

# mSCOA Version 5.4, Data extraction (LG Database), and focus of mSCOA Project Phase 4 (leading to June 2016)

Presented by National Treasury – 1 December 2015



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# mSCOA Version 5.4



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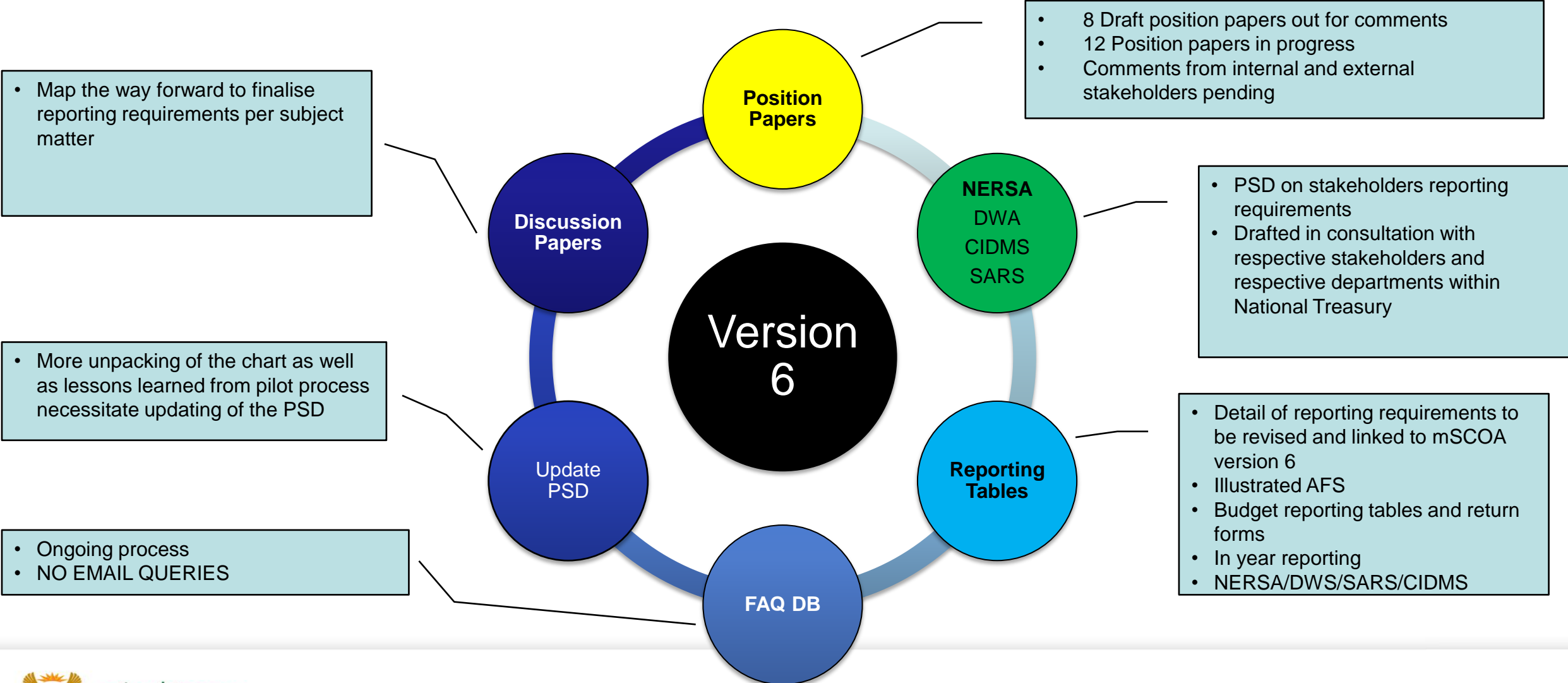
- mSCOA Version 5.4 released on 17 Nov 2015 (there have been anomalies that have been corrected since then).
- Significant refinement from mSCOA Version 5.3 (over 5000 corrections, amendments, realign and additions).
- Changes to Segments informed by:
  - Projects
    - Updating of capital projects
    - Expansion on repairs and maintenance; a significant focus area going forward (operational project budgeting)
    - Updating Typical Work Streams
    - Adding Operational Infrastructure Projects
  - Functions
    - Change how we indicate providing for breakdown to accommodate for adoption of Function/Sub Function and MSC (if applicable)
  - Funding
    - Accommodating FAQ requests
  - Items
    - Changes in assets, depreciation and impairment
    - Accommodate FAQ requests
  - Costing
    - Split Recoveries and Charges
  - Region
    - Accommodate requests aligned to municipal own circumstances (extremely limited movement)

**Please take note that a summary of the changes per Segment is attached as Annexure A to this presentation!**

# Anticipated changes informing locked mSCOA Version 6

- **Regional indicators** to be set-up as default based on the Demarcation Act i.e wards
- Posting levels to be refined for **Transfers and Subsidies** - Provincial Transfers and District Municipalities (refer to mSCOA Circular 4 to be issued in due course)
- Posting levels to be defined for **Agency Services**
- Any changes identified from the compilation and finalisation of **Discussion Papers** to ensure that sufficient provision has been made in all material respects for the classifications to support presentation and disclosures in compliance with the **Standards of GRAP**.
- Provide for any matters that may be identified from defining the reporting formats envisage for **post mSCOA implementation** (accountability cycle alignment i.e. MBRR, IYR and AFS).
- Any matters identified as relevant from the **FAQ DB requests**.
- Potentially changes to align mSCOA to the Cities Infrastructure Development Management System (**CIDMS**).
- **VAT indicators** and considerations may require further refining in posting level accounts.
- **NERSA/DWS** reporting requirements to be finalised to the maximum extent possible.

# Key technical considerations leading to locked mSCOA Version 6



# Position and discussion papers – Progress to date

|   |   |  |   |                              |
|---|---|--|---|------------------------------|
| Cost of Free basic Services/Revenue Foregone* | Reporting*  | General Ledger Detail versus Sub-systems | Materiality and Reporting   | Municipal Entities           |
| Month/Year End Closure                        | Transfers and Subsidies versus Operational Payments | Funds and Reserves*                      | Posting Level versus Breakdown Allowed                                      | Impermissible Rates          |
| Internal Audit*                               | External Audit*                                     | Mergers: Changes in Demarcation Act      | Main Ledger Transactions  | Exchange versus Non-exchange |
| SARS<br>NERSA<br>DWS<br>CIDMS                 | Non Financial Information                           | Water Balance Reporting*                 | Comparatives, Restatements, Prior Period Errors and Historical Information* | Debt Impairment/Write-off*   |



# Way forward

- Next release planned for first quarter of 2016 – ***intention is to release locked Version 6!***
- Currently in the process of developing **SQL maintenance and version control database**. Development in progress based on mSCOA Version 5.4 and finalised with the next release of the chart (No excel!)
- Maintenance of the chart:
  - Chart will be loaded in database;
  - Maintenance will incorporate work flow and change approvals (governance structures);
  - All changes will be logged in an audit file across Versions;
  - Approved changes will be available immediately after approval by mSCOA Steering Committee
- Importantly, it's the opinion of the National Treasury (mSCOA Technical Committee and mSCOA Steering Committee) that Version 5.4 has evolved to 99.9 per cent finalised.
- **Design principle changes will not be entertained and considered as part of the FAQ (individual opinion based)**

# Data Extraction and the Local Government Database....*a strategic objective of mSCOA*



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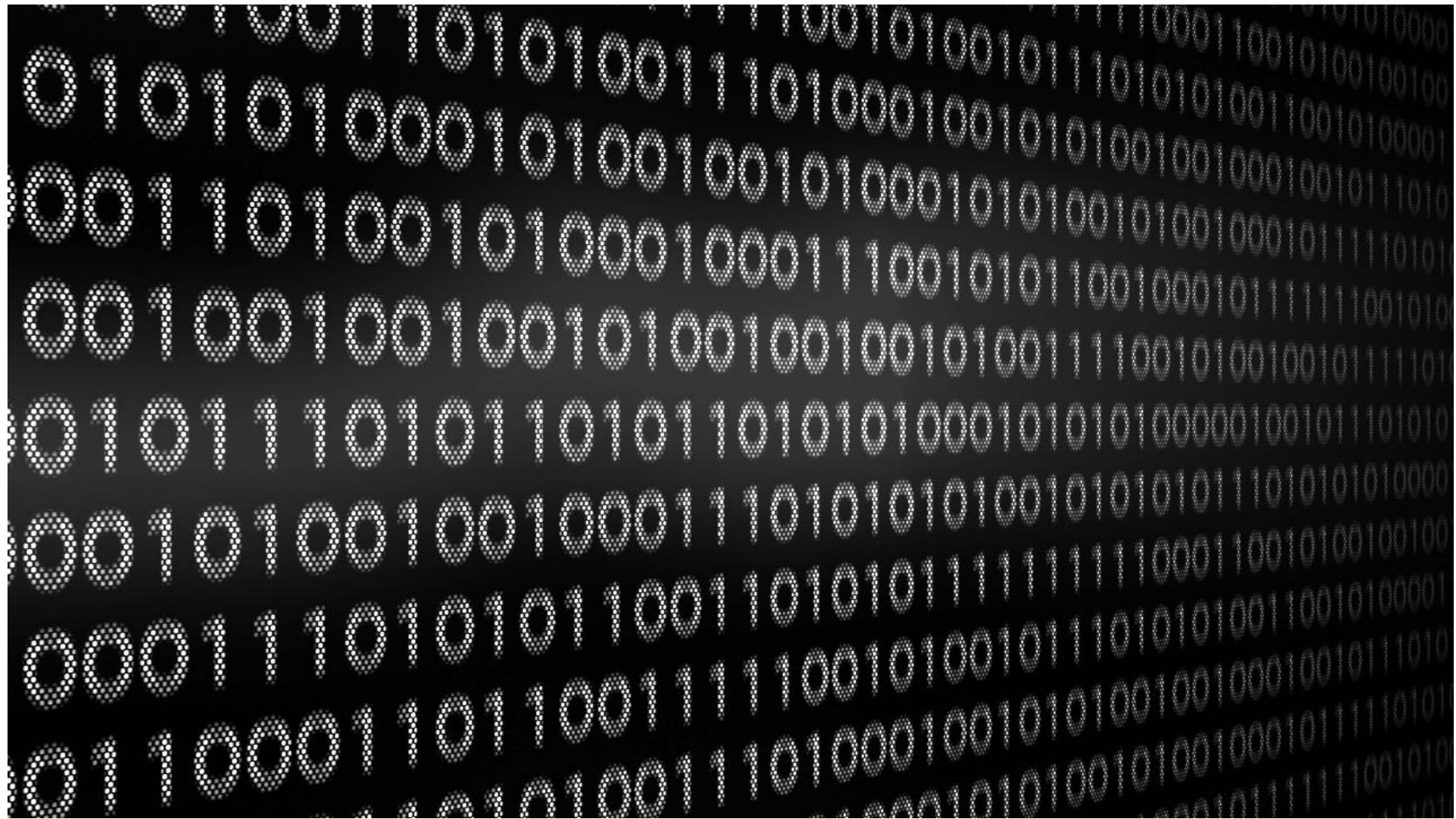
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# What is required?



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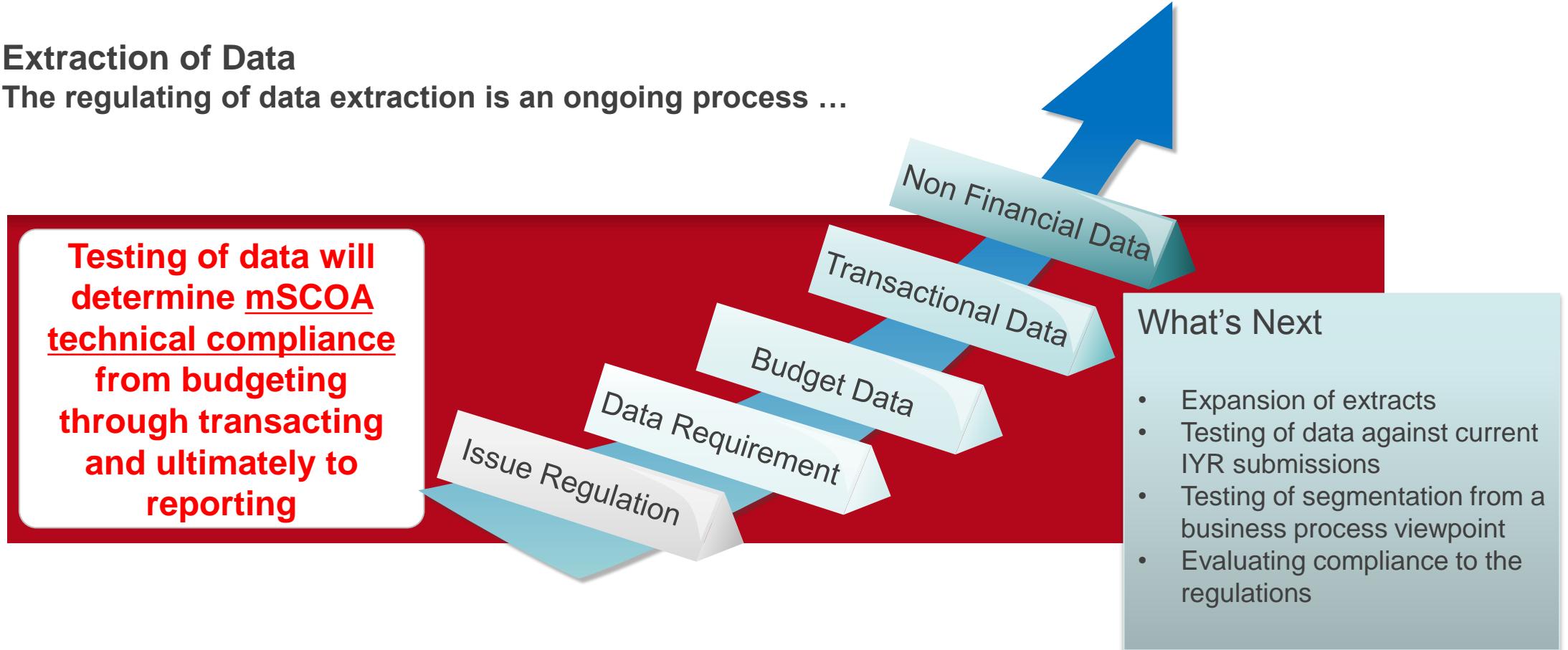
# Current Status

- Not all pilot municipalities are able to provide NT, as per regulation, the transactional data string on a monthly basis.
- According to our records, only one pilot municipality successfully uploaded months 1 to 4 through the portal. Several other data submissions were received by email, but this is not in accordance with the regulation – We do acknowledge that further development is required to the LG Data Portal.
- Some service providers have not finalised functionality to empower the pilot municipalities with the solution to upload their data, pending finalisation of requirements.
- Problems with uploaded data exists:
  - The file layouts are not in the prescribed file format, resulting in the verification system rejecting the upload file;
  - File content not complete as per requirements resulting in rejections;
  - Connectivity could be a problematic (i.e. remote municipalities) but in conjunction with municipalities the service providers should provide solutions; and
  - Accounting Officers are mandated to upload data as per the Regulation, however, system providers must avail a dashboard (or similar functionality) for the accounting officer to verify data integrity as well as to update the data seamlessly...***an extremely important functional requirement to ensure accountability vests with the municipality!***

# Data Extraction Progress

## Extraction of Data

The regulating of data extraction is an ongoing process ...



# General requirements

- In terms of the Regulation, section (2)(c) provides for portal access by the National Treasury (NT) and is defined as the means to obtain and collate the transactional mSCOA general ledger data and financial information.
- The new LG Data **Upload portal** is the interface for the providing of data in the mSCOA Segment detail (6 Segments), consistently across all municipalities and municipal entities to a central database at National Treasury for extraction, collation, and reporting.
- Data extractions will require the mSCOA general ledger to be derived from the traditional general ledger in combination with the sub-ledger or sub-systems as defined above regardless of an integrated system, core financial system, bespoke or sub-systems in operation at the respective municipalities.
- The submission of supporting documents on the LG Data Upload portal requires that the content of the document may only be that of the document and not include other documents. The selected document should therefore not be a combined document.
- Delegation process at the municipalities to submit data file and supporting documents to be determined.

# Data requirements

- Frequency of data will depend on the data submission type
  - Budgets generally once a year (different types)
  - Transactions generally every month
  - Non-financial information generally quarterly
- Period control
  - Monthly submissions must be done for calendar month
  - **No back-dating of historical information allowed**
  - Period 12 will update opening balance transaction in July
  - Period 13 – pre-audit – changes in closing balances will update separate opening balance transactions in the open period that the transaction happens
  - Period 14 – post-audit – changes in closing balance will also update opening balances as separate transactions in the open period that the transaction happens
  - Period 15 – Restatement of previous period errors

# Budget and transactional data uploads

- Budget uploads:
  - TABB – Tabled Budget
  - ORGB – Original Budget
  - ADJB – Adjusted Budget
- Transactions uploads:
  - Monthly submissions MO1 – M12
  - Virements included
  - Month 13,14 and 15 (M13, M14, M15) must be uploaded separately
  - Closed period data may not change, even if some integration was not done (ie. salary not integrated)
  - MUST be uploaded by the 10<sup>th</sup> working day

**NB: All pilot municipalities must submit the budget and transactional data as per mSCOA for periods 1 to 6 (July to December 2015) by no later than 31 January 2016 – Reconciled to the municipalities normal submissions. Importantly, from a National Treasury perspective mSCOA technical compliancy will be determined through this requirement!**

# File layouts

- File layout:
  - Pipe delimited (|) no headings
  - Columns:
    - *Demarcation code*
    - *Financial Year*
    - *Transaction Category*
    - *Project segment* (guid or long code)
    - *Function segment* (guid or long code)
    - *Item segment* (guid or long code)
    - *Fund segment* (guid or long code)
    - *Costing segment* (guid or long code)
    - *Region segment* (guid or long code)
    - *Amount*

# Typical data file for approved layout – Successful upload through LG Data Portal

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WC032|2016|M01|48bd1142-4e52-4549-89cd-67fd83a213bc|1739c5e7-d29a-407c-b922-ce8475040e73|b23abe1e-5e6e-4c6f-bf53-8cf292c25e73|9257bcbd-f49b-4d57-8ec1-5792780d80fd|47c7ba65-c270-4a7f-91ba-3842eb629ddf|f20dcedd-9f24-46cd-ab13-e646bcea26e5|1760  
WC032|2016|M01|48bd1142-4e52-4549-89cd-67fd83a213bc|1739c5e7-d29a-407c-b922-ce8475040e73|b4cfc96d-30c7-4f4a-a75b-c798e5cf1818|9257bcbd-f49b-4d57-8ec1-5792780d80fd|47c7ba65-c270-4a7f-91ba-3842eb629ddf|f20dcedd-9f24-46cd-ab13-e646bcea26e5|1041575  
WC032|2016|M01|48bd1142-4e52-4549-89cd-67fd83a213bc|1739c5e7-d29a-407c-b922-ce8475040e73|b51e2dcf-64f8-4c95-9361-ef9d93a076f4f|9257bcbd-f49b-4d57-8ec1-5792780d80fd|47c7ba65-c270-4a7f-91ba-3842eb629ddf|f20dcedd-9f24-46cd-ab13-e646bcea26e5|8622  
WC032|2016|M01|48bd1142-4e52-4549-89cd-67fd83a213bc|1739c5e7-d29a-407c-b922-ce8475040e73|b6792f2f-0283-4a10-a1f9-87a50e1633f5|9257bcbd-f49b-4d57-8ec1-5792780d80fd|47c7ba65-c270-4a7f-91ba-3842eb629ddf|f20dcedd-9f24-46cd-ab13-e646bcea26e5|21590  
WC032|2016|M01|48bd1142-4e52-4549-89cd-67fd83a213bc|1739c5e7-d29a-407c-b922-ce8475040e73|b8bb0470-cd2b-465b-91d6-bce51ffa4911|9257bcbd-f49b-4d57-8ec1-5792780d80fd|47c7ba65-c270-4a7f-91ba-3842eb629ddf|f20dcedd-9f24-46cd-ab13-e646bcea26e5|2575

# Non-financial data and supporting documents

- Section 71 and 72 and all other required reporting information must be uploaded onto the portal including MBRR.
- Systems / sub-systems should carry all non-financial information and avail such information for extraction when required – **part of the modernization of Data Extraction Portal (development)**.
- Focus must stay on integration between the sub-systems and main financial system.
- The extraction layout will be the same as the current excel submission files.
- The frequency of reporting will remain the same as currently.
- **Please note that the current reporting requirements (MBRR, IYR, AFS) based on the current LG Database remains in place - STATUS QUO!!!**
- Supporting documents must be uploaded through the portal. (See Annexure B for list of all required supporting documents)
- Documents already emailed to NT must be uploaded in order for NT to do the necessary portal verification and testing.

What's next...



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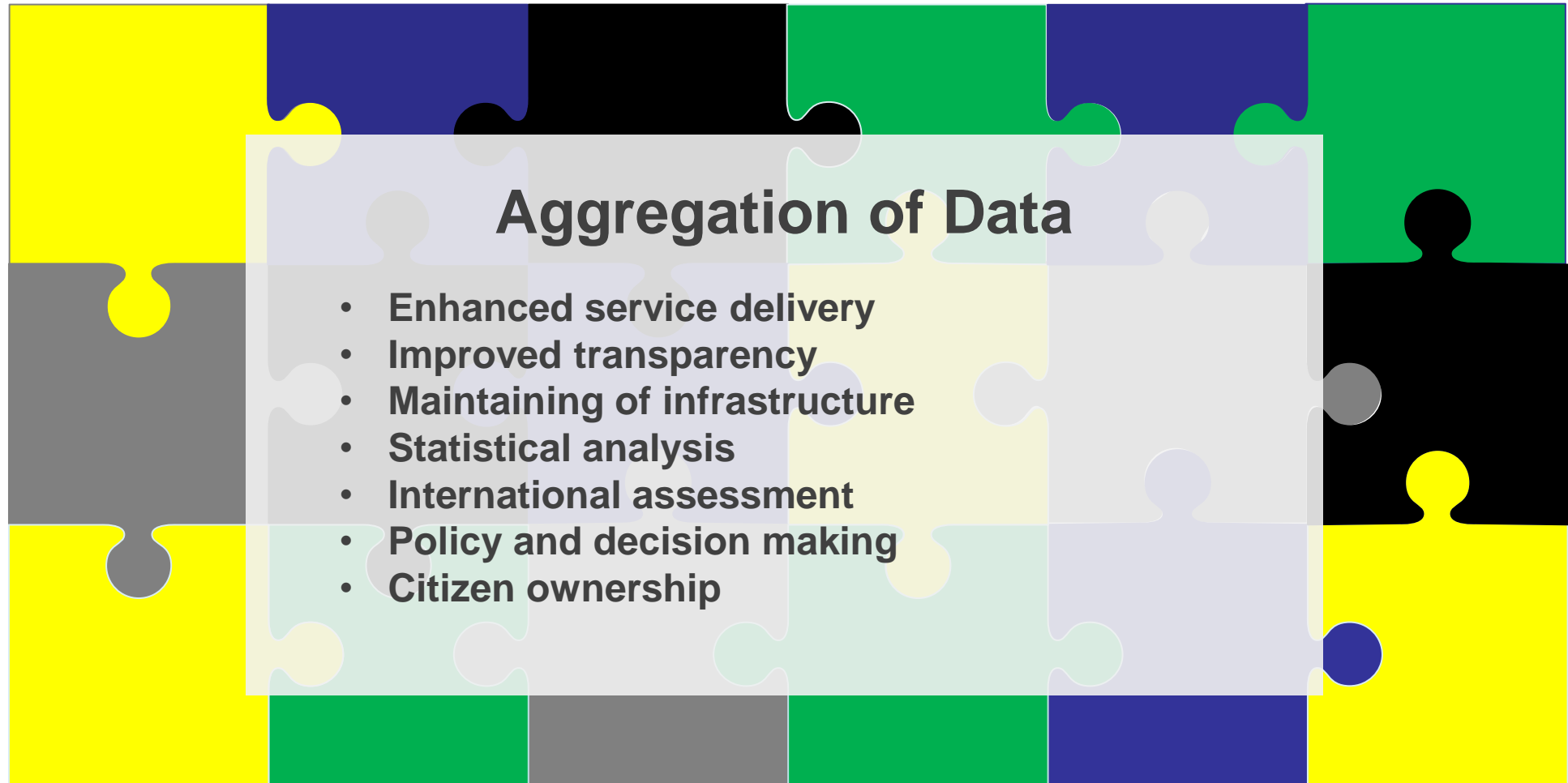
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# Whole of government reporting (1)



**CONSOLIDATION OF NATIONAL DATA**

# Whole of government reporting (2)



## Aggregation of Data

- Enhanced service delivery
- Improved transparency
- Maintaining of infrastructure
- Statistical analysis
- International assessment
- Policy and decision making
- Citizen ownership

# Way Forward



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# Way forward for 2016

- The NT team's focus will change in 2016 to:
  - Data and documentation uploads to the NT database;
  - Testing of budgets and transactions on the live environment of the piloting municipalities. This will include integration of sub-systems and verification of segmented transactions;
  - Providing assistance to Provincial Treasuries in the rollout plan to other municipalities;
  - District based training to all non-piloting municipalities.
- All piloting municipalities must, by 31 January 2016:
  - Ensure that the accounting officer is registered on the data portal;
  - Upload all budget and transactional data for the first six periods of 2015/16 to the NT portal;
  - Upload all required supporting documentation to the portal.

# Recommendation

- **It is recommended that the mSCOA ICF:**
  - **Notes** the content of this presentation;
  - **Notes** the requirements and timeframes in terms of:
    - Non-financial data,
    - Period 1 to 6 data submission time frames,
    - Portal requirements for submission;
  - **Notes** the release of mSCOA version 5.4;
  - **Notes** the forthcoming lock down of mSCOA version 6;
  - **Notes** that in the finalisation of mSCOA version 6, no opinion based changes will be entertained, and
  - **Notes** that the submission of the six segments (as per regulation) in a data string will be considered to be mSCOA compliance.

Thank you



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# Annexure A:

## Summary of changes to mSCOA Version 5.4



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# Costing Segment



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# Costing Segment

| Change                                 | Posting Level and Breakdown | Principle/ Application | Definition | Account            |
|--|-----------------------------|------------------------|------------|--------------------|
| Split between “recoveries and charges” | Yes                         |                        | Yes - ALL  | Provided for split |



# Regional Segment



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# Regional Segment

| Change  | Posting Level and Breakdown | Principle/ Application | Definition | Account |
|---|-----------------------------|------------------------|------------|---------|
| Posting level details added as received from municipalities | Checked                     | Remove                 | Revised    | Added   |



# Function Segment



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# Function Segment

| Change   | Posting Level and Breakdown | Principle/ Application | Definition | Account |
|--|-----------------------------|------------------------|------------|---------|
| Alignment of breakdown allowed indicators to the method applied for Departments SCOA | Yes                         | Removed and            | Yes        | Yes     |
| Revised all definitions  |                             |                        | Yes        |         |



# Funding Segment



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# Funding Segment

| Change   | Posting Level and Breakdown | Principle/ Application | Definition | Account |
|--|-----------------------------|------------------------|------------|---------|
| Unspecified added in Transfers and Subsidies except for National Government  |                             |                        | Yes        | Add     |
| Transfers and Subsidies detail accounts added for:<br>National/Provincial Government<br>District Municipalities – Western Cape<br>Foreign Government and International Organisations |                             |                        |            |         |
| Posting/Breakdown Required checked and changed if necessary  | Yes                         |                        |            |         |
| Errors in same definitions fixed   |                             |                        | Yes        |         |

# Project Segment



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# Project Segment

| Change  | Posting Level and Breakdown | Principle/ Application | Definition | Account     |
|---|-----------------------------|------------------------|------------|-------------|
| Buildings to include “other structures”                                       |                             |                        |            | Description |
| Operating Cost  |                             |                        | Changed    |             |
| Non-infrastructure added Libraries and Zoo, Marine and Non-biological Animals | Revised                     |                        | Changed    | Add         |
| Capital - Projects  | Revised                     |                        | Revised    |             |
| Non NERSA requirements for Infrastructure Projects                            | Revised                     |                        | Add        | Add         |
| Added “New” to Infrastructure Transfers                                       | Revised                     |                        | Add        | Add         |
| Added “New” to Non-infrastructure and Transfers                               | Revised                     |                        | Add        | Add         |
| Added Operational Projects including Infrastructure and Typical Work Stream   | Revised                     |                        | Add        | Add         |

# Item Segment



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# Item Segment – Liabilities

| Change                              | Posting Level and Breakdown | Principle/ Application | Definition | Account   |
|-------------------------------------|-----------------------------|------------------------|------------|---|
| <b>Current</b>                      |                             |                        |            |   |
| Consumer Deposits                   | Checked                     | Removed                | Revised    | Add   |
| Other Current Financial Liabilities | Checked                     | Removed                | Add        | Add   |
| Provision and Impairment            | Checked                     | Removed                | Revised    | Duplications  |
| Transfers and Subsidies Payables    | Checked                     | Removed                | Revised    | Description updated for DM's and some removed                                     |
| Transfers and Subsidies Unspent     | Checked                     | Removed                | Revised    | Add Unspecified Expanded District Municipalities, Provincial/National Departments |
| Defined Benefit Obligations         |                             |                        | Add        | Added   |
| Deferred Tax                        |                             |                        | Add        | Added   |

# Item Segment – Current Assets

| Change  | Posting Level and Breakdown | Principle/ Application | Definition        | Account                  |
|---|-----------------------------|------------------------|-------------------|--------------------------|
| Added accounts to Call Deposits and Investments   | Revised                     | Change to All          | Add               | Add                      |
| Add Receivables due to Construction Contract  | Revised                     |                        | Add               | Add                      |
| Current Portion of Non-current Receivables/Non-current Receivables:<br>Staff Loans/Recoveries<br>Added Bursary Recoveries | Revised                     |                        | Add               | Description<br><br>Added |
| Receivables from Non-exchange Transactions – changes in MPRA  | Revised                     |                        | Changed/<br>Added | Add                      |
| Transfers and Subsidies – as per Fund   | Revised                     |                        | Changed/<br>Added | Description<br>Added     |
|   |                             |                        |                   |                          |

# Item Segment – Non-current Assets

| Change   | Posting Level and Breakdown | Principle/ Application | Definition | Account     |
|--|-----------------------------|------------------------|------------|-------------|
| Investments: Listed/Unlisted Bonds and Securities  | Revised                     | Removed                | Revised    | Description |
| Property, Plant and Equipment <ul style="list-style-type: none"> <li>•Libraries</li> <li>•Zoo, Marine and Non-biological Assets</li> <li>•Change Impairment</li> </ul> | Revised                     |                        | Revised    | Added       |
| Intangibles<br>Heritage Assets<br>Biological Assets <ul style="list-style-type: none"> <li>•Changed Impairment</li> </ul>  | Revised                     | Removed                | Revised    | Added       |
|  |                             |                        |            |             |

# Item Segment – Current Assets (Continue)

| Change   | Posting Level and Breakdown | Principle/ Application | Definition | Account    |
|--|-----------------------------|------------------------|------------|------------|
| Trade and Other Receivables from Exchange Transactions:<br><ul style="list-style-type: none"> <li>•Trading and Customer Service Debtors (Impairment Changed / Interest Added)</li> <li>•Intercompany/Parent Subsidiary Transactions – Impairment</li> <li>•Deposits</li> <li>•Transfers and Subsidies – Unspecified</li> </ul> | Checked                     | Change to All          | Add        | Add/Change |
| Unauthorized, Fruitless and Wasteful and Irregular Expenditure   | Checked                     |                        | Change     | Change     |
|  |                             |                        |            |            |

# Item Segment – Expenditure

| Change  | Posting Level and Breakdown | Principle/ Application | Definition | Account                   |
|---|-----------------------------|------------------------|------------|---------------------------|
| Bulk Purchase: Green Electricity and Renewable  | Revised                     | Removed                | Updated    | Description               |
| Contracted Services   | Revised                     | Removed                | Updated    | Description Added         |
| Employee Related Cost (Discussion Paper related to Post Retirement Benefits and Obligations | Revised                     | Removed                | Updated    | Description Added         |
| Inventory Consumed  | Revised                     | Removed                | Updated    | Description Added Deleted |
| Operational Expenditure   | Revised                     | Removed                | Updated    | Description Added         |
| Transfers and Subsidies   | Revised                     | Removed                | Updated    | Description Added         |

# Item Segment – Revenue

| Change  | Posting Level and Breakdown | Principle/ Application | Definition | Account                |
|---|-----------------------------|------------------------|------------|------------------------|
| Non-exchange Revenue<br>• Property Rates  | Checked                     | Removed                | Revised    | Add                    |
| Agency Services – Western Cape/Kwazunatal/Eastern Cape Provincial Departments and District Municipalities |                             |                        |            | Add                    |
| Operational Revenue   |                             |                        |            | Add                    |
| Operating Leases - Ad-hoc Rental  |                             |                        |            | Add                    |
| Library Fees  |                             |                        |            | Add                    |
| Sale of Goods and Services  |                             |                        |            | Add                    |
| Service Charges – Electricity: Non NERSA  |                             |                        |            |                        |
| Fines, Penalties and Forfeits: Fines – Pound Fees   |                             |                        | Changed    |                        |
| Licences or Permits:  |                             |                        | Revised    | Deleted/<br>Compliment |

# Annexure B:

List of documents to upload onto the LG Database



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# Documents to upload

A1 Schedule Draft

Annual Report Final

B Schedule

Budget Document Draft

Budget Locking Certificate

Budget Resolution Revised

Final Service Standards

IPD Draft

Mid Yr Budget Performance Assessment S72

MTREF Budget Schedule Time Table

Quarterly Certificate Draft

Resolution Mid Yr Budget Performance Assessment S72

SDBIP Draft

A1 Schedule Final

Appropriation Statement

BEPP Draft

Budget Document Final

Budget Resolution Draft

C Schedule

Final Statement

IDP Final

Quarterly Certificate Final

SDBIP Final

Spacial Development Framework

Annual Report Draft

Audit Report

BEPP Final

Budget Document Revised

Budget Resolution Final

Draft Service Standards

Handover Report

Management Letter

MM Delegation Memo

Oversight Report

Quarterly Certificate Revised

S71 Monthly Report

Signed S71 Quarterly Report

END



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