



# **Annexure 9**

## **mSCOA PROJECT PLAN 2016/2017 – 2018/2019**

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### **Medium Term Revenue and Expenditure Framework (MTREF)**



**PROJECT MANAGEMENT PLAN**  
**KNYSNA MUNICIPAL STANDARD CHART OF ACCOUNTS**  
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## INTRODUCTION

Knysna Municipality has been selected to be a pilot site for the National Treasury Project: ASSIST WITH THE IMPLEMENTATION OF LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003: MUNICIPAL REGULATIONS ON STANDARD CHART OF ACCOUNTS.

This project will result in the compliance with the Municipal Standard Chart of Accounts (“mSCOA”) as well as with the assistance to National Treasury on the implementation difficulties experienced during the piloting phase. R-Data (Pty) Ltd is the program developer of ProMun which is currently being used at Knysna Municipality as the financial software, which will be converted to comply with all the mSCOA requirements.

Definition of mSCOA: A multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts.

Objective of mSCOA: To provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transactional level by prescribing a standard chart of accounts for municipalities and municipal entities.

mSCOA is made up of seven unique segments with their respective definitions, namely:

- Project:
  - o “Does the transaction relate to a specific project and if so, what type of project”;
- Function:
  - o “Against which function or sub-function should the transaction be recorded?”
- Municipal Standard Classification:
  - o “Against which organizational vote or sub-vote should the transaction be recorded?”
- Item:
  - o “What is the type and nature of the income or expenditure?”
- Funding:
  - o “Against which source of funding is the payment allocated and against which source is revenue received?”
- Regional Indicator:
  - o “Which geographical area is deriving the benefit from the transaction?”
- Costing:
  - o “Provides for the redistribution of primary costs between functions?”



# **PROJECT MANAGEMENT PLAN**

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### **PROJECT MANAGEMENT APPROACH**

The Project Manager, Avitha Sunkar, has the responsibility for managing and executing the project according to this Project Plan. The project team will consist of personnel from Knysna Municipality's Finance Directorate, R-Data (Pty) Ltd, and Moore Stephens MO Inc. consortium with Mubesko Africa CC. The project manager will work with all resources to perform project planning and implementation.

The project manager is responsible for communicating with the respective role players on the progress and performance. Any newly identified Key Performance indicators will be added on an ongoing basis.

### **KEY PERFORMANCE INDICATORS**

The Key Performance Indicators ("KPIs") for this project is provided in Appendix D, KPIs.

### **PROJECT SCOPE**

The scope of the Knysna Municipality mSCOA project includes the planning, design, development, testing and implementation of mSCOA. All financial data as at 30 June 2015 will be converted to be in line with mSCOA. The software (ProMun) will be tailored to meet or exceed the required software standards and additional requirements established. The scope of this project also includes completion of all documentation, manuals and training aids to be used in conjunction with the software. Project completion will take place when the accounting data has been converted; and Knysna Municipality being approved for mSCOA compliancy by National Treasury.

All mSCOA project work will be performed internally and portions of this project will be outsourced.

### **DOCUMENTATION**

All documentation pertaining to the project must be shared amongst the team as well as backed up on the server of Knysna Municipality. This includes the alignment exercise of the coding of the respective vote numbers to be compliant with the mSCOA requirements as per the most recent version issued by National Treasury. All the documentation needs to be saved for audit trail purposes.

### **TRAINING**

Various training and informative sessions have been / will be held with a select group of officials, councilors, directors and managers to ensure that all parties are aware of mSCOA.



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Users will be provided with detailed training as well as manuals to assist with the conversion to mSCOA.

**MILESTONE LIST**

The chart below lists the major milestones for the Knysna Municipality mSCOA Project. This chart is comprised only of major project milestones. There may be smaller milestones which are not included on this chart but are included in the project schedule. Any approved changes to these milestones or dates will be communicated to the project team by the project manager.

<b>Milestone</b>	<b>Description</b>	<b>Date</b>	<b>Status</b>
SCOA Planning and Initiation	All requirements for Knysna Municipality mSCOA must be determined.	July 2014	Achieved
Program Development	R-Data (Pty) Ltd to tailor ProMun to facilitate the system requirements.	December 2014	Ongoing
Account Code Alignment	Ongoing alignment exercise of the vote numbers to link to the appropriate mSCOA segments.	Current	Work-in-Progress
mSCOA Training	Overall explanation of mSCOA to the ProMun users, Directors, Managers and Councilors	November 2014	Ongoing
Change Management	mSCOA educational awareness and buy-in throughout KM including the varying stakeholders	Ongoing	Ongoing
Setup SCOA Test System on Server	R-Data (Pty) Ltd to load changes onto Test System on the Server and test as and when versions of mSCOA are issued.	January 2015	Achieved
2015/16 Budget as per SCOA	Budgeting process based on mSCOA segments and breakdowns to be obtained from all role players.	February 2015 to May 2015	Achieved
Live SCOA Implementation / Activation	Convert data after 2014/15 year-end procedures and ensure it is SCOA compliant.	July 2015	Achieved
2015 Draft AFS in current format	Draft AFS as at 30 June 2015 based on the current format prior to mSCOA implementation to for audit purposes.	August 2015	Achieved
Assets Module Implementation	Implementation and integration of the Assets Module as per mSCOA requirements.	July 2016	Work-in-Progress
Costing Segment Implementation (Appendix F)	Implementation and integration of the Costing Segment as per mSCOA requirements.	December 2016	Work-in-Progress
Third Party Systems	All third party systems with a financial implication to be mSCOA compliant and seamlessly integrate with the ProMun financial system	December 2016	Work-in-Progress
2016 Draft AFS in	Draft AFS as at 30 June 2016 as per mSCOA	August	August



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SCOA format	format.	2016	2016
Asset Life Cycle Management (Appendix E)	Full Asset Life Cycle Management Including Maintenance Management beyond the Financial Services Directorate	June 2017	Work-in-Progress
Live Monitoring and Evaluation	Constant monitoring, evaluating, clean-up and system enhancements on an ongoing basis, in alignment with National Treasury's mSCOA requirements.	Ongoing	Ongoing

### COMMUNICATION MANAGEMENT PLAN

This Communication Management Plan sets the communication framework for this project. It will serve as a guide for communication throughout the life of the project and will be updated as communication requirements change. This plan identifies and defines the roles of the Knysna Municipality mSCOA project team members. It also includes a communications matrix which maps the communication requirements of this project, and communication conduct for meetings and other forms of communication. A project team directory is also included to provide contact information for all role players directly involved in the project.

The Project Manager will take the lead role in ensuring effective communication during this project. The communication requirements are documented in the Communication Matrix below. The Communication Matrix will be used as the guide for what information to communicate, who is to do the communicating, when to communicate it, and to whom to communicate.

Project team directory for all communication is:

NAME:	e-mail	DEPARTMENT / UNIT:	ROLE:
Grant Easton	<a href="mailto:geaston@knysna.gov.za">geaston@knysna.gov.za</a>	Corporate (Municipal Manager)	Steering Committee Chair person and Project Sponsor
Pariksha Gobrie	<a href="mailto:pgobrie@knysna.gov.za">pgobrie@knysna.gov.za</a>	Finance (CFO)	Steering Committee Deputy Chair person
Avitha Sunkar	<a href="mailto:asunkar@knysna.gov.za">asunkar@knysna.gov.za</a>	Finance (Finance Manager)	Project Manager
Nadia Haai	<a href="mailto:nhaai@knysna.gov.za">nhaai@knysna.gov.za</a>	Chief Accountant (Accounting and Treasury)	Project Assistant
Anthony Morgan	<a href="mailto:amorgan@knysna.gov.za">amorgan@knysna.gov.za</a>	Accountant (Treasury)	Project Assistant
L van Huyssten	lvhuyssten@knysna.goc.za	Accountant (Assets and Insurance)	Project Assistant
Nobesuthu Fundi	<a href="mailto:nfundi@knysna.gov.za">nfundi@knysna.gov.za</a>	Chief Accountant (Budget)	Project Assistant
Thabisa Tyatyeka	<a href="mailto:tyatyeka@knysna.gov.za">tyatyeka@knysna.gov.za</a>	Accountant (Operating Budget & Tariff)	Project Assistant



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NAME:	e-mail	DEPARTMENT / UNIT:	ROLE:
		Support)	
Enrique Sabbat	<a href="mailto:esabbat@knysna.gov.za">esabbat@knysna.gov.za</a>	Accountant (Payroll)	Project Assistant
Elsabe Petersen	<a href="mailto:epetersen@knysna.gov.za">epetersen@knysna.gov.za</a>	Data (Financial Systems Administrator)	Data
Jaco Bester	<a href="mailto:jbester@knysna.gov.za">jbester@knysna.gov.za</a>	Information Technology	Acting IT Manager
Fredri Kruger	<a href="mailto:fkruger@knysna.gov.za">fkruger@knysna.gov.za</a>	Supply Chain Manager	SCM Manager
Walter McCartney	<a href="mailto:wmccartney@knysna.gov.za">wmccartney@knysna.gov.za</a>	Corporate (Manager: Performance, Internal Audit and Risk Management)	Risk and performance manager
Rod Dunbar	<a href="mailto:rdunbar@rdata.co.za">rdunbar@rdata.co.za</a>	R-Data (Pty) Ltd	Senior Programmer
Rina Dreyer	<a href="mailto:rdreyer@rdata.co.za">rdreyer@rdata.co.za</a>	R-Data (Pty) Ltd	Programmer
Lili Grobler	<a href="mailto:lgrobler@grg.moorestephens.co.za">lgrobler@grg.moorestephens.co.za</a>	Moore Stephens MO Inc.	Project Consultant
Nico de Kock	<a href="mailto:nico@mubesko.co.za">nico@mubesko.co.za</a>	Mubesko Africa CC	Project Consultant

Communications Conduct:

Meetings:

The Project Manager will distribute a meeting agenda at least 5 working days prior to any scheduled meeting and all participants are expected to review the agenda prior to the meeting. Meeting minutes will be distributed no later than 24 hours after each meeting is completed.

All mSCOA items will be discussed with the Top Management Team to monitor and evaluate the progress of the project. This will also assist in identifying issues experienced and possible solutions to be implemented.

Email:

All emails pertaining to the Knysna Municipality mSCOA Project should be professional, free of errors, and provide brief communication. Emails should be distributed to the correct project participants in accordance with the communication matrix above.

Informal Communications:

While informal communication is a part of every project and is necessary for successful project completion, any issues, concerns, or updates that arise from informal discussion between team members must be communicated to the Project Manager so that appropriate action can be taken.

### **mSCOA PROJECT IMPLEMENTATION TEAM**

The mSCOA Project Implementation Team for this project is provided in Appendix B, Project Implementation Team.



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### **COST MANAGEMENT PLAN**

The Project Manager will be responsible for managing and reporting on the project's cost throughout the duration of the project. The Project Manager will present and review the project's cost performance during the monthly reporting period. All budget authority and decisions, to include budget changes, reside with the Knysna Municipality mSCOA Project Sponsor as well as Council.

If there are indications that these project costs will reach a critical stage, the Project Manager will communicate this to the Project Sponsor and Project Team immediately.

### **PROJECT SCOPE MANAGEMENT PLAN**

Scope management for the Knysna Municipality mSCOA project will be the sole responsibility of the Project Manager. The Project Manager, and Role players will establish and approve documentation for measuring project scope which includes deliverable quality checklists and work performance measurements.

### **SCHEDULE MANAGEMENT PLAN**

Project schedules for the Knysna Municipality mSCOA project will be created commencing with the deliverables identified. Activity definition will identify the specific activity which must be performed to complete each deliverable. Activity sequencing will be used to determine the order of work packages and assign relationships between project activities. Activity duration estimating will be used to calculate the time required to complete the activities. Resource estimating will be used to assign resources to activities in order to complete schedule development.

Roles and responsibilities for schedule development are as follows:

The project manager will be responsible for facilitating activities, sequencing, and estimating duration and resources with the project team. The project manager will also create the project schedule and validate the schedule with the project team and role players.

### **QUALITY MANAGEMENT PLAN**

All members of the Knysna Municipality mSCOA project team will play a role in quality management. It is imperative that the team ensures that work is completed at an adequate level of quality.

The Project Manager is responsible for quality management throughout the duration of the project.





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The remaining members of the project team will also ensure that all quality standards are complied with and communicate any concerns regarding quality to the Project Manager.

### **RISK MANAGEMENT PLAN**

The approach for managing risks for the Knysna Municipality mSCOA project includes a methodical process by which the risk department identifies, scores, and ranks the various risks. Every effort will be made to proactively identify risks ahead of time in order to implement a mitigation strategy from the project's onset. The most likely and highest impact risks were added to the project schedule to ensure that the assigned risk managers take the necessary steps to implement the mitigation response at the appropriate time.

Upon the completion of the project, during the closing process, the project manager will analyze each risk as well as the risk management process. Based on this analysis, the project manager will identify any improvements that can be made to the risk management process for future projects. These improvements will be captured as part of the lessons learned knowledge base.

Risk register to be tabled at section 80 finance meetings from approximately September 2015 on a regular basis. Any newly identified risks will be added on an ongoing basis.

### **RISK REGISTER**

The mSCOA Risk Register is provided in Appendix C, Risk Register.

### **STAFFING MANAGEMENT PLAN**

The Knysna Municipality mSCOA project will consist of a matrix structure with support from internal and various external organizations. All work will be performed internally. Staffing requirements for the Knysna Municipality mSCOA project include the following:

**Project Manager (1 position)** – is responsible for the management of the Knysna Municipality mSCOA project. The Project Manager is responsible for planning, creating, and/or managing all work activities, variances, tracking, reporting, communication, performance evaluations, staffing, internal coordination with functional managers and external coordination.

**Senior Programmer (1 position)** – responsible for oversight of all coding and programming tasks for the Knysna Municipality mSCOA project as well as ensuring functionality is compliant with the requirements. Responsible for working with the Project Manager to create activities, manage risk, manage schedule, identify requirements, and create reports. The Senior Programmer will be managed by the Project Manager.

**Programmer (1 position)** – is responsible for coding and programming for the Knysna Municipality mSCOA project. All coding and programming tasks will be reviewed by the



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Senior Programmer prior to implementation. Responsibilities also include assisting with risk identification, determining impacts of change requests, and status reporting. The Programmer will be managed by the Project Manager.

mSCOA Consultants (2 positions) – responsible for assisting the Project Manager in creating quality control, split the 2015/16 budget into mSCOA segments, assist, where necessary, the Programming team with various requests and queries on information, assess on an ongoing basis the status of the project and evaluate, as well as recommend improvements.

### RESOURCE CALENDAR

The Knysna Municipality mSCOA project will require all project team members for the entire duration of the project although levels of effort will vary as the project progresses. The Project is scheduled to last 3 years.

### RISKS / CHALLENGES / CONCERNS

Various challenges and concerns have been identified and will be dealt with during the project. The identification of challenges and concerns will be an ongoing process.

A few of the challenges / concerns identified:

- Reliance on R-Data (ProMun service provider) to develop system to comply with SCOA
- Possible Audit Risks in terms of account code reclassifications (GRAP Compliance)
- Extent of compliance with Accounting Standards
- SCOA organisational structure varies to KM's current structure
- Linking of current codes to SCOA codes (Mapping) (SCOA currently does not cater for all codes that are in current use)
- KM needs to determine to what level it will report on (areas , wards)
- Next budget to be prepared in accordance with the latest SCOA version released
- Possible changes in future financial reporting formats
- Only NT will be allowed to create new account codes
- Possible effect on current IT infrastructure
- Impact of SCOA implementation on current work processes
- Treatment of historical data
- Full funding for SCOA pilot sites unknown
- Resistance to change
- New reforms / regulations

### CURRENT STATUS AS AT MARCH 2016

- Currently, financial transactions are being processed as per the latest version released by National Treasury (V5.4. take 5). The next and possibly the final mSCOA version (V6) will be released by the end of the current financial year.



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- Data is currently being uploaded monthly in *mSCOA* format to National Treasury for data verification. This verification identifies possible errors in the data extract. These errors are immediately acted upon and resolved to prevent future repeat errors.
- Draft Position Papers relating to specific accounting treatment, due to the implementation of *mSCOA*, have been drafted by National Treasury and released for comment. These papers may impact on the current way in which we transact on specific items.
- A tool that will incorporate both the IDP and Budget is currently being explored. This tool will replace the Excel based document in which the budget is currently being compiled.
- The 16/17 Budget will be compiled in the *mSCOA* format.
- The accounting system (Promun) requires continued enhancement and development to accommodate all functions necessitated by the seven segments of *mSCOA*.
  
- The following will be implemented and ready for transacting in the new financial year :-
  - The assets module which is currently being developed by the system provider.
  - The costing segment as high level decision-making and significant changes to business processes are first required.
  - Integrating Promun with Third Party System providers (Itron, TMT, Ignite, Legal Suite, Collaborator, etc).
- National Treasury has facilitated *mSCOA* training to a select group of municipal officials. Accredited *mSCOA* training is now being sourced via National Treasury guidelines.
- For further updates please refer to the *mSCOA* Steering Committee meeting minutes.



**APPENDIX A**

**Terms of Reference mSCOA Project  
Steering Committee**

**1. BACKGROUND:**

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice (GRAP), uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe by regulation such measures in terms of section 168 thereof.

Uniform expenditure classifications have already been established and implemented for national and provincial government departments. However, currently, each municipality manages and reports on its financial affairs in accordance with its own organisational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of national government to integrate information and to formulate coherent policies in response to the objectives of local government.

Consequently, the Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs gazetted the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014. Municipal SCOA provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets and liabilities, policy outcomes and legislative reporting. This is done at transactional level and ensures that a municipality and its entities have minimum business



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processes in place. This will result in an improved understanding of the role of local government in the broader national policy framework and linkage to other government functions.

The Regulations apply to all municipalities and municipal entities and indicate its applicability and relevance to each specific municipal environment while accommodating organisational uniqueness and structural differences. The Regulation provides for a three year preparation and readiness window and all 278 municipalities must be compliant to the mSCOA classification framework by 1 July 2017.

Chapter 6 of the MFMA tasks the Municipal Manager of the municipality with managing the financial administration of the municipality. Since mSCOA is a municipal business reform, the Municipal Manager has the overall responsibility to manage the successful implementation of the mSCOA project within the municipality, to ensure the municipality is able to capture all transactions (at posting level) in accordance with mSCOA within its respective financial applications (systems) by 1 July 2017 going forward.

The Municipal Manager in terms of the MFMA can delegate some of these responsibilities. The Municipal Manager has tasked the mSCOA Steering Committee in writing, to advise the Municipal Manager and to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality by 1 July 2017.

**2. TERMS OF THE STEERING COMMITTEE:**

This Terms of Reference is effective from 1 July 2015 and shall continue until satisfactory implementation of mSCOA within the municipality and will only terminate by agreement of the steering committee, the Municipal Manager and the municipal council.

**3. MEMBERSHIP:**



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The mSCOA Steering Committee of the municipality should be multi-disciplinary and include members of top management, including the following functions and skills:

- Finance;
- Budgeting;
- Financial – and Performance Reporting;
- Risk management;
- Engineering;
- Information technology; and
- Human resources.

Representatives, at the appropriate senior level, of all departments should also be represented on the Steering Committee, which should be chaired by the Municipal Manager or a Project Sponsor, duly assigned the role in writing. Committee members' should be assigned in writing to the Steering Committee and their performance agreements amended to accommodate these responsibilities.

The mSCOA Steering Committee of the municipality therefore comprise of the following officials:

<b>NAME:</b>	<b>TITLE:</b>	<b>DEPARTMENT / UNIT:</b>	<b>ROLE:</b>
Grant Easton	Mr.	Corporate : Municipal Manager	Chairperson and Sponsor
Pariksha Gobrie	Mrs.	Finance : Chief Financial Officer	Deputy Chairperson
Avitha Sunkar	Mrs.	Finance : Budget Office	Project Manager
Nadia Haai	Miss	Finance : Accounting and Treasury	Project Assistant
Anthony Morgan	Mr.	Finance : Treasury	Project Assistant
L van Huyssteen	Miss.	Finance : Assets	Project Assistant
Nobesuthu Fundi	Mrs.	Finance : Budget	Project Assistant
Elsabe Petersen	Mrs.	Finance : Data Financial Systems	Project Assistant
Enrique Sabbat	Mr.	Finance : Payroll	Project Assistant
Jaco Bester	Mr.	Finance : Information Technology	(Acting) IT Manager



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Fredri Kruger	Mrs.	Finance : Supply Chain Management	SCM Manager
William Fillies	Mr.	Finance : Income	Income Manager
Eben Phillips	Mr.	P & D : IDP	IDP Manager
Walter McCartney	Mr.	Corporate : Performance, Risk and Internal Audit	Performance, Risk and Internal Audit Manager
Dawid Adonis	Mr.	Community Services : Director	Director: Community Services
Bevan Ellman	Mr.	Corporate Services : Director	Director: Corporate Services
Mike Maughan-Brown	Mr.	Planning and Development : Director	Director: Planning and Development
Michael Rhode	Mr.	Technical Services : Director	Director: Technical Services

### 3.1 STEERING COMMITTEE MEETINGS:

The mSCOA Steering Committee should schedule formal meetings at least once per month, and compile an agenda and meeting minutes, to be maintained as part of the official project records for review purposes. Committee members should prepare for the meetings and contribute within their field of expertise, to ensure that full compliance is achieved by 1 July 2017.

- Decisions of the Steering Committee will be made by consensus and if this is not possible, the Municipal Manager shall have the casting vote in determining the final decision of the Steering Committee;
- The secretariat of the mSCOA Steering Committee will be appointed by the Project Sponsor/committee chair and will be responsible for preparing the agenda, supporting documents and minutes of meetings, as well as keeping these documents for review and audit purposes;
- Agenda items should be submitted to the secretariat at least one week prior to a meeting, accompanied by supporting documentation, unless it is brought to the meeting as an item requiring urgent attention; and



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- Notice of mSCOA Steering Committee meetings must be provided in writing 5 working days before each meeting and must include the proposed agenda, minutes from the previous meeting, and the relevant project documentation for review and consideration.

### **3.2 VISITORS AND OBSERVERS TO THE MSCOA STEERING COMMITTEE MEETINGS:**

The mSCOA Steering Committee may allow visitors/observers to attend their meetings, and may invite guests to meetings.

Unless the Steering Committee has requested a visitor to make presentation(s) relevant to mSCOA implementation, any such visitor will only be allowed to attend the meeting in the capacity of an observer.

The following will enjoy a permanent invitation to attend meetings as observers:

- The internal audit function of the municipality;
- The risk management function of the municipality;
- The representative of the Auditor-General;
- The representative of National or Provincial Treasury; and
- Any other observers agreed and invited by the Steering Committee.

### **4 ROLES AND RESPONSIBILITIES OF THE MSCOA STEERING COMMITTEE:**

The responsibilities of the mSCOA Steering Committee are as follows:

- A. To establish a governance framework environment for implementation of mSCOA in accordance with their delegated responsibilities. This includes amongst other:
- Compilation of this Terms of Reference and acceptance of these assigned responsibilities;
  - Appointment of a Project Manager to lead the mSCOA implementation within the municipality;
  - Ensuring that the mSCOA project responsibilities are included in the Performance Agreements, Performance Evaluation Templates and other applicable documentation for all senior managers and other officials as identified by the Steering Committee; and





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- Identify and appoint officials (members of the mSCOA project team) responsible and accountable for each of the mSCOA Segments, and the roles within the project team.

B. Monitor successful implementation of mSCOA, which includes amongst other:

- Review and approve the mSCOA Project Implementation Plan prepared and presented by the Project Manager, which plan should include the required activities, allocates responsibilities for execution of the plan to specific official(s) with set timeframes, deliverables and acceptance criteria;
- Review the mSCOA Project Risk Register prepared and presented by the Project Manager, which register should include the identified and evaluated risks, allocates responsibilities for mitigation of the risks to specific official(s) with set timeframes, deliverables and acceptance criteria for managing these risks;
- Review the mSCOA Project Issue Log prepared and presented by the Project Manager, which log should include the identified and resolved project issues, together with the specific solution which was applied and cost of addressing the issue, if applicable;
- Monitor the progress made in terms of implementation of the mSCOA project plan, and implement actions to address any challenges/ risks/ issues and backlogs;
- mSCOA is a business reform and therefore the Steering Committee should ensure organisational awareness of mSCOA is created by means of internal workshops, information sharing and feedback across the municipality (including all senior managers), the various internal committees and the municipal council. This awareness should form part of the project plan and the success thereof should be reviewed by the steering committee and the project team advised accordingly;
- Ensure that mSCOA is adopted as a permanent standing item on the agenda of senior management meetings (MANCO) and lead discussions and presentations in this regard;
- Table mSCOA progress reports, including the updated project risk register at the municipal council meeting on a quarterly basis;
- Consider the impact of the Municipal Regulation on SCOA on business processes within the municipality and assign responsibility to develop a business process implementation plan to address changes across the municipality; and



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- Ensure that change management, training and capacity building with specific reference to mSCOA are prioritised across the municipality.

***Only once the National mSCOA Project Team has concluded their engagement with all systems vendors in the local government sphere and advised the municipality accordingly, continue with:***

- Ensure assessment of current Information Technology infrastructure and software requirements, and commission an investigation into the available alternatives to address any identified needs;
- Ensure assessment of the current agreements with infrastructure and software service providers for consideration in planning the way forward;
- Oversee the appointment process for the accounting - and other systems service provider(s) by means of providing input to the bid specification and evaluation processes;
- Review the Service Level Agreement with the successful service provider(s) to ensure that all mSCOA requirements are addressed and value for money is achieved;
- Review the detailed project implementation plan for data conversion and movement to the mSCOA compliant system(s) once the service provider(s) is appointed, with input from all the relevant stakeholders; and
- Facilitate the resource planning for the mSCOA implementation project to ensure that the project is adequately resourced for its implementation.

C. Foster close collaboration between the municipality, National/Provincial Treasury, service providers and other key stakeholders through:

- Attending communication forums, user groups and other mSCOA related meetings;
- Initiating engagement meeting(s) with identified stakeholders; and
- Ensuring that the Project Manager and team, on behalf of the municipality, maintains ongoing communication with National and Provincial Treasury during the implementation of the mSCOA project.



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**5. RIGHTS OF MEMBERS OF THE MSCOA STEERING COMMITTEE:**

- Each member of the mSCOA Steering Committee has the right to be informed of meetings, in writing and in good time;
- Each member of the Steering Committee has the right to be provided with complete, accurate and meaningful information relevant to the implementation of mSCOA within the municipality;
- Each member of the Steering Committee must be given reasonable time to make key decisions; and
- Each member of the team must be alerted to potential risks and issues that could impact the successful implementation of mSCOA.

**6. CODE OF CONDUCT OF MSCOA STEERING COMMITTEE MEMBERS:**

A separate project governance framework and code of conduct (ethics) will be distributed to members of the project steering committee on appointment, for agreement and adherence during the assignment of this responsibility.

**7. AMENDMENT, MODIFICATION OR VARIATION OF THE TERMS OF REFERENCE:**

This Terms of Reference may be amended, varied or modified in writing only after consultation and agreement by the mSCOA Steering Committee members and in consultation with the Municipal Manager.

Signed: \_\_\_\_\_

Name of *mSCOA* Chairperson: Grant Easton

Designation: Municipal Manager

Date: \_\_\_\_\_



**APPENDIX B**

<b>Terms of Reference - mSCOA Project Project Implementation Team</b>
---

**1. BACKGROUND:**

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice (GRAP), uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe by regulation such measures in terms of section 168 thereof.

Uniform expenditure classifications have already been established and implemented for national and provincial government departments. However, currently, each municipality manages and reports on its financial affairs in accordance with its own organisational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of national government to integrate information and to formulate coherent policies in response to the objectives of local government.

Consequently, the Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs gazetted the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014. Municipal SCOA provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and operating), revenue, assets and liabilities, policy outcomes and legislative reporting. This is done



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at transactional level and ensures that a municipality and its entities have minimum business processes in place. This will result in an improved understanding of the role of local government in the broader national policy framework and linkage to other government functions.

The Regulations apply to all municipalities and municipal entities and indicate its applicability and relevance to each specific municipal environment while accommodating organisational uniqueness and structural differences. The Regulation provides for a three year preparation and readiness window and all 278 municipalities must be compliant to the mSCOA classification framework by 1 July 2017.

Chapter 6 of the MFMA tasks the Municipal Manager of the municipality with managing the financial administration of the municipality. Since mSCOA is a municipal business reform, the Municipal Manager has the overall responsibility to manage the successful implementation of the mSCOA project within the municipality, to ensure the municipality is able to capture all transactions (at posting level) in accordance with mSCOA within its respective financial applications (systems) by 1 July 2017 going forward.

The Municipal Manager in terms of the MFMA can delegate some of these responsibilities and has tasked the mSCOA Steering Committee in writing, to advise the Municipal Manager and to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality by 1 July 2017. To fulfill its responsibilities, the mSCOA Steering Committee has assigned a Project Manager and mSCOA Project Implementation Team in writing on the terms as set-out below:

**2. TERM OF THE PROJECT IMPLEMENTATION TEAM:**

This Terms of Reference is effective from 1 June 2014 and shall continue until satisfactory implementation of mSCOA within the municipality and will only terminate by agreement of the steering committee, the Municipal Manager and the municipal council.



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**3. MEMBERSHIP:**

The mSCOA Project Implementation Team, led by the Project manager who was assigned by the mSCOA Steering Committee of the municipality, should be a multi-disciplinary team and include the following functions and skills:

- Finance, budgeting and reporting;
- Performance reporting;
- Risk management/ internal audit (as observers only);
- Engineering (project managers);
- Information technology; and
- Human resources.

Representatives of all departments should also be represented on the Project Implementation Team, which should be chaired by the Project Manager, duly assigned the role in writing. Team members should be assigned in writing and their performance agreements amended to accommodate these responsibilities.

The mSCOA Project Implementation Team of the municipality therefore comprise of the following officials:

<b>NAME:</b>	<b>e-mail</b>	<b>DEPARTMENT / UNIT:</b>	<b>ROLE:</b>
Grant Easton	<a href="mailto:geaston@knysna.gov.za">geaston@knysna.gov.za</a>	Corporate (Municipal Manager)	Steering Committee Chair person and Project Sponsor
Pariksha Gobrie	<a href="mailto:pgobrie@knysna.gov.za">pgobrie@knysna.gov.za</a>	Finance (CFO)	Steering Committee Deputy Chair person
Avitha Sunkar	<a href="mailto:asunkar@knysna.gov.za">asunkar@knysna.gov.za</a>	Finance (Finance Manager)	Project Manager
Nadia Haai	<a href="mailto:nhaai@knysna.gov.za">nhaai@knysna.gov.za</a>	Chief Accountant (Accounting and Treasury)	Project Assistant



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<b>NAME:</b>	<b>e-mail</b>	<b>DEPARTMENT / UNIT:</b>	<b>ROLE:</b>
Anthony Morgan	<a href="mailto:amorgan@knysna.gov.za">amorgan@knysna.gov.za</a>	Accountant (Treasury)	Project Assistant
L van Huyssten	<a href="mailto:lvhuysteen@knysna.gov.za">lvhuysteen@knysna.gov.za</a>	Accountant (Assets and Insurance)	Project Assistant
Nobesuthu Fundi	<a href="mailto:nfundi@knysna.gov.za">nfundi@knysna.gov.za</a>	Chief Accountant (Budget)	Project Assistant
Thabisa Tyatyeka	<a href="mailto:ttyatyeka@knysna.gov.za">ttyatyeka@knysna.gov.za</a>	Accountant (Operating Budget & Tariff Support)	Project Assistant
Enrique Sabbat	<a href="mailto:esabbat@knysna.gov.za">esabbat@knysna.gov.za</a>	Accountant (Payroll)	Project Assistant
Elsabe Petersen	<a href="mailto:epetersen@knysna.gov.za">epetersen@knysna.gov.za</a>	Data (Financial Systems Administrator)	Data
Jaco Bester	<a href="mailto:jbester@knysna.gov.za">jbester@knysna.gov.za</a>	Information Technology	Acting IT Manager
Fredri Kruger	<a href="mailto:frkruger@knysna.gov.za">frkruger@knysna.gov.za</a>	Supply Chain Manager	SCM Manager
Walter McCartney	<a href="mailto:wmcCartney@knysna.gov.za">wmcCartney@knysna.gov.za</a>	Corporate (Manager: Performance, Internal Audit and Risk Management)	Risk and performance manager
Rod Dunbar	<a href="mailto:rdunbar@rdata.co.za">rdunbar@rdata.co.za</a>	R-Data (Pty) Ltd	Senior Programmer
Rina Dreyer	<a href="mailto:rdreyer@rdata.co.za">rdreyer@rdata.co.za</a>	R-Data (Pty) Ltd	Programmer
Lili Grobler	<a href="mailto:lgrobler@grg.moorestephens.co.za">lgrobler@grg.moorestephens.co.za</a>	Moore Stephens MO Inc.	Project Consultant
Nico de Kock	<a href="mailto:nico@mubesko.co.za">nico@mubesko.co.za</a>	Mubesko Africa CC	Project Consultant



### **3.1 PROJECT IMPLEMENTATION TEAM MEETINGS:**

The mSCOA Project Implementation Team should schedule formal meetings at least once a week, and compile an agenda and meeting minutes, to be maintained as part of the official project records for review purposes.

Team members should prepare for the meetings and contribute within their field of expertise and assigned role, to ensure that full compliance is achieved by 1 July 2017.

### **3.2 VISITORS AND OBSERVERS TO THE MSCOA PROJECT IMPLEMENTATION TEAM MEETINGS:**

The mSCOA Project Implementation Team may allow visitors/observers to attend their meetings, and may invite guests to meetings.

Unless the Team has requested a visitor to make presentation(s) relevant to mSCOA implementation, any such visitor will only be allowed to attend the meeting in the capacity of an observer.

The following will enjoy a permanent invitation to attend meetings as observers:

- The mSCOA Steering Committee;
- The internal audit function of the municipality;
- The risk management function of the municipality;
- The representative of the Auditor-General;
- The representative of National or Provincial Treasury; and
- Any other observers agreed and invited by the Team.

## **4. ROLES AND RESPONSIBILITIES OF THE MSCOA PROJECT IMPLEMENTATION TEAM:**

The responsibilities of the mSCOA Project Implementation Team are as follows:

- A. Prepare a mSCOA Project Implementation Plan including the required activities, allocated responsibilities for execution of the plan, assigned deliverables and acceptance criteria, and





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set timeframes for these deliverables, for submission to the mSCOA Steering Committee for consideration and approval;

- B. Prepare and maintain a mSCOA Project Risk Register detailing the identified project risks, evaluating these and allocating responsibility including mitigating measures, monitoring of the risk and reporting progress within set timeframes, for submission to the mSCOA Steering Committee for consideration and monitoring;
- C. Prepare and maintain a mSCOA Project Issue Log detailing the issues which have been encountered, together with the measures which were employed to address the issues and the results and cost thereof;
- D. To develop a resource plan for the mSCOA implementation project for submission to the mSCOA Steering Committee for consideration and approval;
- E. Regular reporting of the progress, risk register and issue log to the mSCOA Steering Committee for consideration and key decision making;
- F. To execute the approved project implementation plan, including but not limited to:
  - Assign responsibilities to the Project Implementation Team to execute the plan and deliver all the deliverables documented in the plan;
  - Ensure that mSCOA responsibilities are included in the Performance Agreements, Performance Evaluation Templates and other applicable documentation for all team members and other officials as identified by the Project Team,
  - Identify and assign officials responsible and accountable for each of the identified risks, who will mitigate these risks and regularly report on progress;
  - Monitor and report on progress in terms of each of the deliverables and mSCOA Segments and related project activities, within the implementation team and to the mSCOA Steering Committee; and
  - Assist with any risk evaluations, internal or external audit reviews of the mSCOA project.
- G. Ensure organisational awareness of mSCOA by means of internal workshops, information sharing and feedback across the municipality, the various internal committees and the municipal council;
- H. Ensure that mSCOA is adopted as a permanent standing item on the senior management meeting (MANCO) agenda for Tracking Progress and Noting Institutional Risk;



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- I. Oversee regular mSCOA risk assessments, development and updates of a mSCOA risk register, and monitor the implementation of mitigating action plans;
- J. Table a mSCOA progress report, including the updated risk register with the municipal council on a quarterly basis;
- K. Ensure the municipality's current chart is compared on an account by account level to the Municipal Regulations on a Standard Chart of Accounts (Regulations on mSCOA) (all 7 segments). Any anomalies must be documented and a copy provided to the relevant provincial treasury;
- L. Ensure the Function Segment of the Regulations on mSCOA classification framework is matched to the current vote and cost centre structures operational in the municipality. Identify and document any anomalies and provide a copy to the relevant provincial treasury;
- M. Consider the impact of the Regulations on mSCOA on business processes and develop a business process implementation plan to address change, with specific regard to, among others:
  - Impact on municipal Functions (Vote Structure, Internal Operational Work Flows, Costing Methodology, etc.)
  - Impact on Operational and Capital Projects (Setting up Project based Budgeting).

***Only once the National SCOA Project Team has concluded their engagement with all systems vendors in the local government sphere and advised the municipality on the appropriate way forward***

- a. Ensure the assessment of current Information Technology infrastructure requirements and that any modifications are conducted with implementation plans to address current infrastructure needs;
- b. Oversee the appointment process for the accounting and other systems' service provider(s) by means of providing input to the bid specification and evaluation processes;
- c. Review the Service Level Agreement with the successful service provider(s) to ensure that all mSCOA requirements are addressed and value for money is achieved;



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- d. Preparation of a detailed project implementation plan for data conversion and movement to the mSCOA compliant system once the service provider is appointed, with input from all the relevant stakeholders; and
  - e. Facilitate the budgetary planning provisions of mSCOA to ensure that the project is adequately funded for its implementation.
- N. Foster collaboration between the municipality, service providers, National/Provincial Treasury and other key stakeholders through:
- a. Engagement meeting(s) with the Service Provider, clarification of roles and responsibilities, and timeframes;
  - b. Finalise the Memorandum of Agreement (MoA) or Service Level Agreement (SLA) for approval by the municipal manager;
  - c. Establish vendor target dates for converting data and implementation - incorporate into the mSCOA project implementation plan;
  - d. Attend and participate in Vendor forums, user groups and progress meetings;
  - e. Monitor the municipality's implementation progress and compliance against the Regulations on mSCOA, National Treasury and Provincial Treasury communications; and
  - f. Ensure that the Project Manager/ municipality maintains ongoing communications with National and Provincial Treasury during the implementation of the project.

**5. REPORTING:**

The mSCOA secretariat will on behalf of the Project Team (with the input from each member of the project team) quarterly prepare a written report reflecting in a clear and concise manner the progress against the mSCOA project plan, timeframes and mSCOA risk register. The quarterly report must be provided to the municipal manager on/before the 15th of the month following the end of the quarter.



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**6. EACH MEMBER OF THE MSCOA PROJECT IMPLEMENTATION TEAM COMMITS TO:**

- Attend all scheduled mSCOA Project Team meetings and if necessary, with the approval of the Project Manager, nominate a proxy to attend on his/her behalf;
- Make timely decisions and implement the required action plans in order to avoid delays in the project implementation;
- Implement action plans to address issues/obstacles, therefore ensuring the successful implementation of the project;
- Maintain the focus of the Project Team/municipality on the agreed scope, outcomes and benefits;
- Provide monthly/quarterly updates and reports to the Municipal Manager and municipal council on the implementation of the project; and
- To be open and honest and act in the best interest of the municipality in all discussions.

**7. RIGHTS OF MEMBERS OF THE MSCOA PROJECT IMPLEMENTATION TEAM:**

- Each member of the Project Team has the right to be informed of Project Team meetings, in writing and timely;
- Each member of the Project Team has the right to be provided with complete, accurate and meaningful information in a timely manner by respective persons/departments in the municipality relevant to the implementation of the Municipal Regulation on SCOA;
- Each member of the Project Team must be given reasonable time to make key decisions; and
- Each member of the team must be alerted to potential risks and issues that could impact the successful implementation of SCOA, as they arise. It will be the responsibility of the risk owner or any official (for the first time) becoming aware of such risk or issue, to inform the Project Manager/ Administrative Coordinator so that he/ she can inform the Project Team members.



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**8. MEETINGS OF THE PROJECT IMPLEMENTATION TEAM:**

- All meetings of the Project Team will be chaired by the Project manager, Financial Manager, A.K. Sunkar;
- There will only be a quorum present at the Project Implementation Team meeting if 8 members of the mSCOA Project Implementation Team is present/represented;
- The Project Team shall meet, at a minimum, once every week, until complete implementation of the Municipal Regulation on SCOA. As the need arises, the frequency of the meetings may be increased or reduced, as per a formal resolution of the Project Team;
- Decisions will be made by consensus. If not possible, the Municipal Manager shall have the casting vote in determining the final decision of the mSCOA Project Team;
- The secretariat of the mSCOA Project Team will be appointed by the Project Manager and, will be responsible for preparing the agenda, minutes of meetings and supporting documentation;
- The agenda will be set by the secretariat of the mSCOA Project Team in consultation with its team members. Agenda items should be submitted at least one week prior to a meeting unless it is brought to the meeting as an item requiring urgent attention;
- Proposed agenda items should be accompanied by a short description as well as suggested solutions and relevant documentation (if any); and
- Notice of Project Team meetings must be provided in writing 5 working days before each meeting and must include the proposed agenda and the relevant project documentation.

**9. CODE OF CONDUCT OF MSCOA PROJECT IMPLEMENTATION TEAM MEMBERS:**

- Members should agree to the written assignment of these duties and diligently perform same to achieve compliance with the regulations;
- Members should act in good faith in the best interests of the municipality at all times;
- Members should promptly complete all assigned duties and tasks;
- Members should compile and submit required documentation and reports timely for review by the Project Implementation Team before submission for approval to the same;
- Members should assist the steering committee in the execution of their oversight duty;



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- Members should assist the risk managers, internal and external auditors and provide all records and documentation requested by them for review and oversight purposes;
- Members should actively participate in all forums, training and capacity building initiatives applicable to the execution of this project; and
- Members should be advocates for change across the municipality and share their knowledge and experience in a positive and inspiring way.

**10. AMENDMENT, MODIFICATION OR VARIATION OF THE TERMS OF REFERENCE:**

This Terms of Reference may be amended, varied or modified in writing only after consultation and agreement by the mSCOA Project Team members and in consultation with the Municipal Manager/ project sponsor/ mSCOA Steering Committee.



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### APPENDIX C

## Risk Register - mSCOA Project

Identification and Assessment of Risks										
Reference					Linkage with IDP and SDEIP				Detailed risk	
Original Master Ref	Directorate Ref	Directorate	Department	Section	Strategic Focus Area	Strategic Objective	Priority	KPI	Detailed risk	Background (Scope, nature and root cause of risk)
		2. Financial Services	2.2 Budget Office	2.2.4 Data	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Negligence and non co-operative to the implementation of the programme.	Lack of clarity of what Scoa programme is meant to achieve
		2. Financial Services	2.2 Budget Office	2. Financial Services	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	The impact on skills and capacity	1. Refusal of training by non finance staff to understand the financial entries.
		2. Financial Services	2.2 Budget Office	2.2.4 Data	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Disalignment of current votes with Scoa votes	Data cleansing / transfer
		2. Financial Services	2.2 Budget Office	2. Financial Services	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Extent of process and systems can result on programme delay	
		2. Financial Services	5.3 Protection Services	2. Financial Services	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Roles and responsibilities not understood -	Scoa organisational structure varies to Knysna's current structure
		2. Financial Services	2.2 Budget Office	2. Financial Services	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Lack of accountability that results from mScoa leading team that results in ineffectiveness.	Insufficient individuals in certain divisions to attend to mScoa matters other than the financial departmental
		2. Financial Services	2.2 Budget Office	2. Financial Services	SFA3: Municipal Financial Viability & Transformation	SO6: To ensure a municipality that is committee to an innovative approach, prudent investment of public funds, good governance, financial viability and optimal institutional transformation that accommodates diversity in service delivery.	PR12: Sound Financial Planning	BTO: Ensure that mScoa is implemented by July 2015	Potential interruption of business processes halting service delivery	Unsuccessful system changes.



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Treatment of Risks																
Risk Category	Risk strategy and current controls							Changes to desired control effectiveness					Action plan			
	Risk Strategy	Current Control / Risk Treatment	Control Type	Perceived Control Effectiveness	Control Effectiveness Factor	Residual Risk Rating	Residual Risk Magnitude	Desired Control Effectiveness	Desired Control Effectiveness (%factor)	Desired Residual Risk Rating	Desired Residual Risk Magnitude	Control Gap	Control Improvement	Date of planned Implementation	Action Plan Owner	Implementation Status
Human Resources (Internal)	Reducing		Preventative	Unsatisfactory	100	-	Low	Very good	20	-	Low	-				Operating effectively
Knowledge and Information Management (Internal)	Accepting		Preventative	Good	40	-	Low	Very good	20	-	Low	-				Implementation in progress - 25%
Knowledge and Information Management (Internal)	Reducing		Detective	Weak	80	-	Low	Very good	20	-	Low	-				Implementation in progress - 50%
Service delivery (Internal)	Exploiting		Preventative	Unsatisfactory	100	-	Low	Very good	20	-	Low	-				Implementation in progress - 75%
Knowledge and Information Management (Internal)	Reducing		Corrective	Very good	20	-	Low	Very good	20	-	Low	-				Not yet started
Knowledge and Information Management (Internal)	Accepting		Preventative	Satisfactory	65	-	Low	Very good	20	-	Low	-				Not indicated
Service delivery (Internal)					100	-	Low		100	-	Low	-				





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### APPENDIX D

## KPIs - mSCOA Project

KPI	Top layer	Unit of measurement	Source of evidence	Baseline	Target			
					Quater1	Quater2	Quater3	Quater4
<b>mScoa</b>								
Ensure integration between current KM organisational structure with mScoa	✓	Integrated organisational structure be submitted to council	Council Resolution/Agenda /Minutes	New performance indicator			✓	
2016/2017 budget to be prepared in accordance with SCOA	✓	Compilation of budget in accordance with SCOA	The approved budget	New performance indicator				✓
Develop an mScoa implementation plan		The MM be part of the appointment of the steering Committee	Agenda/Minutes of meeting/ Approved plan	New performance indicator		✓		
Appoint an mScoa steering committee and project manager		Review and asses the effectiveness of mScoa by 6/30/2016	Appointment letters/Minutes of meeting	New performance indicator		✓		
Refinement of current accounting system conversion to mScoa compliant accounting system		No of reports submitted	Reports from the users of mSCOA	New performance indicator				✓
Quarterly reporting to the CFO, MM & Prv Treasury on the Monitoring & Evaluation on SCOA			Acknowledgement of receipt of the report/email as proof	New performance indicator	✓	✓	✓	✓
Ensure compliance with mScoa Regulations		Zero findings in the Auditor General's report on non-compliance with mScoa regulations	Report from Auditor General with zero findings	New performance indicator				✓
Possible changes in future financial reporting formats		Financial reports considered free from material misstatements as per Auditor General report	Report from Auditor General	New performance indicator				✓



## APPENDIX E

### Full Asset Life Cycle Management Including Maintenance Management

All asset transaction types must be accommodated in a flexible manner to accommodate future expansion within the SCOA framework. An audit Trail, with an enquiry facility into the audit trail, of all movement within these files is a requirement. The ‘asset management system’ module should:

Legislative or Business Requirement	System / Applications minimum functionality	Target Date
Subject to the existing legislative and generally recognized accounting practice (GRAP) requirements. It should also include the NERSA Regulatory Reporting Manual (RAM) classification as well as the Department of Water Affairs (DWA) in order for the municipality to comply with NERSA and DWA requirements.	Manage the full asset life cycle;	Current to June 2017
	Manage the contract and build phase of the project by registering the component and rolling the accounting transaction up to the work-in-progress (WIP);	
	Immediately after a completion certificate is received, unbundle assets and maintain the parent-child relationship between the main asset and its components;	
	Enable <i>table-to-floor</i> inspection sheets (electronic devices are preferred) as well as <i>floor-to-table</i> look-up methodologies;	
	Host the insurance register and constantly update the portfolio as new assets are purchased or if there is progress on the value of work-in-progress (WIP);	
	Compile and monitor expenditure against the asset maintenance plans;	
	Integration to billing systems to monitor investment properties and valuation inconsistencies;	
	Utilise the billing system functionality to ensure ownership of land and buildings to the deeds register;	
	Integration of the electronic scanning and verification device. The purpose is to ensure annual verification and conditional assessment with GPS co-ordinate capturing to the nearest extent possible; and	



## PROJECT MANAGEMENT PLAN KNYSNA MUNICIPAL STANDARD CHART OF ACCOUNTS

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	Seamless integration with a Geographical Information System (GIS) or alternative mapping enabled graphical user interphase.	Current to June 2017
Identification of Assets	Ability to identify and track assets in a hierarchy structure of departments, locations, components and sub-components.	
	Define Cost Centres, Work Centres, assigning of re-servicing the equipment to an individual.	
	Allow for criticality rating to be assignable to each asset via the risk assessment model.	
	Ability to link movable assets to third party asset tracking systems.	
Maintenance Strategies	Must be able to configure different strategies.	
	Ability to attach and insert links to Technical Documentation throughout the maintenance module.	
	Must cater for a master maintenance schedule with reporting of 'maintenance done'.	
	Must be able to indicate the lifespan of equipment for replacement budgeting purposes.	
	Must be able to track warranty periods by components.	
	Support call centre notifications and maintenance of assets with integrated workflow.	
Fleet Management	Fleet Management system.	
Fleet Tracking	Fleet Tracking system.	
An Asset management sub-ledger budget module that as a minimum:	Allows budgeting for "new capital" projects requested in the integrated development plan (IDP).	
	Anticipates completion and subsequent operational costs of these "new capital" projects.	
	Calculates existing and anticipates new planned assets' maintenance, insurance and a percentage of "un-planned" maintenance.	
	Calculates depreciation, taking into account the impact of major repairs.	
	Calculates profit or loss on planned disposals.	
	Provides for a (contract) retention payment schedule.	



## PROJECT MANAGEMENT PLAN KNYSNA MUNICIPAL STANDARD CHART OF ACCOUNTS

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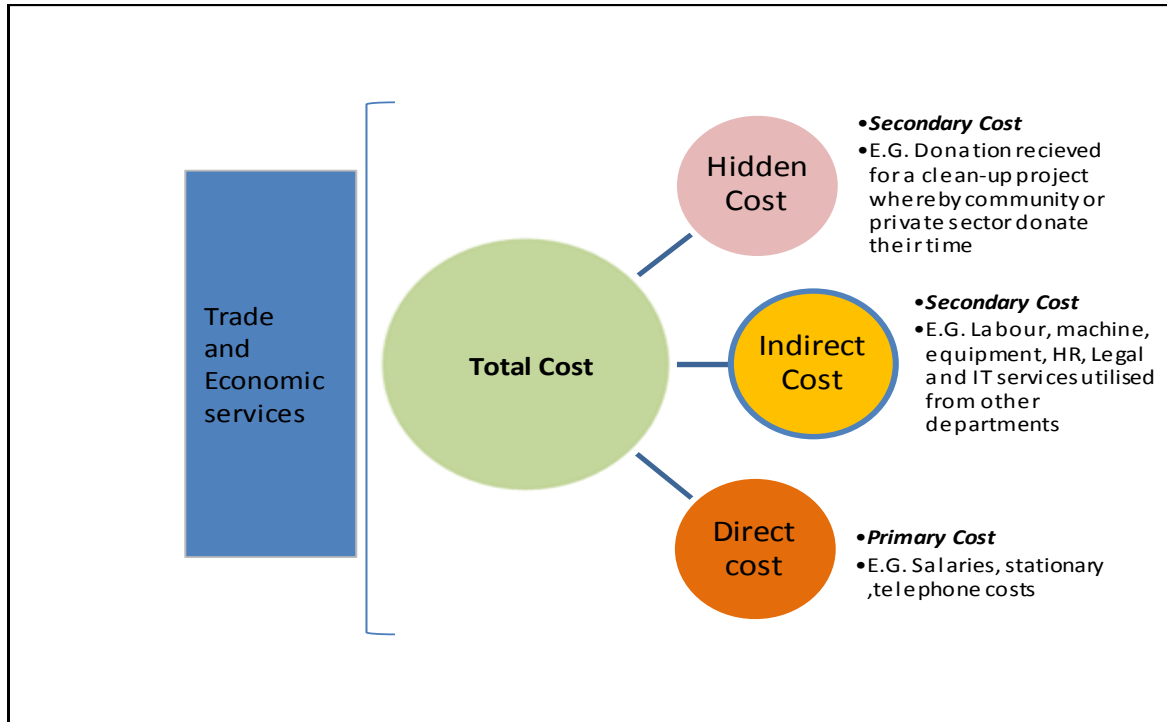
Provides for grant and work-in-progress (WIP) or contract management payment schedules to assist the main budget module with its forecasting and cash flow management.
Supplies the general ledger's main budget module planned budgets with the full mSCOA segments as a budget line. This functionality should be able to provide this for both expenditure and balance sheet items.
Provide the asset maintenance plan.



**APPENDIX F**

Costing segment

Elements of accounting for costs



No.	Steps	Timeframe
1	Determine that the applicable cost principles (stated in the Circulars) are followed.	
2	Review the organization chart for a visual picture of the flow of responsibility, identification of areas of common costs, and the location of those areas in which municipal-funded activity exists	



**PROJECT MANAGEMENT PLAN**  
**KNYSNA MUNICIPAL STANDARD CHART OF ACCOUNTS**

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3	Review the financial statements and audit report for any indication of activities which may have an impact on indirect costs i.e., conditional grant expenditure or the existence of an affiliated organization receiving supportive service from the municipality.	30 June 2016
4	Determine that the itemized costs in the indirect cost pool pertain to functions that are supportive of all direct activity.	
5	Determine that costs that are statutorily unallowable, or for reasons of non-allocability, have been eliminated from the indirect cost pool. Determine whether these unallowable or non-allocable items should be added to the distribution/allocation base.	
6	Review and analyze direct costs for the determination of:  6.1 Consistency in charging specific items of cost.  6.2 The selection of an appropriate base for allocating indirect costs.	
7	Review the contract/grant agreements, etc for a determination of: (if deemed feasible under the circumstances)  7.1 The direct funding of indirect costs.  7.2 Any limitations placed upon the full recovery of indirect costs,  7.3 Total municipal funds involved.	
8	Check with the appropriate senior management for any problems he/she may be aware of relating to the charging of costs.	
9	Identify the most appropriate cost drivers for each activity to be costed to the CGUs.	