. Challenges |
| 5. Verification – Partially Transacting | 14. Vacancies |
| 6. Verification – Not Live | 15. Key Activities |
| 7. Verification per Module | 16. Targeted Support |
| 8. Verification per Vendor | 17. Feedback – CFO Forum Resolution |
| 9. Key Issues | |



1. Requirements

- Prepare the Tabled and Original Budget on the mSCOA structure (V6.1) for the 2017/18 MTREF
- Comply with mSCOA (Go Live) - 01 July 2017
- Submission of below via LG Database
 - ❖ Tabled Budget - 31 March 2017 - Extended to 23 June 2017
 - ❖ Original Budget - 30 May 2017 – Extended to 23 June 2017
 - ❖ Project details per Original Budget - 30 June 2017 – Extended to 30 Sept 2017
 - ❖ **Monthly reporting (In-Year reporting – Sec 71) July 2017 – Feb 2018 (MO1 - M07) – 10 working days after month end (15th of every month from Aug 2017 – Feb 2018) – Financial Information**
 - ❖ **Monthly reporting July 2017 – Feb 2018 – Creditors (CR), Debtors (DB),**
 - ❖ **Quarterly reporting - Borrowings (BMQ 1 & 2) & Investments(IMQ 1& 2) – 10 working days after end of quarter (15th of Oct 2017 & Jan 2018) - Non Financial Information**
- Verification of Adopted A1 Schedule – 29 September 2017 – Extension 31 October 2017
- Go Live Assessments – July – Sept 2017
- Attend mSCOA Training – December 2017



2. LG Database submissions

Submission for 2017/18 MTREF

STATUS	TABLED BUDGET (TABB)	ORIGINAL BUDGET (ORGB)	PROJECT PER ORGB (PROR)	ADJUSTMENT BUDGET (ADJB)	CRITERIA
Completed	30	30	25	2	Stage 1 & 2 Complete
In Progress	0	0	4	6	Submission Attempt
Not Started	0	0	1	22	No Submission

**Data is as at 7 March 2018*



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

2. LG Database submissions (Contd)

Submission for 2017/18 - In-Year Reporting (Sec 71) July – Jan 2018

Status	Successful Submission	Phase 2 Segment Errors	Phase 1 Segment Errors	Outstanding
MO1	17	12	1	0
MO2	16	14	0	0
MO3	15	13	2	0
MO4	14	15	1	0
MO5	14	13	2	1
MO6	13	13	1	3
MO7	9	10	3	8

**Data is at 7 March 2018*



2. LG Database submissions

Monthly Submissions – Non- Financial Data

STATUS	CR01	CR02	CR03	CR04	CR05	CR06	CR06	DB01	DB02	DB03	DB04	DB05	DB06	DB07	Criteria
Completed	28	29	29	28	28	26	23	26	26	26	25	23	23	11	Stage 1 Complete
In Progress	2	1	1	2	2	1	2	4	3	3	4	0	1	0	Submission Attempt
Not Started	0	0	0	0	0	3	5	0	1	1	1	7	6	19	No Submission

**Data is at 7 March 2018*



2. LG Database submissions

Quarterly Submissions – Non- Financial Data

STATUS	IMQ1	IMQ2	BMQ1	BMQ2	Criteria
Completed	21	15	23	16	Stage 1 Complete
In Progress	6	5	4	4	Submission Attempt
Not Started	3	10	3	10	No Submission

**Data is at 7 March 2018*

3. Go Live Assessment

Assessment on mSCOA Compliance were conducted during July – September 2017.

The following modules were practically assessed:

- ✓ Supply Chain Managements
- ✓ Payments
- ✓ Billing & receipting
- ✓ Payroll
- ✓ Budget Management
- ✓ Inventory
- ✓ Asset Accounting
- ✓ Reporting



4. Verification Summary

Province	Number of municipalities	Municipality verifications completed	Number of municipalities PARTIALLY transacting on mSCOA	Number of verifications still to be done *
NC - Delegated	30	30	22 #	0
NC - Non-delegated	1	1	1	0
Totals	31	31	23	0

Verifications is an on going process – until March 2018

8 = Municipalities not transacting Live – Next slide

4 = Municipalities almost fully transacting on version 6.1

(Dawid Kruiper, Ga-Segonyana, Kgatelopele and Frances Baard District Municipality)



5. Verification – Partially Transacting

Municipalities Partially Transacting	
Municipalities	System Vendor
John Taolo Gaetsewe District Municipality	Sebata
Ga-Segonyana Local Municipality	MunSoft
Joe Morolong Local Municipality	Sebata
Siyancuma Local Municipality	Sebata
Siyathemba Local Municipality	Sebata
Emthanjeni Local Municipality	Sebata
Hantam Local Municipality	Business Connexions
Karoo Hoogland Local Municipality	Sebata
!Kheis Local Municipality	Samras
Frances Baard District Municipality	Business Connexions
Tsantsabane Local Municipality	Sebata
Phokwane Local Municipality	Business Connexions
Kgatelopele Local Municipality	Samras
Gamagara Local Municipality	Vesta/Phoenix
ZFM District Municipality	Samras
Dawid Kruiper Local Municipality	Quill
Khaima Local Municipality	Business Connexions
Pixley Ka Seme District Municipality	Business Connexions
Nama Khoi Local Municipality	Rdata
Namakwa District Municipality	Business Connexions
Richtersveld Local Municipality	Rdata
Dikgatlong Local Municipality	Sebata



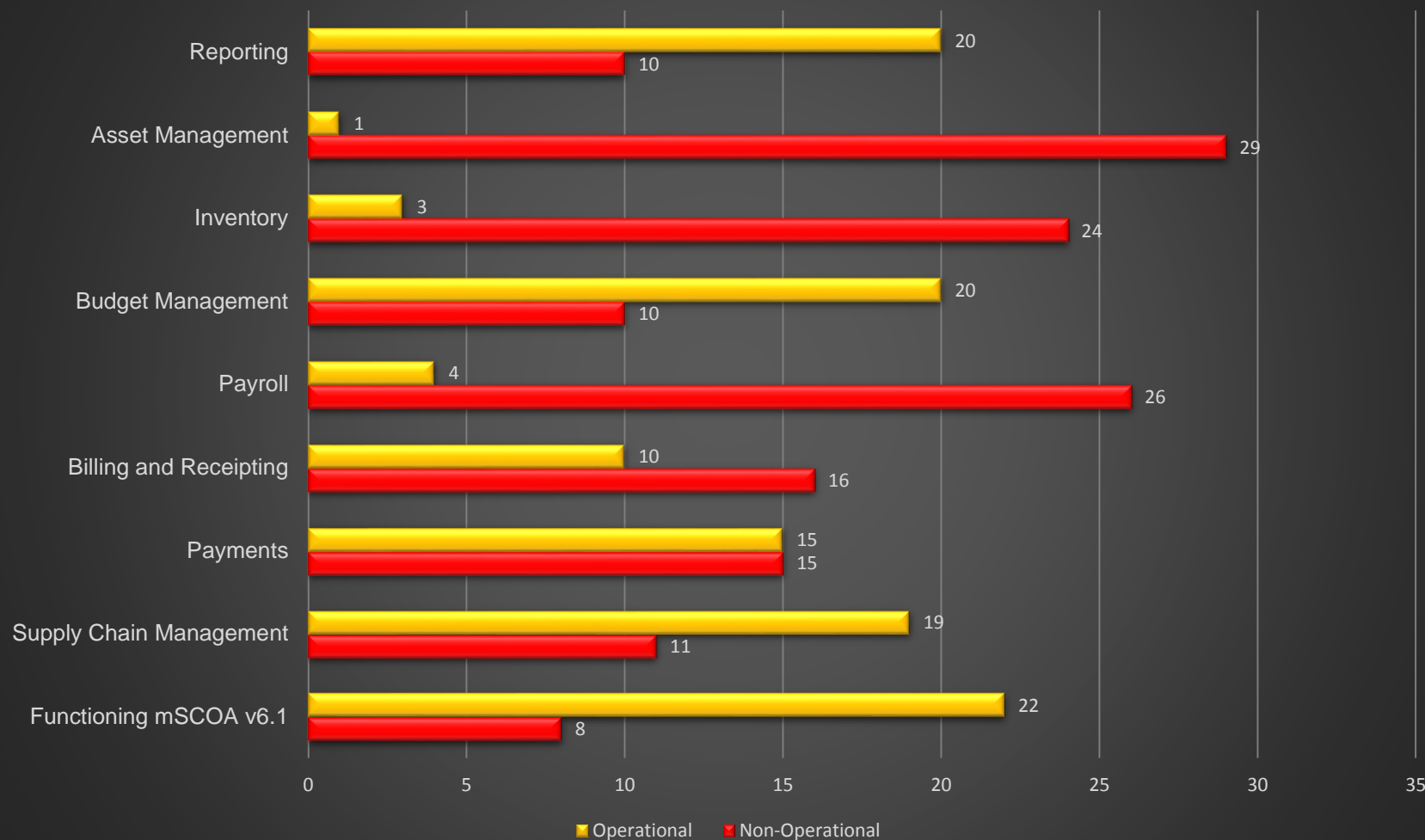
6. Verification - Not Live

Municipalities not live	
Municipality	Vendor
Thembelihle	SEBATA - EMS
Kai! Garib	
Kareeberg	
Ubuntu	
Renosterberg	BCX - E-VENUS
Kamiesberg	
Magareng	
Umsobomvu	VESTA - PHOENIX



7. Verification per Module

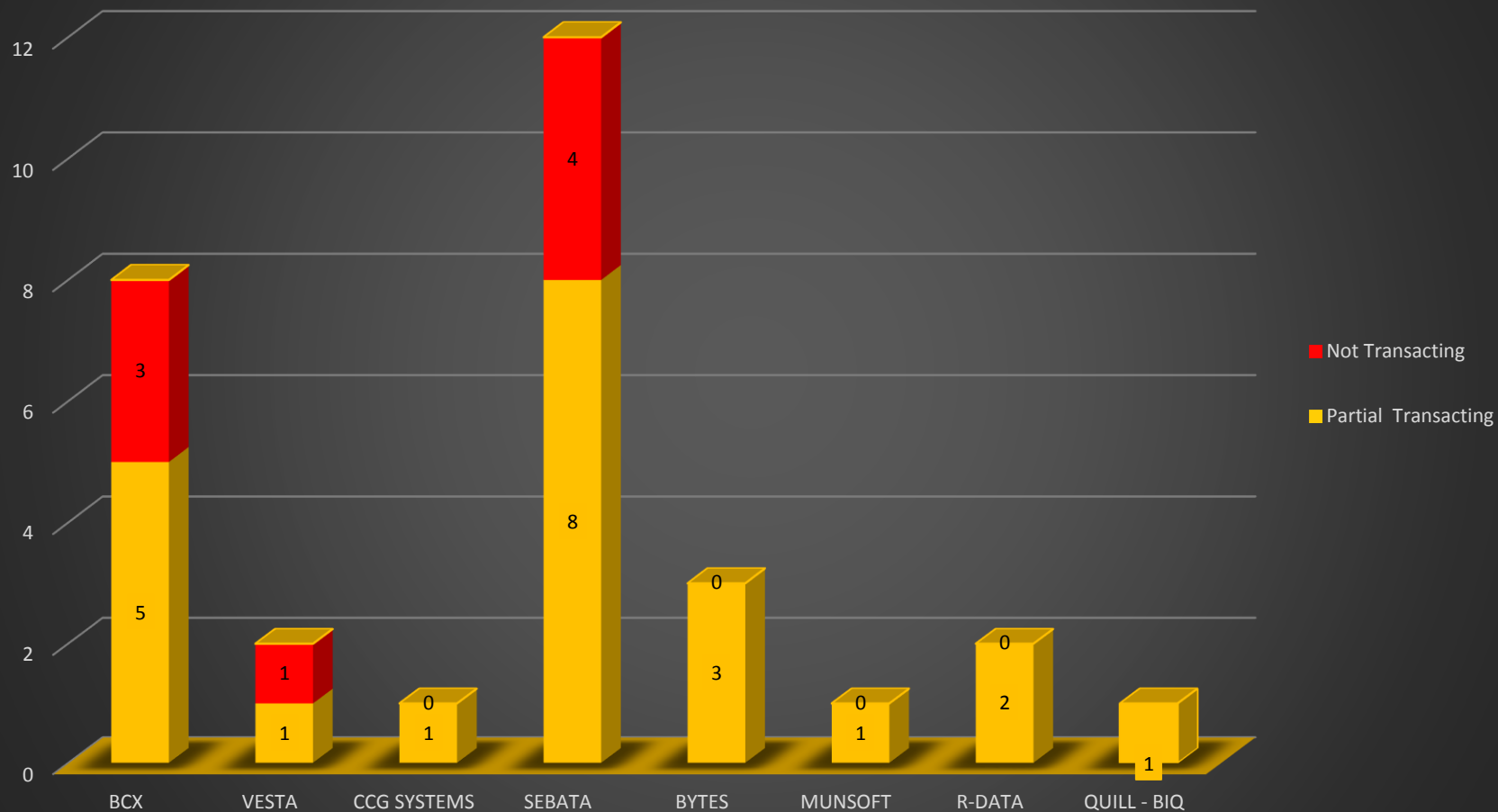
Go-Live Verification Results - Functional View





8. Verification per Vendor

Go-Live Verification Results - Vendor View



9. Key Issues

PROR data strings not submitted

- ✓ Unable to confirm if the budget supports the IDP

Monthly in – year reports outstanding – Financial & Non-Financial

Systems not integrated

- ✓ Payroll & Asset systems were not integrated or seamlessly integrated/non-functional.
 - ❖ 26 (87%) of the 30 municipalities payroll module is non-functional
 - ❖ 29 (97%) of the 30 municipalities assets module is non-functional
- ✓ SCM not fully functional
- ✓ 16 (53%) of the 30 municipalities billing & receipting modules is non-functional
- ✓ 24 (88%) of 27 municipalities Inventory modules is non-functional – 3 Not Applicable
- ✓ 15 (50%) of the 30 municipalities payments module is non-functional



9. Key Issues (Contd)

Budget module not implemented

- ✓ Municipality are unable to produce a mSCOA compliant budget, extract A (Original budget) and C schedule (In-Year Reports)
- ✓ Budgets are not reconciling (Data String VS Council Adopted)

Virement policy not updated

- ✓ mSCOA requires municipalities to transact on six regulated segments. Most municipalities have not updated their policies to ensure that it accommodates the six segments.

All other policies not updated

Business Processes not updated

- ✓ Municipalities are still working with old business processes and have not revised to accommodate the new system

Due to financial year end, mSCOA was placed on hold

Municipal officials knowledge on the systems are poor

Change in financial systems

Financial Systems not mSCOA Ready



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

10. Identification of Vulnerable Municipalities

❖ Go live assessments

Municipalities not transacting at all and non-compliant across the 8 modules.

Certain services providers were excluded, i.e Sebata

❖ Instability within the municipality

Vacant MM and CFO positions

Change in Financial System – No Due Diligence

Leadership

❖ Submissions

Non-submissions of PROR & Monthly Reporting (M01 – M04) by the required due dates.



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

11. Updated Vulnerable Municipalities List

Municipality	Service provider
Magareng Municipality	BCX
Renosterberg Municipality	BCX
Phokwane Municipality	BCX
Pixley Ka Seme District Municipality	BCX
Kamiesberg Municipality	BCX
!Kheis Municipality *	Bytes
Kgatelopele Municipality *	Bytes
Joe Morolong Municipality*	Sebata
Thembelihle Municipality *	Sebata
!Kai! Garib Municipality *	Sebata
Ubuntu Municipality *	Sebata
Umsobomvu Municipality	Vesta
Gamagara Municipality	Vesta

* Indicates new municipalities added to the list



12. Capacity Building

2 mSCOA Sessions for Internal Auditors

- ❖ Pixley Ka Seme District Municipality – 10 Officials
- ❖ Kgatelopele Municipality – 10 Officials

mSCOA Budget Reporting Training was held in December 2017 in all of the 5 Districts.

Purpose of the training:

The purpose of the training was to assist the municipalities with budgeting in terms of the set mSCOA regulation as well as post implementation of the SCOA

Content of the training:

- ❖ Introduction to mSCOA & Legislative requirements
- ❖ Structure of the mSCOA & Explanation of the 7 segments,
- ❖ Budget preparation, Implementation, Adjustments budgets and Budget presentation.

Awareness session on request.



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

12. Capacity Building (Contd)

Summary of attendance – mSCOA Non-Accredited Training

Total	MM	CFO	BTO	SCM	Other (Interns, Accountants, clerks)
	2	15	13	6	121



13. Challenges

- ✓ Challenges of SLA's not signed
- ✓ Seamless integration of sub-systems in progress
- ✓ Monthly reporting not taking place
- ✓ All other policies not updated
- ✓ Business Processes not updated
- ✓ System does not produce A1, B and C Schedules
- ✓ Municipal mSCOA Steering Committees not established; not functional
- ✓ Poor Data String Submissions in all municipalities.
- ✓ Slow progress with correcting the data strings
- ✓ Poor ICT Infrastructure & Connectivity
- ✓ Vendors are not adhering to their set deadline
- ✓ Vendor dependency
- ✓ Vacancies in Key Positions



NCPT
NORTHERN CAPE PROVINCIAL TREASURY

14. Vacancies in Key Positions

District	MM	CFO
Namakwa	3	2
Frances Baard	3	2
ZF Mcgawu	4	2
Pixley Ka Seme	4	3
John Taolo Gaetsewe	2	1
Total	16	10

15. Key Activities

- Correct ORGB (mSCOA data string) and aligned to the council adopted 2017/18 MTREF to the National Treasury;
- Monthly Reporting
 - ❖ Section 71 (mSCOA excel)
 - ❖ M01 – M12 data strings (system generated) - 10 working days after month end (15th of every month)
 - ❖ Debtors (DB) & Creditors (CR) Age Analysis - 10 working days after month end (15th of every month)
- Quarterly Reporting
 - ❖ Borrowings & Investments - 10 working days after the end Quarter
 - ❖ Perform comparisons between Section 71 VS M0's submitted via LG Portal
- Submit PROR Project Details (Original Budget) - Immediately
- mSCOA Compliant IDP
- Adjustment Budget is due on the 28th of February 2018
 - ❖ Draft Adjustment Budget is due to Municipal Finance – 15th of February 2018

15. Key Activities

- Prepare the Draft budget (TABB) on the mSCOA structure (V6.2) for the 2018/19 MTREF – 31 March 2018
- Submit PRAD Project Details (Adjustment Budget) – 31 March 2018
- Submit PRTA Project Details (Tabled Budget) – 30 April 2018
- Live Assessments to commence from March 2018 (Testing of Systems)
- Systems Integration - Seamless integration of all related sub-systems, full accountability cycle addressed
- Analysis of Monthly data strings
- Establish continuity and ongoing support of integrated systems
- Complete Project Issue Logs for all municipalities **not only vulnerable Municipalities**
- Visits to Vulnerable Municipalities – MFMA Directorates
- Vendor Engagements (Critical) – SIFS
- Audit File Assessments



16. mSCOA Targeted support

What will be Done	Who Will do it	When will it happen	What Role will PT/NY/LGBA/Advisor play?
mSCOA Awareness/ Internal Audit Training	PT	When Requested	PT will Faciliate the sessions
Engagements through Quarterly Provincial CFO Forums and other relevant forums	PT	Mscoa Steering Committee Meeting 6 February 2018 CFO Forums 8 March 2018	PT will evaluate, report progress, advise and coordinate concerns raised.
Continuation of mSCOA live assessments, evaluation of governance structures and functionality ect	PT District Champions	Monthly starting from March 2018	PT will advise and build capacity within municipality and conduct the testing
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

17. Feedback – CFO Forum Resolution October 2017

The following was resolved:

- ☐ All CFO's to submit challenges to Acting CFO Kgatelopele Municipality for consolidation.
- ☐ Only three (3) responses were received from:
 - ZF Mqcowu District Municipality
 - Kgatelopele Local Municipality
 - Ubuntu Local Municipality
- ☐ No communication from the remainder of municipalities.



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

Thank you