



# PIXLEY ka SEME

DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY  
U-MASIPALA WENGINGQI

## 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

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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 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 01/10/2015 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:

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/Development;
- 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:

NAME:	TITLE:	DEPARTMENT/ UNIT	ROLE:
Mr RE Pieterse	Municipal Manager	Municipal Manager	Chair person
Mr BF James	Chief Financial Services	Financial Services	mScoa Advisor
Mr TA Loko	Sen Mngr Corporate Services	Corporate Services	Advisor
Mr DJ Fourie	Deputy Director Financial Services	Financial Services	mScoaProject Manager
Ms PJ Jack	Unit Manager: BTO Office	Financial Services	mScoa Implementation
Mr HP Greeff	Sen Mngr Development	Development	Advisor
Ms RA Sors	CIA	Internal Audit	Observer

#### 3.1 Steering Committee Meetings:

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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 mSCOA 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
- Notice of mSCOA Steering Committee meetings must be provided in writing one working day 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.

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#### 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
  - 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 , 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

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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
- 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:

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- 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.

**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.

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Chairperson: RE Pieterse

Municipal Manager

30 November 2015