



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

SCOA Integrated Consultative Forum: City of Cape Town SCOA experience

19 September 2014

Making progress possible. **Together.**

AGENDA

Approach in consideration of SCOA prior to regulation

Lessons learnt

Approach to SCOA implementation

Approach in consideration of SCOA prior to regulation

Approach in consideration of SCOA prior to regulation

Appointment of a SCOA champion

- Key contact on SCOA matters with National Treasury
- SCOA Project Sponsor
- Liaison with other municipalities on SCOA framework

Structuring of workshops

- Based on business processes
- See detailed slides

Identification of who needs to be part of these workshops

- Municipal Treasury Department
- Municipal Budgets Department
- Financial Manager – each Directorate
- System representation for each business process

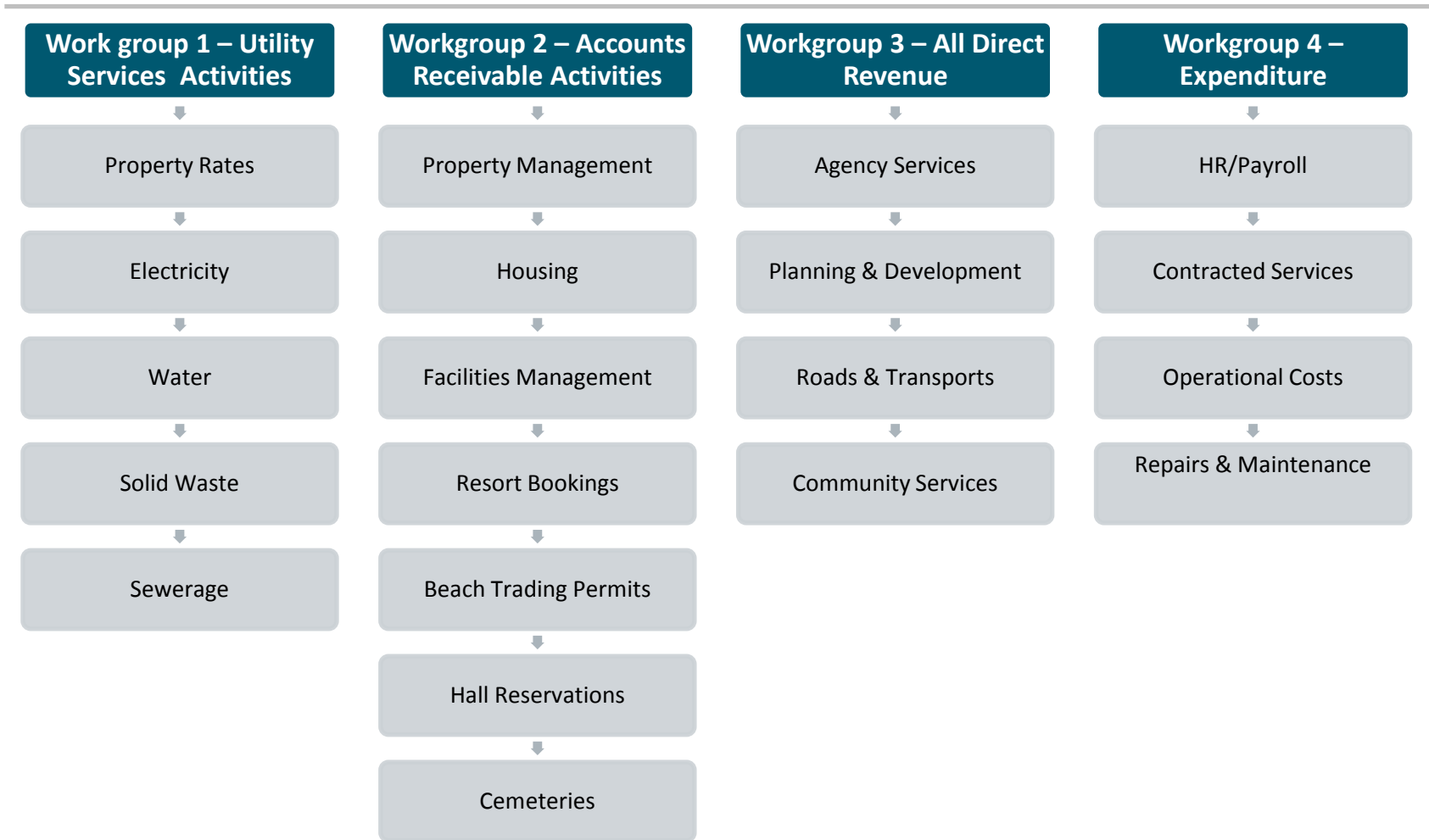
The road so far

- Various engagement sessions with National Treasury in 2013.
- Detailed City of Cape Town workshops conducted in October/November 2013.

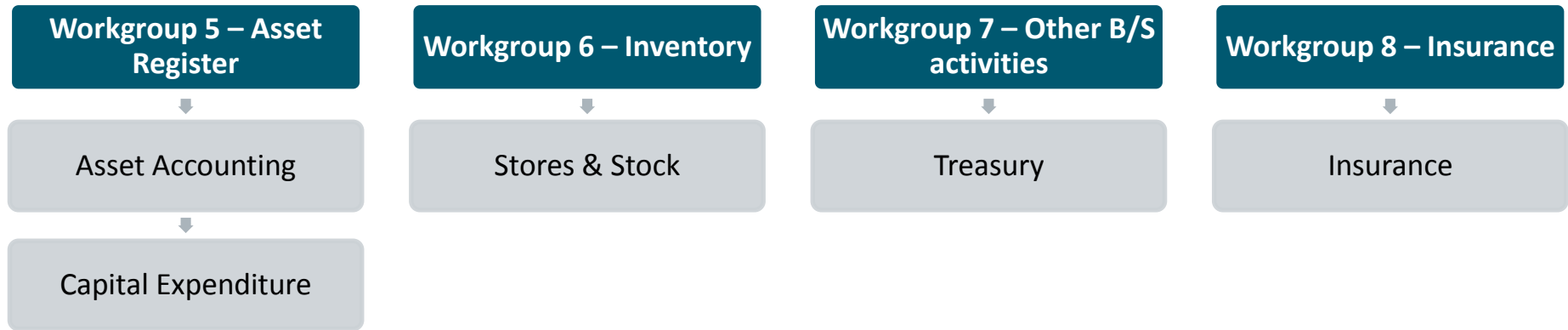


- SCOA formal feedback submitted to National Treasury on the 2nd of December 2013.
- National Treasury delivered an updated SCOA version 5 based on comments/inputs received from various stakeholders.
- On 22 April 2014 the Municipal Regulations on Standard Chart of Accounts was published in [Government Gazette no 37577](#).

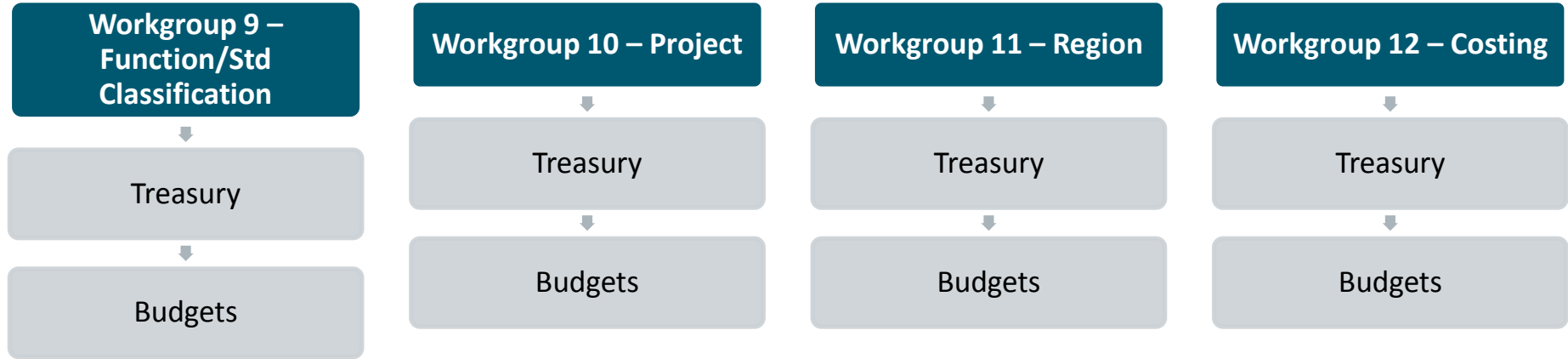
Workshops Structure



Workshops Structure



Workshops Structure



Workshop objectives

- SCOA Overview & timelines
- Review the City of Cape Town's current account structure
- Review the SCOA proposed structure
- Compare structures & document differences
- Assign the City of Cape Town's general ledger accounts to the SCOA posting items
- Identify new general ledger accounts to be created
- Agree on SCOA compliance & feedback to National Treasury

System enablers

Project	Description	Status
FICA Control accounts	<ul style="list-style-type: none"> • Implemented new Debtor control accounts per service • Implemented new VAT accounts per service • Implemented new Debtors reclassification per service • Fulfil SCOA compliance on certain Balance Sheet requirements 	✓ (March 2014)
Company Code Merge	<ul style="list-style-type: none"> • Alignment of system structures in preparation for SCOA 	✓ (April 2014)
Finance Structures Project	<ul style="list-style-type: none"> • Implemented 1 to 1 relationship between cost centers and profit centers • Alignment to SCOA requirements on function segment 	✓ (July 2014)
Finance Structures Project	<ul style="list-style-type: none"> • Migration to SAP New General Ledger • Full financial statements on a profit center level • Remove the dependency on the Business Area object in SAP • Alignment of system structures in preparation for SCOA • Profit Center will be a key reporting object for the 7 SCOA segments 	22 Nov 2014

Lessons Learnt



Lessons Learnt

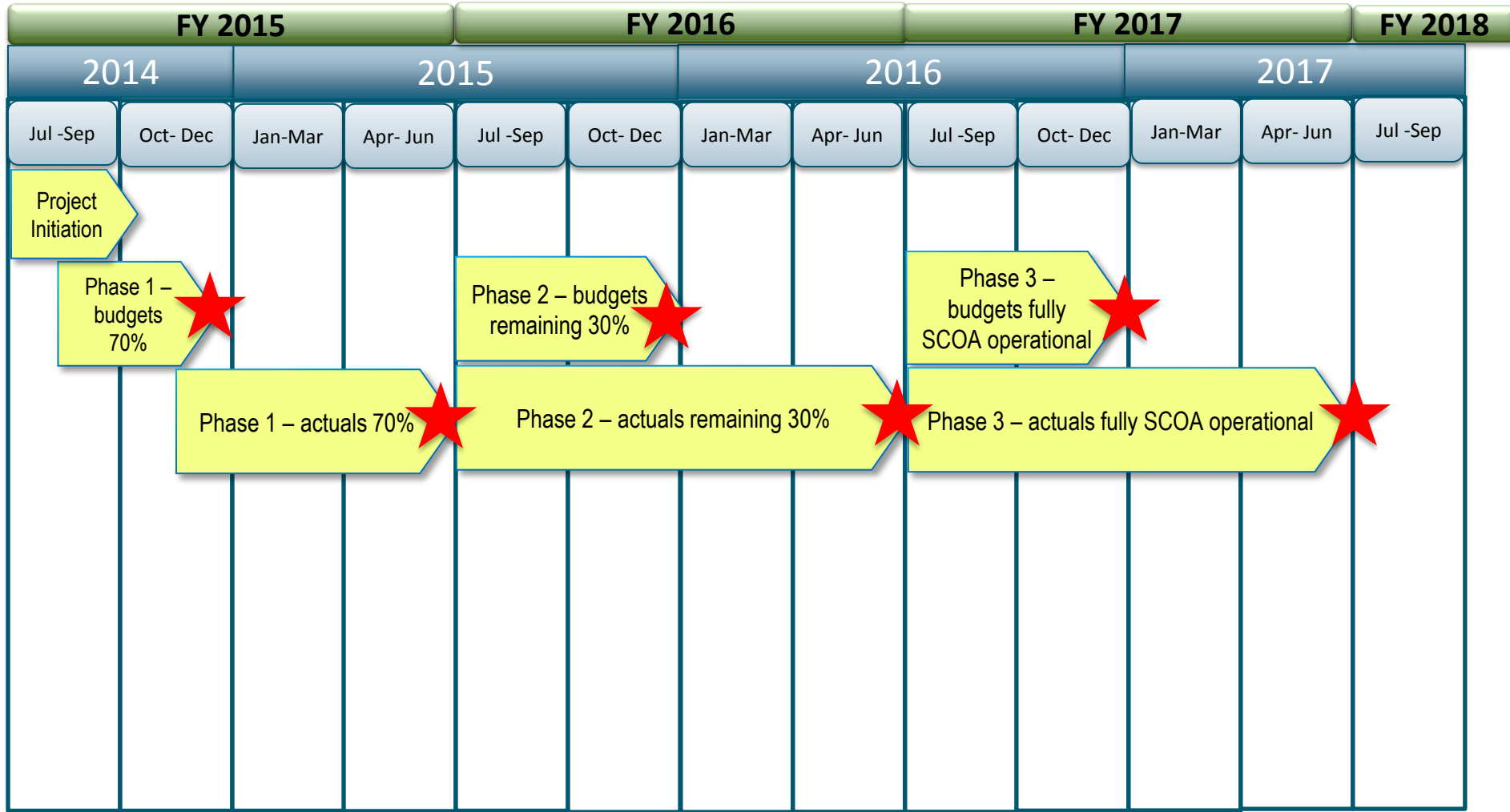
- Corporate buy-in was paramount to progress to date
 - Political (Mayor), City Manager, executive management
 - Briefed extensively and formalised project endorsement internally
- Continuous and close liaison with NT SCOA team and internal culture of “we’ll contribute positively and implement successfully, whatever it takes”
- Identifying and implementing system enablers early in the process, proven to be valuable.
- The SCOA detailed analysis was extremely time consuming, but absolutely necessary to gain a full understanding of the SCOA framework.
- The workshops was structured in realistic and sensible components – if not people will lose interest when the topics are not relevant to them.
- It was critical to stress the importance of attending the workshop – maybe request senior management to issue a directive for attendance.
- Get the relevant people involved right up front
- Everyone did their preparation work prior to the workshops and contributed activity to the discussions.

Approach to SCOA implementation

Pilot Approach

- **Phase 1: SCOA Piloting = 70% compliance (budgets & actuals)**
 - This phase will aim to address 70% of the SCOA compliance requirements, by way of system changes, business process changes and change management.
- **Phase 2: SCOA Piloting = 30% remainder compliance (budgets & actuals)**
 - This phase will aim to address 30% of the remaining SCOA compliance requirements, by way of system changes, business process changes and change management. During this phase complex business processes and system changes which require a longer implementation period will be finalised.
- **Phase 3: Full SCOA operational compliance (budgets & actuals)**
 - In this phase the City of Cape Town needs to be fully SCOA operational and compliant.

City of Cape Town: SCOA Pilot Timelines



High Level Scope – Pilot implementation

SCOA Pilot Phase 1 = target 70% SCOA compliance		SCOA Pilot Phase 2 = remainder 30% SCOA compliance		Full SCOA Operational compliance	
---	--	--	--	----------------------------------	--

Budget		Actuals		Budget		Actuals	
Oct 2014		Jul 2015		Oct 2015		Jul 2016	
<ul style="list-style-type: none"> • Compare SCOA versions 4 & 5 • Identify new accounts • Create new GL accounts • Update budget guidelines • Balance Sheet Planning on Profit Center 		<ul style="list-style-type: none"> • System config & developments • Automatic account assignments • Master data updates • NT reporting formats • Portal access for NT 		<ul style="list-style-type: none"> • Treatment of operational projects • Reporting drill-down functionality • Refine system config, reports , user access & developments to address 30% non-compliance 		<ul style="list-style-type: none"> • Refine system config, reports , user access & developments to address 30% non-compliance • Compile AFS reporting formats aligned to SCOA • SCOA internal controls 	
						<ul style="list-style-type: none"> • Budgets fully aligned with SCOA classification framework 	
						<ul style="list-style-type: none"> • Actuals fully aligned with SCOA classification framework 	



High level scope



SYSTEM:

- New General Ledger Accounts
- Changes to budgeting & planning system
- Changes and developments to SAP system
- New reports for National Treasury
- System master data updates
- System portal access for National Treasury
- Accommodate for system data growth



PROCESS:

- Changes to Business Processes
- Changes to Budget Guidelines
- Changes to General Ledger Account definitions



PEOPLE:

- Change Management
- Training
- Knowledge sharing
- Consistent interpretation of SCOA regulations





**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

Thank You

For queries contact Johan.Steyl@capetown.gov.za

Making progress possible. Together.