



BA-PHALABORWA LOCAL MUNICIPALITY MSCOA ROADMAP

1. INTRODUCTION

The Minister of Finance promulgated Government Gazette No. 37577, Municipal Regulations on Standard Chart of Accounts (mSCOA), on 22 April 2014. All municipalities and related municipal entities were required to transact in compliance with the mSCOA Regulations from 01 July 2017.

The mSCOA regulations prescribes the uniform recording and classification of municipal budget and financial information at a transaction level and ensures that the municipality have minimum business processes in place. This standard classification framework enforces the link between planning (IDP) and the budget through the project segment and enables annual reporting and performance management linked to strategic service delivery objectives.

Ba-Phalaborwa Municipality migrated into m-SCOA from 1st of July 2017. The financial statements for 2020-21 were produced using the Sebata system

MscOA Committees were established as guided by National Treasury with the aim of overseeing the implementation of the MSCOA plan and strategies were developed in order to deal with any challenges.

2. BACKGROUND

The objective of Mscoa Regulations is to provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which-

(a) are 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

(b) 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.

3. OBJECTIVE

Implantation plan to be used in ensuring the successful and full compliance with Mscoa regulations and guiding circulars by:

- Ensuring credible reports
- Ensuring all Mscoa is a municipal wide business reform
- Ensure that all the structures tasked with the rollout and monitoring of Mscoa are functional
- Setting out timeframes and objectives in addressing current gaps in the Mscoa rollout programme.

4. STATUS QUO

System Landscape

Ba-Phalaborwa municipality has access to updated ICT hardware, software and licences that is sufficient to run SAGE financial management systems solution

Governance and institutional arrangements

Ba-Phalaborwa municipality has functional Mscoa committees which consist of all managers (Implementation Committee) and Senior managers (Steering Committee)

System Administrator and IT manager included

System functionality

SAGE system functionality complies with the minimum business processes and system specifications articulated in MFMA Circular No 80

The municipality utilises the core financial system solution and its modules optimally; and the 3rd party sub-systems are seamlessly integrating with SAGE financial system

Proficiency of municipal officials to use the financial system

Relevant municipal officials were capacitated on all system modules and functionalities to use the financial systems solution.

The relevant officials in the municipality are familiar with the mSCOA chart, balance sheet budgeting and movement accounting.

Change management took place to ensure that mSCOA is institutionalised as an organisational reform.

National Treasury Reporting

Ba-Phalaborwa Municipality is currently using SAGE Evolution system to continue implementing Mscoa.

The municipality is complying with the above requirement relating to budgeting, transacting and reporting, the data strings are also directly extracted from the core system and submitted to the Local Government Portal as and when they are due.

All Mscoa required strings are generated directly from SAGE systems and uploaded on LG portal on a monthly basis.

General Ledger & Planning

General Ledger (Journals, Cashbooks) & Sub Ledger Transactions are live and migration of take-on balances has been completed.

2020/21 post-audit GL opening balances uploaded

2022/23 tabled Budget Compilation has been implemented directly from the core-system

Supply Chain Management

Supply chain module is live and the following are implemented on the system:

Inventory

Invoicing

EFT payment generation

Contract Capturing and Tender Manager Management

Inventory

Inventory issues are live

Invoicing

Invoicing is Live

EFT payment generation

Supplier invoicing and payments are live

Bank Reconciliation (Cashbook)

The bank reconciliation is functional and Live

Assets Management

The municipality is currently Importing the Excel Fixed Assets Register take-on Balances as of 30 June 2021 into SAGE evolution system.

The expected date for the module to be live is July 2022

HR & Payroll

Migration of HR and Payroll information has already started after the tax year-end and SAGE payroll module will run parallel with Payday system until June 2022 as part of monitoring the new system payroll module

Billing

The municipality is currently able to bill using the system

5. CHALLENGES IDENTIFIED

C Schedule Cash flow:

The Municipality is currently not able to translate the Cash flow figures populated on the C Schedule to the Data Strings. The figures on the C Schedule therefore do not agree with the Data Strings submitted to Treasury.

This is caused by the inability of the Financial System to post Cash Receipts from various sources to the specific Bank Accounts which were created and mapped according mSCOA guidance at Budgeting.

Resolution Timeline

The Service Provider is working on a solution for this challenge and this will be deployed end of June 2022 with the expectation of the System being able to fully populate the Cash Flow Tables on the C Schedule on July 2022 C Schedule.

6. PROJECT PLAN

Key Objectives

Key Objectives	Time frame	Role players
Continuous engagement with the System Vendor (SAGE) to resolve issue of Cash Flow reporting (Utilisation of control account)	30 June 2022	CFO
Ensure that the General ledger and Trial Balance reflect all transactions captured on the EMS for the whole financial year	30 June 2022	All Finance Managers
HR and Payroll module	30 June 2022	CCG , Manager Expenditure and Human Resource manager
Asset Module	30 June 2022	CCG systems, Asset Manager
Governance : Reporting and Monitoring	Continuously	Implementation Committee and Steering Committee

7. ROLE PLAYERS

The implementation committee which consist of all managers especially in the Budget and Treasury department in the municipality are the key role players to ensure the successful implementation of the mSCOA roadmap.

Mscoa champion to ensure that all relevant departments report correctly and mSCOA reports are given to MM, Council, LPT and NT and report against progress.

Steering Committee to provide oversight as per responsibilities stipulated in the mSCOA regulations

Provincial Treasury to provide support and offer guidance on the implementation of mSCOA

8. RECOMMENDATIONS AND CONCLUSIONS

That the (road map) was developed to indicate how the municipality will fast track the implementation of mSCOA.

That the progress against the action plan will be monitored by the municipality's mSCOA Project Steering Committee