Feedback on mSCOA Project Phase 4 (Change management and piloting)
mSCOA Roadmap... The road already travelled and the way forward
mSCOA Project Phases: The journey to the checkered flag...

Kick off engagements with municipalities, vendors and other stakeholders

Regulation issued and commissioning of mSCOA Project Phase 4: Change management and piloting including identification of pilots

Piloting commencement with 9 pilot municipalities (local and districts) and 4 Metro’s (City of Cape Town, Ekurulelni, Mangaung and Buffalo City) – Phased over 2015/16 and 2016/17)

Vendors were briefed as to development of mSCOA and initial evaluations of system functionality.

Remaining metro’s to implement (pilot) mSCOA and project initiation for the non-piloting municipalities

Ensuring that piloting municipalities and system functionality is aligned to the compliance requirements of the Regulation will create an enabling environment for the roll out to non-piloting municipalities

278 municipalities fully mSCOA compliant
Critical path aligned to mSCOA Project Phase 4 work streams…to the end of the financial year!
Work Stream 1: Technical

- March 2015: Finalise mSCOA Version 5.3 (all segments) – Lock down for piloting
- April 2015: Initial design framework for LG Database aligned to mSCOA
- May 2015: Update SQL Version Manager
- June 2015: NT consultation on refined reporting formats – BRF (MBRR, IYM and AFS)
- July to Sep 2015 (3 months): Continuous testing of LG Database mSCOA Version including SQL configuration and change management
- June 2015: Develop draft BRF (MBRR, IYM and AFS) templates including mapping of current IYM to mSCOA Version 5.4
- July to Sep 2015 (3 months): Continuous development of position papers as project ramps up
- Oct to Dec 2015 (3 months): Finalise mSCOA Version 6 (all segments)

Work Stream 2: Piloting

- March 2015: Evaluation & assessment of pilots: System vendor and pilot municipality readiness (site visits)
- April 2015: Develop position paper on pilot assessment findings (possible TCF Paper)
- May 2015: Engagements with pilot sites – Site visits to share findings and monitor pilot readiness
- June 2015: Refine municipal risk – Vendors and pilot munics
- July to Sep 2015 (3 months): Site visits – Piloting munis
- Oct to Dec 2015 (3 months): Formulation of NT position on piloting
- June 2015: Piloting by selected municipalities
- July to Sep 2015 (3 months): Development of roll out strategy – Non piloting munics
- Oct to Dec 2015 (3 months): Compliance testing - Budgets, transacting and reporting

All work streams run concurrently
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<td>Finalise non-accredited training material (Pilots and vendors)</td>
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<td>14 &amp; 15 April 3 Sessions (KZN, Limpopo/Mpumula nga, Free State)</td>
<td>5 &amp; 6 May 3 Sessions (Gauteng/North West, Metro 1 and 2)</td>
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<td>Develop training and information material for councilors including rollout strategy with SALGA</td>
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<td>Roll out of non-accredited training to non-piloting municipalities – 42 Districts and dependent on funding</td>
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<td>Site visits to all PT’s – Assessment of readiness in support of mSCOA and structuring of PT’s in support of non-piloting municipalities</td>
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All work streams run concurrently!
## Work Stream 1: Piloting

### Pilot sites: NT Testing

The following municipalities undertake piloting:

- Senque
- Sol Plaatje
- Elias Motsoaledi
- Victor Khanye
- Nkangala
- Merafong
- Tlokwe
- Setsotho
- uMgungundlovu
- Richmon
- uMhlatuze
- Drakenstein
- Overstrand
- Bergrivier
- Hessequa
- Camedebbo
- City of Cape Town
- Ekhurhuleni
- Mangaung
- Buffalo City
- Greater Giyane

### Pilot testing criteria

Pilot testing criteria to include:

- Level of budget incorporation of all segments;
- Third party system integration;
- Transactional data across all segments;
- Report extraction (statutory reports i.e. MBRR and IYM); and
- Data extraction methodology.

NT to formulate and communicate final findings of assessment of system functionality in support of mSCOAn classification framework – Close of the first quarter of the 2015/16 FY

### Formulation of migration strategy for non-piloting municipalities

The formulation of the migration strategy will include the following activities:

- Engagements with each vendor in work shopping migration strategy (NT, PT’s and Vendor)
- Finalisation of migration strategy
- Scheduling user group sessions to workshop migration strategy
- Migration strategy will include, among others:
  - Roles, responsibilities, governance, timeframes, activities, cost implications,
Assessment and evaluation of pilot and system vendor readiness
Interim assessment of system functionality

• The National Treasury has engaged with pilot municipalities and system vendors to assess and evaluate, among others:
  – Pilot municipalities project plan and progress against plan;
  – Governance structures;
  – Risks and mitigation thereof; and
  – System functionality in support of the classification framework.
• In this regard, during April and May 2015 the mSCOA Project Team undertook an assessment and evaluation in a two fold process, namely:
  – Onsite engagement at the pilot municipality in conjunction with the system vendor;
  – In-depth evaluation of the system functionality and data structures at the premises of the system vendors
Two day non-accredited mSCOA training: Pilot municipalities and provincial treasuries
2 day non-accredited training - Rationale

- To ensure:
  - Common understanding of mSCOA across all pilot municipalities and their applicable vendors
  - Navigation of the chart
  - Implementation of the chart via practical examples
  - Municipalities take ownership of mSCOA and are not overly reliant of vendors and consultants
  - Ensure reporting methodology and alignment is understood
Target audience

- **Municipalities:**
  - Chief Financial Officer (LM and DM mainly)
  - Finance manager – (Metro) – responsible for project
  - mSCOA Project champion (technical and not change management)
  - System Champion (responsible for changing business rules of municipality to handle mSCOA changes)
  - Budget Manager (Person that understands the impact mSCOA will have on budget reporting and complier of MBRR)
  - Preparer of annual financial statements (If different from CFO or finance Manager)

- **Vendors:**
  - Business process engineers (person that understand mSCOA chart and design the rules on use of mSCOA)
  - Reporting module designer

- **Treasuries:**
  - mSCOA project champion/s (Person that will establish help desk and provide support to municipalities at a technical level)
  - Municipal support unit representative providing support on budget and annual financial reporting (Not consultants)
Feedback and way forward (1)

- The training was well received with a majority of participants commenting that the training was:
  - Informative;
  - Relevant; and
  - Extremely useful with the practical application in a financial management context (provided much needed understanding)

- Many commentators, including the PT’s have requested that a similar initiative be rolled out to non-piloting municipalities. Benefits would include:
  - Awareness of the pending implications of the Regulation;
  - Broader understanding of the classification framework;
  - Empowers municipalities to start with the required internal work activities reducing the reliance in consultants

- In this regard the mSCOA Project Team is in agreement and a position paper is currently in the system to sourcing funding

- If successful, the training will be rolled out to 42 districts Country wide and PT’s will be required to actively participate

- It’s expected that a decision relating to the availability of funding will be taken to the beginning of June 2015.
Feedback and way forward (2)

- It has also attention of the National Treasury that various service providers are actively offering training as it relates to mSCOA.
- It needs to be noted that currently there is non accredited mSCOA training and consequently any attendance of these type of initiatives by either provincial treasury staff or municipal staff would be fruitless and wasteful.
- Activities and objectives of mSCOA Project Phase 4 includes the development of unit standards, associated training structures and an accreditation process of service providers.
- While the current pressing need for training and broader awareness is clearly understood, there exists a real risk that the attendance of training outside of mSCOA Project Phase 4 would compromise the entire process and create mixed messaging.
- The mSCOA Project Team is in the process of finalising the classification framework, rollout and risk management strategy and other associated processes – NT is currently not in support of these training initiatives by third parties!
Questions