



Report on Mscoa Implementation Plan.

For the year ended 30 June 2016

Ba-Phalaborwa Municipality.

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Background

- Ba-Phalaborwa Municipality is not the Pilot sites for the mSCOA Project.
- The overall objective of the project is to ensure that Ba-Phalaborwa Municipality complies with the National Treasury regulation through implementing a Municipal Standard Chart of Accounts (mSCOA) which aims at achieving an acceptable level of uniformity and quality on financial and non-financial data, incorporating all transaction types, appropriation of funds, spending on service delivery, capital and operating spending, policy outcome and legislative reporting.
- The implementation of mSCOA at Ba-Phalaborwa Municipality will results in breaking down some projects and accounts whilst others will be consolidated.

Change Management

- The pivotal milestone for the project is to create awareness to all Municipal Stakeholders that mSCOA is a Municipal wide reform and relates not only to the Budget and Treasury Office, but everyone, including Council and even External Stakeholders such as Service Providers.
- We need to ensure that the entire Municipality begins to appreciate and see the benefits of mSCOA, the project is assumed to flow smoothly.

Governance

- Project Plan
- The Implementation plan Adopted
- MSCOA Assessment Submitted to Provincial Treasury - (PT) as per the request.
- MSCOA Plan Project and Key Milestone submitted to PT as per the request.
- MSCOA Self-assessment tool kit submitted to PT as per the request.
- The Plan to Visit Pilot Municipality that is using E- Venus Specifically is in progress

Approval of the mSCOA project by the Council and registration of a formal mSCOA project in the Municipality

- Government Gazette 37577 was issued on 22 April 2014 with instruction to be adopted by the municipalities, in order to enforce the new mSCOA by 2017.

Identification and nomination of members of the mSCOA Project Steering Committee (PSC)

- The Steering Committee consists of the Municipal Manager, Chief Financial Officer, All Section 57 Managers, Internal Audit and Risk Officer, Provincial Treasury and the IT Manager.

Identification and nomination of the mSCOA Project Implementation Team

- Project Sponsor have been appointed
- Appointment letters for both Committees mSCOA Steering Committee and Project Implementation Team Committee for MM Signing.
- Terms of Reference for both committees mSCOA Steering Committee and Project Implementation Team Committee were approved.
- Presentation of the mSCOA objective and Project plan to Project Implementation team to assist them with understanding the objective.
- The Project Implementation Team consists of the Assistant Director Expenditure Management as the Chairperson, Chief Accountant Budget (Project Manager) and Financial Planning, IT Manager (Secretary), PMU Manager, Assistant Director in the Municipal Office, Assistant Director Human Resources, Risk Manager and Internal Audit Manager and IDP Manager and Town Planner.

Submission of the High Level mSCOA Project Plan to NT

- The Project Plan detailing the overall functional requirements of the Municipality, project goals and objectives and overall project schedule was drafted.

MSCOA Risk Register

- The mSCOA Risk are incorporated into monthly Report and reported on monthly base
- The mSCOA Risk register submitted to Provincial Treasury as per their requests
- The awareness workshops was held amongst the members of the implementation team, the chairperson elaborated the aims and objectives of implementing mSCOA and its benefits.

Functionality of the mSCOA Project Committees

- Items on the agenda have covered:
 - Treasury expectations,
 - increasing mSCOA awareness at the municipality,
 - Progress update,
 - Visit to Pilot Municipality.
 - Learning Best practices from Pilot Municipalities
- Two (2) meeting were held during the quarter by Project Implementations Team
- No Steering committee during this Quarter
- MSCOA remains a standing line item in all management meetings, portfolio committees and departmental meetings.

The objectives and the progress on the implementation of the Project Plan

<p>Conversion of Votes on the current Chart of Accounts to mSCOA</p>	<ul style="list-style-type: none"> ▪ All Votes on the current Chart of Accounts will be converted to mSCOA and new Accounts that the Municipality might use in the near future for its services will be created. ▪ This was done in accordance with the Project Plan Date.
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Upgrading the E-Venus to Solar (E-venus)	<ul style="list-style-type: none"> ▪ E-venus will need to be upgraded Solar (E-venus upgraded system) to enhance the system functionality as per mSCOA requirements.
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Take on Balances	<ul style="list-style-type: none"> ▪ Accounts Receivables, Accounts Payables and Inventory take on balances as at 30 June 2017 will be migrated to the mSCOA Database as per Project Plan Date.
Training and Awareness of Staff	<ul style="list-style-type: none"> ▪ Several forums with Provincial treasury were attended by members of implementation team and to enhance mSCOA knowledge and understanding of classification of transactions according to the 7 mSCOA Segments.
User Testing and Acceptance	<ul style="list-style-type: none"> ▪ Users will start processing in the mSCOA Database and run reports to test full system functionality. User Acceptance sign-offs should be done.
mSCOA Parallel Run	<ul style="list-style-type: none"> ▪ The Municipality will start transacting on both databases i.e. Old Chart of Accounts and mSCOA on 01 July 2017 in order that users get used to mSCOA Votes and to enable processing of transactions that affect prior year and audit adjustments. ▪ This is part of the Project Plan that have major changes.

	<ul style="list-style-type: none"> ▪ The Parallel Run but the Municipality will still transact in both databases as it will be prudent to continue with the Parallel Run until the mSCOA Database is upgraded to the final lock down version.
ICT Access and Infrastructure Assessment	<ul style="list-style-type: none"> ▪ The current ICT Infrastructure should be assessed and tested, and be checked if it is adequate for mSCOA Implementation for users to access the Server and process transactions with speed. This will be done in accordance with the Project Plan Date. ▪ The Municipality should move its Disaster Recovery to a distance more than 60km as per the good practice, this will ensure that the Municipal Data is safe and can be recovered in case of disaster.

Expenditure	<ul style="list-style-type: none"> ▪ GRV's and Supplier invoices will be processed in the mSCOA database. ▪ Payments will be processed in the mSCOA database. ▪ Seamless integration with the PayDay Payroll System will need to be implemented.
Inventory	<ul style="list-style-type: none"> ▪ The E-Venus Inventory Issue Module that enhances the Management of Internal stock should be fully set-up and Inventory issues be processed in mSCOA database.

Revenue	<ul style="list-style-type: none"> ▪ Billing and receipting need to be done in mSCOA Database. ▪ Receipting of non-exchange revenue transactions should also be done in mSCOA.
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Budgeting	<ul style="list-style-type: none"> ▪ The 2017/18 FY Original and Adjustment Budgets will be aligned to mSCOA ▪ Alignment of 2017/18 FY Budget to mSCOA will be made as it is required practise.
Reporting	<ul style="list-style-type: none"> ▪ The mSCOA 2017/18 FY Original and Adjustment Budgets should be uploaded on the NT LG Portal ▪ Transactions data from July 2017 will be also uploaded on the Portal.

Challenges.

- Ba-Phalaborwa Municipality is not the Pilot sites for the mSCOA Project.
- The Non –Pilot municipality are relying on the progress of the Pilot Municipalities to learn the best practices.
- The Pilot Municipalities around Limpopo are relying on the consultant the vendors for the piloting of the Mscoa.
- The National Treasury have not appointed the vendors to assist the non – Pilot Municipalities.
- The Project is not funded.

Recommendations

- The Committee recommended that Ekurhuleni Municipality should be visited because they are using the same system
- The Chairperson, secretary and project manager of the implementation committee are busy communicating with the Ekurhuleni Metro's Mscoa champion to facilitate the visit.
- After visit the Pilot Municipality more work be started and the team will ensure progress.

End of the Report.