



CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

CIGFARO COFFEE TABLE BOOKLET

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INTRODUCTORY NOTE

The Institute of Municipal Treasurers and Accountants (IMTA) became the Institute of Municipal Finance Officers (IMFO) during the 1980s. In order to avoid possible confusion in the text by having to refer to the organisation variously as the IMTA or IMFO, depending on the period being discussed, reference throughout this text will simply be to the “Institute”.

THE FORMATIVE YEARS

Bloemfontein, most centrally located of all South Africa’s cities, served as host in 1912 to the foundation of the African National Congress. Fifteen years later, on 13 September 1927, it was also in this city that the Institute had its provenance. Although it is unlikely that many of the delegates participating in that establishing conference would have attached much value to this coincidence, it is nevertheless a plaudit for Bloemfontein that it in relatively short order hosted two such significant events in South Africa’s socio-political history.

The decision to establish the Institute, as taken at that founding conference, was followed in due course by its formal incorporation on 26 August 1929. There was some initial opposition to such incorporation from the central government and the media, who saw a potential threat in such an organised municipal profession. The evident belief was that municipal treasurers and accountants would constitute too powerful an influence in municipal governance, and that the establishment of such an Institute would be of doubtful benefit to the public. However this may have been, these fears were presumably allayed, and there is no recorded evidence of note to indicate that these rather farfetched misgivings about the role and function of the Institute continued after its incorporation.

The first council of the Institute, not surprisingly, given the socio-economic and political circumstances of the time, consisted entirely of white males. The first president was Mr E B Scott, the City Treasurer of Durban. The composition of this first council contrasts quite vividly with the present arrangement, in terms of which the president designate 2004-2005 is coincidentally again the Chief Financial Officer of Durban (or, today, more correctly, the Ethekewini Metropolitan Council), albeit of an ethnic origin somewhat different from Mr Scott's, and with the remainder of the council members widely representing South Africa's current demographics. Today the council also pertinently includes representatives who are not directly engaged in the profession of municipal finance, but who have a definite interest in the profession's activities.

The purpose of the Institute, as indicated at its foundation, was the creation of a professional body which would establish and maintain high standards of professionalism among municipal finance practitioners. To this end, the Institute would also function as an examining body in order to assess the competence and skills of future entrants into the profession.

In addition to the foregoing, the other objectives for which the Institute was established were to:

- discuss all important questions relating to the finance and accounting of municipalities, and to interchange opinions and experience of members in this regard;
- to collect and disseminate information among members by means of the Institute's journal, circulars and other publications;
- to provide the national and provincial legislatures, other public bodies involved in local government, and the media at large with information on municipal finance, accountancy and performance statistics; and lastly

- to improve the technical and general knowledge and elevate the status of persons engaged in the profession of municipal finance practitioner.

The initial membership of the Institute numbered a somewhat paltry 60, compared with (whatever) today. However, the Institute from its inception envisaged the establishment of local branches and student societies with the intention both of promoting the expansion of the Institute's future membership, and ensuring regular and structured interaction between Institute members and municipal finance officials who were perhaps not likely to qualify for eventual admission.

Examination regulations, with the attendant prescribed curriculum and syllabi for the indicated subjects, were also provided from the outset. The underlying objectives of these examinations were to attract the best quality of staff to the municipal finance profession, but also to encourage employer municipalities to recognise the successful completion of these exams, and therefore by implication membership of the Institute, as a prerequisite for promotion to the higher posts within a municipal finance department.

In this regard, the Institute was guided by the approach followed by its namesake in the United Kingdom. Ultimately, the goal was to ensure the enhancement of the status of the municipal finance practitioner: as the then City Treasurer of Johannesburg, Mr H D Percival, pointed out in 1928 – "Since the formation of the English Institute and its ever growing strength and influence, the profession of municipal financial officer now ranks amongst the higher professions and, instead of having to seek men to join the service, the enhanced status of the profession has greatly facilitated recruitment".

The first Institute examinations were duly held in 1930, in five different centres throughout the country, and of the 50 candidates who entered, 34 were

successful. It was also notable that right from the beginning, problems were experienced with entrants from rural municipalities, whose numbers were severely limited by the absence of training facilities in their own municipalities.

As a result of new admissions to the Institute flowing from the successful completion of the prescribed examinations, membership increased from the aforementioned 60 in 1930 to 139 over the ensuing 10 years. Although the number of annual entrants fluctuated, and was never very substantial in numerical terms, the examination process led to a steady expansion of the Institute's numbers, and at no stage was any relaxation of the high examination standards seriously contemplated.

Unfortunately the annual examinations had to be suspended because of the pressures of the Second World War (1939-1945), and were resumed only in 1946. During the immediate post-war years a significant increase in the number of entrants was evident, although the pass rates proved singularly disappointing. Thus by the end of the 1940s, membership had increased to only 163, an addition of only 24 during the entire preceding decade.

THE POST-WAR YEARS: UNCOMPETITIVE REMUNERATION PACKAGES AND PROBLEMATIC ADMISSION REQUIREMENTS

The general economic boom, as reflected in the growth in the gross domestic product, and the concomitant substantial increases in local government expenditure in the post-war quarter century had an unfortunately adverse impact on the Institute. Membership numbers grew languidly, and many qualified and prospective members migrated to the private sector, where often materially better financial rewards were available to skilled financial professionals.

The Institute's more narrowly focused educational and examination programme thus lost support in favour of more general commercial education in the post-war

years. The problem, of course, was that the flow of labour tended to be in one direction only: any municipal finance official with a good commercial degree or other qualification could readily find lucrative employment in the private sector, but a well qualified professional in the commercial world would still have to comply with the requirements of the Institute before ordinarily qualifying for promotion to senior positions in municipalities and would have to be satisfied with a salary well below that attached to a comparable post in the business world! This phenomenon was evident for many decades to come, and it was only from the later 90s that senior municipal finance practitioners began to command the sort of remuneration packages which had been common in the private sector for many years. The entire unfortunate situation was further aggravated by the continuing low pass rates in respect of the Institute's annual examinations. Many complaints were received about the high standards expected from examination candidates, but the Institute council resolutely refused to contemplate a diminution in standards.

Another continuing problem was the lack of good quality tuition available to prospective examination candidates. Although some correspondence colleges did offer such tuition, distance learning did not suit the requirements of many candidates. Personal coaching seemed a general requirement, and if this was not available from senior officials within the candidate's own municipality, such candidates were at a material disadvantage. Local branches of the Institute and students' societies helped as far as possible, and some major municipalities readily made their resources available to candidates from rural and smaller municipal areas. Thus, for example, the Research Branch of the Johannesburg Treasury Department regularly assisted officials from smaller municipalities in preparing for their Institute examinations. The Institute itself also established a fairly comprehensive library, which was unfortunately not kept up to date and was sadly disestablished in the early 80s, but again meaningful access to the library's aids was not always so readily available to students from outlying areas.

In order to address all the foregoing concerns, the Institute decided during the 70s that it would structure its examination requirements in a manner which would lead successful candidates to obtaining a recognised university degree, while at the same time offering them the best possible quality of distance learning. The Institute thus approached UNISA to function as the desired medium of tuition, and to incorporate the Institute's qualification into UNISA's undergraduate curriculum. Thus, in time, the Institute abandoned the role of final examining body in favour of UNISA, although the Institute council continued to nominate the external examiners for the relevant UNISA graduate examinations.

However, the continued growth of the private sector, coupled with all the vexed problems surrounding the Institute's qualifications and the relatively poor remuneration offered in local government generally, continued to militate against any meaningful growth in the Institute's membership. In fact, between 1970 and 1980 the number of fellows and associates of the Institute, including retired members, declined from 319 to 304.

THE EIGHTIES ONWARDS: SENSIBLY BROADENING THE MEMBERSHIP

BASE

The use of UNISA as the medium of tuition and examination authority for the Institute may have solved certain of the distance learning problems, but with the considerable increase in the number of university graduates experienced in South Africa from the 1970s onwards, the Institute's doors were now effectively closed to graduates from other universities – closed, that is, unless such graduates were prepared to complete certain additional prescribed subjects under the auspices of UNISA. These subjects included specifically Accounting III (Local Government), but could also entail certain other subjects which were compulsory at UNISA, but perhaps not included in the curricula of the universities where the relevant graduates had obtained their degrees. The only way around this difficulty was for the Institute to modify its examination requirements during

the 80s in order to accommodate, as far as possible, the curricula offered in B.Com degrees at other universities. However, UNISA's Accounting III (Local Government) was retained as the ultimate qualifying course for Institute membership. This enlightened and forward-looking approach by the Institute produced immediate results, and its membership grew to 463 by 1987.

The Institute council also decided to amend its articles of association in order to make extensive and varied practical training in municipal finance departments a prerequisite for admission to Institute membership. A prescribed training programme was drawn up, and prospective members placed under the mentorship of an Institute member in their municipality. But, unfortunately, here again students from smaller and rural municipalities were disadvantaged: often even the Treasurer of the small municipalities was not a member of the Institute, or himself a student, and therefore the required mentoring had to be provided by an Institute member based in another local authority. As the successful completion of the training programme was often largely dependant on the guidance and support provided by the mentor, and the proper assessment of the effectiveness of the completed training was only possible through the continued involvement of the mentor in the student's activities, obviously substantial demands were made on the mentor's time – thus requiring considerable sacrifices from the senior officials acting as mentors – and who, of course, provided these services without any financial compensation. In retrospect, the Institute has many of its past (and in some cases still active) members to thank for the selfless manner in which they engaged in the Institute's programmes, mainly outside of normal working hours, in order to promote the image of the Institute and the profession which it represents, and to encourage their own and other municipal employees to improve themselves by actively engaging in the Institute's training and tuition courses.

In 1983 the Institute council took another forward-looking step by introducing licentiate membership for associates in training and diplomates unable to sit for

the UNISA courses. Crossover mechanisms at the time were extremely limited, and prospective members who were equipped with good commercial diplomas found their qualifications unrecognised by UNISA, and therefore had only one option open to them if they wished to become associate members – do the entire UNISA B.Com from scratch. However, licentiate membership – even though it offered more limited opportunities than for associates to become involved in the Institute's affairs, proved an attractive and acceptable alternative, and in the first four years after the licentiate level was introduced, 264 licentiate members were admitted. Licentiate membership also accommodated officials in smaller municipalities where adequate opportunities for more advanced education were not always available.

STUDENTS' SOCIETIES

As we have already mentioned, the Institute's students' societies, which were usually regionally based, played an important role in fostering future members. The first society was established in Natal in 1928, even before the Institute was officially incorporated, and the Western Cape and Transvaal soon followed suit. Regular meetings were held to discuss topics of concern and specific aspects of municipal finance. Students' societies were open to any official in a municipality's Treasury Department – or indeed later in any other approved municipal department or associated institution, such as the provincial departments dealing with local government. The students' societies in the PWV area, the Durban/Pietermaritzburg area, and the Cape peninsula were particularly effective, and continued to function until quite recently. The success of these societies was again largely dependant on the active involvement of established members of the Institute, and commendably the selfless devotion of time and energy by senior municipal finance practitioners to the activities of these societies was readily evident. In fact, in the rather strict hierarchical environment in which most municipal departments functioned in previous years, the only time

that many junior finance officials ever saw (and even dared to speak to) the Treasurer or his management team was at these very student society meetings.

THE INSTITUTE'S INFLUENCE IN NEIGHBOURING STATES

In order further to expand its influence and increase its membership, the Institute established a branch in the then Southern Rhodesia in 1961. The Rhodesian members remained active in the affairs of the Institute until the early 80s, whereafter it was decided that an independent Zimbabwean Institute of Public Finance and Accounting (ZIPFA) should be established. Although ZIPFA has continued to maintain good professional relations with the Institute, exchange controls and currency regulations have worked against the frequent attendance by ZIPFA members at the Institute's activities.

Although not numerous, the Institute's membership is also active in Namibia and Swaziland, and there is at present a strong drive by the Institute to become generally involved in the NEPAD initiative.

PROVINCIAL BRANCHES

The Institute divided into four provincial branches from the mid 70s, mainly to provide guidance and support to provincial local government associations and provincial administrations. The need for four branches was further dictated by the often widely divergent ordinances which applied to municipalities in the different provinces, and the resultant differences in certain key aspects of municipal financial administration – for example property rating, the levying of service charges, the raising of loans and the establishment and maintenance of capital funds.

The United Municipal Executive, which represented organised local government in South Africa at the time, was in turn advised by representatives of these

provincial branches, and this ensured that the UME was well apprised of the financial considerations underlying any aspect of its decisions and its frequent negotiations with the national government in respect of matters of concern to local authorities.

The provincial branches soon also began to organise their own training seminars, aimed at promoting the interests of the Institute and its members, but to which all municipal and related roleplayers were usually welcomed. These seminars tended to focus on matters of the moment, did not shy away from controversial issues, and tended to produce some lively and stimulating debates. Knowledge of and interest in the Institute's activities were successfully promoted as a result.

All the foregoing developments resulted in membership of the Institute, excluding membership purely of students' societies, increasing from 313 in 1975 to 611 in 1985. The following table of membership numbers illustrates the extent to which the Institute grew from its inception to date.

(provide table)

CONFERENCES

The Institute throughout its existence continued to hold annual conferences whenever possible, at which a wide range of topical matters was discussed mainly through papers delivered by Institute council members, other members, and later also politicians, public sector representatives, councillors, academics, and prominent people from the private sector. There was also an active drive, particularly from the 1980s onwards, to involve sister associations, such as the Chartered Institute of Public Finance and Accountants (CIPFA) – the former United Kingdom IMTA – and the North American based Governmental Finance Officers Association (GFOA) and other municipal finance institutes abroad. Reciprocal invitations to the Institute to attend the conferences of these

associations, have become an ordinary feature of the Institute's current international relations. Most recently, a formidable delegation of Institute representatives attended the GFOA annual conference in Milwaukee.

Although the Institute's conferences have always proved popular over the years, the United Municipal Executive during the 1970s became concerned about the frequent absence of municipal officials and councillors at conferences of various kinds. The UME therefore pressurised the Institute into holding bi-annual conferences (which would be open to Institute members and all other interested roleplayers) – to which the Institute reluctantly agreed. However, to maintain the annual national contact with its broad membership base, the Institute decided to arrange bi-annual seminars to supplement these conferences, such seminars being shorter in duration than the conferences and with attendance limited mainly to Institute members. This arrangement was observed for several years, but annual conferences are now again the order of the day.

It is also significant that the number of attendances at these conferences is nowadays vastly greater than was ordinarily the case previously – although attendances were substantial at special conferences such as those held in Johannesburg in 1986 and Cape Town in 1989.

The great demand for attendance at these conferences is obviously a welcome development, but its downside is that smaller municipalities are therefore no longer able to accommodate the number of attendances, and that the conference venues now tend to rotate between the same group of large cities. Even so, a very successful and well-attended conference was held in Worcester in 1998, but since that date conferences have been held only in major centres, namely, Durban, Johannesburg (Midrand), Port Elizabeth and Cape Town.

THE INSTITUTE'S JOURNAL

In order to reach Institute members, students, councillors and other interested parties who are unable to attend the Institute's formal events, an official journal, initially known as "The South African Treasurer", was launched in November 1928 (again prior to the Institute's formal incorporation). This journal unfortunately experienced many vicissitudes in its publication history. The frequency of its publication varied, its volume of contents varied, the format varied, and the ongoing problem was to maintain a proper quality of content. The underlying difficulty was a lack of resources, not only financial, but also human. From the outset the editor, the business manager (who was charged with securing advertisements and donations), and the many contributors engaged in its publication on a purely voluntary basis. Today, however, the journal has been financially overhauled, and appears with clockwork regularity and with articles and other features of a high standard – evidence in itself of the expanded interest in municipal financial administration.

Throughout its many appearances, the journal always strove to provide news of the latest developments in municipal finance and associated legislation to its members, to municipal officials and councillors generally, and in time to the various other institutions with which the Institute became closely associated (banks, universities, organs of state, and IT suppliers, among others). Over the years some very stimulating contributions were received, but unfortunately, until recently, the editorial policy displayed a regrettable tendency to discourage the published expression of more controversial views by contributors. This gave rise to occasional acrimony on the part of Institute members who differed from the accepted policies of the Institute council, but who were now denied the proper forum for expressing this dissent. Today, however, there is no fear of controversy evident any longer, which can only imply in turn that the Institute now feels itself assured of a secure position in municipal affairs.

THE INSTITUTE COUNCIL AND ITS STRUCTURES

The Institute from its inception was managed by an Institute council. Its president, vice-president and treasurer were annually elected by its members at a formal annual general meeting. For a long period only fellows and associates in the fulltime employ of a municipal finance department were eligible for election to the Institute council, but from the early 90s, in particular, the need for broader representation began to be appreciated. An all White and all male Institute council, however useful it may have been in previous years, was no longer acceptable in the process of political transformation in South Africa, and was clearly not representative of the actual demographics of municipal employment. In this regard, the bold initiatives by the present Institute council president, Mr Ben Dorfling, and others, paved the way for an all inclusive Institute council membership, truly representative of all roleplayers in the sphere of municipal finance. By opening the council also to persons who are not technically qualified as municipal finance practitioners, but who are nevertheless actively engaged in or concerned with municipal finance, the Institute has successfully broadened the range of its own influence, on the one hand, and obtained the meaningful inputs of non-technical roleplayers, on the other.

As the day-to-day administrator of the Institute, a secretary was appointed by the Institute council, originally as an honorary office, but later as a part-time and, in due course, fulltime employee of the Institute. Today the erstwhile secretary's post is occupied by a Chief Executive Officer, with an appropriate permanent staffing structure in support.

It is also interesting to dwell for a moment on the insignia of the Institute, specifically on its official seal. The photograph of the original seal indicates the following , whereas the present seal of the Institute, approved in 1986, reflects a somewhat different position

THE INSTITUTE AS INFLUENTIAL ROLEPLAYER IN THE PUBLIC SECTOR

In line with the general perception of finance practitioners as leaning towards the conservative side of the spectrum, the Institute council eschewed radical changes in the sphere of municipal finance. However, this did not prevent it from being innovative, when the occasion demanded, and in the intervening intervals it continued to provide solid and practical advice and guidance to all the major roleplayers involved with the financial activities of municipal government.

Thus the Institute played an ongoing and major role in introducing recognised accounting norms for municipalities, in standardising the application of these norms, and in developing new norms to reflect changes in accounting practices and in the scope and nature of the activities performed in local government.

The Institute prepared and disseminated many indispensable handbooks on municipal accounting, including the long established and still used guidelines for preparing the annual financial statements. These guidelines have been consistently applied by the Office of the Auditor-General in the auditing of municipal financial statements. Handbooks on costing and guidelines on financial regulations covering the whole spectrum of municipal finance have also been issued, as have guides dealing with (for example) management of information technology, the maintenance of stores, and the preparation of cashflow programmes.

The Institute has worked closely with the Office of the Auditor-General since its inception in the 1980s, and representatives of this office have been invited to sit on Institute committees to ensure a free and regular interchange of views and information. Inputs from the Auditor-General have been particularly useful in assisting the deliberations of the Institute's Standing Committee on Accounting Practices, on which SAICA, IPFA, the ASB, the National Treasury and the DPLG also have standing representation.

Over the years numerous memoranda have been prepared and submitted to successive national governments, often seeking to redress the perceived inequalities and injustices encountered in municipal finance, but also to focus attention on the financial problems generally experienced in local government or by specific groups of municipalities. These memoranda generally suggested more equitable and more effective ways of financing local government particularly during the boom period demands on municipal services which arose from the 70s onwards. Representatives of the Institute were also actively involved in making written, and – when requested – oral submissions, into various commissions of inquiry into key aspects of municipal finance. These activities of the Institute succeeded in the securing of assigned revenues (such as traffic fines, and a share of motor vehicle licensing fees) for municipalities, and in the introduction of the former RSC/JSB levies as an additional means of taxation, and were instrumental in having legislation passed in various former provinces relaxing the numerous and sometimes stringent regulations which were stifling some of the major municipalities at the time.

The Institute was also instrumental in having the Registered Municipal Accountants Act passed in 1988, thereby ensuring that for the tenure of the Act (which has now rather sadly been repealed) every municipality would have to appoint only professionally qualified staff to the ranks of their chief financial officers.

The following list of selected topics gives an indication of the matters covered in some of these memoranda.

Conservative or not, and notwithstanding its reluctance to engage in controversy, the Institute began to appreciate by the middle 1980s that the dynamics of change in South Africa, as evidenced at the time by the advent of the mass democratic movement, continuous civil unrest, and strained international

relations, would inevitably impact as well on the activities of the municipal finance profession. An appreciation of the dynamics of these changes was already perceptible at the 1986 Institute conference, where the presence of several influential Black South Africans among the keynote speakers was pointedly evident. These speakers may not have represented the more populist side of the political spectrum, but their very involvement in the conference proceedings was a clear signal that the Institute could no longer continue cosily as an all White clique.

This transformation continued apace into the 1990s, and in line with the transformation of our country into a democratic South Africa, the Institute itself willingly embraced the need for change. Both genders and all ethnic origins are now amply represented not only in the general membership of the Institute, but also on all its decision-making and key advisory structures.

THE 90s TO DATE: THE ERA OF CHANGE

During the last ten to fifteen years, the Institute has concentrated on establishing and cementing meaningful relations with key institutions functioning within the new South Africa. In particular, a sound working relationship has been established with SALGA and its provincial branches, and with the national Department of Provincial and Local Government. The close relationship with the Office of the Auditor-General has also continued.

The indispensable role which the Institute can play as an advisor on local government finance was amply recognised in its invitation to support SALGA in its extended deliberations with the parliamentary Portfolio Committee on Local Government throughout the formulation of the Municipal Finance Management Act and the Property Rates Act.

In addition, SALGA has commissioned IMFO to prepare a best practice manual on financial matters for municipal government in South Africa, and this manual is expected to be available at the time of the present Institute conference.

Although at the demise of the UME and its provincial structures, no overarching body representing local government in the new South Africa was immediately in place, the Institute helped to pave the way for the creation of SALGA and the ongoing relations between the finance profession and organised local government through its initial involvement with INLOGOV in an informal association established to explore meaningful relations between the so-called “non statutory” and “statutory” elements in the democratic process. This association with INLOGOV served a two-fold purpose: it exposed the Institute members to the likely thinking in local government in a new political dispensation, and also familiarised the “non-statutory” side with the very real financial constraints under which municipalities were operating.

After 1994, with the advent of the new municipalities established in terms of the interim phase of the transitional period, Institute members became actively involved in the Major Urban Areas Association. This body served as a representative forum of the transitional metropolitan and other major municipal authorities established in South Africa’s urban centres, and, apart from the involvement of councillors from across the political spectrum, various technical task teams started functioning from the outset, not least among them in terms of the significance of its inputs: the technical task team on finances. This task team, which was composed almost entirely of senior members of the Institute, made ongoing inputs to the political representatives on the future structure of property rates, service charges, the financial implications of restructuring the electricity industry, and related matters of concern.

The Institute is now also actively involved in the establishment of the REDS, and indeed the entire EDI process, with the Institute functioning as the key advisor on all financial matters.

The Institute has also continued to promote the modernisation of municipal accounting practices. During the 1990s the annual financial statements of municipalities were entirely modernised, and substantially aligned with the prevailing GAAP. The modernised financial statements served two purposes: firstly, they more accurately and realistically reflected the financial position of the municipalities to which the statements related, and secondly, they provided information in a format which was more accessible to outside stakeholders, not least the actual and potential investors and lenders in the private sector.

The major difference between the modernised local government accounting practices introduced from 1994 onward and the accounting approaches adopted in the private sector related to accounting for capital reserves and fixed assets. In order to explore the various options available for overhauling the capital accounting practices of municipalities, the Institute established a capital accounting working group, which looked at the various approaches adopted in comparable local government dispensations abroad. The deliberations of this working group were, however, overtaken by the establishment in 1997 of a National Treasury Steering Committee which in due course developed what has now become known as GAMAP (Generally Accepted Municipal Accounting Practice). The sixteen statements of GAMAP which were produced by this committee covered all aspects of municipal accounting, although the committee devoted a considerable degree of its time and efforts to establishing workable and modernised capital accounting approach. The Institute was represented on this steering committee both officially and by various members who had been invited to participate in their personal capacities.

The Institute is also represented today on the Accounting Standards Board, and is actively involved in commenting on and assessing all accounting standards prepared by the ASB for implementation in municipal government.

The Institute has also played a major role in the introduction of VAT in local government, and the working group which it established in the early 1990s served as an active advisor both to National Treasury and municipalities at large in regard to the most effective administration of this system of taxation. To this end, the working group developed a lengthy memorandum on how VAT should be applied, and assisted National Treasury in compiling the legislation applicable to local government in this regard. Numerous workshops and seminars were also held on a countrywide basis, capacitating municipal finance officials in the administration of VAT but also identifying and assisting National Treasury in resolving problems which became evident at these various sessions.

Another major role which the Institute played in the 90s was its administration of the Project Viability Initiative in the mid 90s, in terms of which the financial viability of municipalities was assessed on a regular basis, and the DPLG provided with all required statistics on the financial performance of all South Africa's municipalities. In the process of providing this information, problems of capacity were also identified – both in regard to finances and human resources, and this information was used by the then Local Government Education and Training Board to focus on the capacity building programmes which were needed to provide these municipalities with the required management skills.

The association with the LGETB was carried forward into the Sectoral Education and Training Authority for Local Government, Water Related Affairs, and the Institute has been assisting the SETA on an ongoing basis in evaluating training material and developing unit standards for municipal finance and accounting courses.

The Institute itself has also been actively engaged in providing or supporting general training initiatives for municipal finance practitioners and in regard to financial skills in local government. Programmes which have been presented under the auspices of the Institute include an extensive programme of GAMAP training for finance practitioners, exposure courses on GAMAP for non-financial managers, and support for the basic skills development programme offered by the INCA Capacity Building Fund. Further training initiatives are currently being planned.

SOME KEY DEVELOPMENTS OVER THE PAST TEN YEARS

1994

The Institute council establishes nine provincial branches in line with the new provincial demarcation in South Africa. A standing committee on provincial branches is established to give effect to this decision.

At the same time the former students' societies are restructured into associations functioning under the direct control of these provincial branches.

New requirements are approved for the admission of associates and licentiate members of the Institute, without in any way lowering the Institute's standards, and these new requirements immediately allow for a noticeable extension in the Institute's membership base.

The standardised financial statements for municipalities are extensively revised, mainly through the inputs of the Standing Committee on Accounting Practices, and the statements are now considerably more user friendly and also more closely aligned to commercial accounting practices.

The future role of the Institute continues to be intensively debated by its various committees and by the council itself, and the need for restructuring is again emphasised.

1996

In November 1995 the Institute is contracted by the Department of Constitutional Development to monitor the short-term liquidity of municipalities in South Africa, to assess the adequacy of intergovernmental transfers, direct subsidies, level of user payments, the position in regard to arrear payments, and the application of credit control systems. This Project Viability Initiative is a twelve-month project, in terms of which statistical data will be collected and transmitted to the department concerned.

The Institute council establishes a management committee with delegated powers in order to streamline the decision-making process in regard to the Institute's affairs.

A programme is developed in association with INLOGOV, with the purpose of providing 45 selected Black B.Com graduates with the required fast track training to become associate members of the Institute. The programme unfortunately fails because of lack of the expected financial support.

1997

The Project Viability contract is extended for a further year.

A new level of membership, namely accounting technician, is established.

A handbook for municipal finance officers is finalised, covering all key aspects of municipal accountancy and financial administration.

1998

The membership of the Institute (fellows, associates and licentiates) now numbers 831.

The Institute's website is established, offering members and other interested parties access to a variety of useful information.

1999

The Standing Committee on Provincial Branches co-opts as permanent members the City Treasurer of Harare and the City Treasurer of Windhoek. A new level of membership, namely junior member, is introduced. This membership level is available to persons who:

- are in possession of a tertiary qualification and have completed at least one year of practical training;
- are studying for a tertiary qualification and have completed at least one year of practical training; and
- are not in possession of or studying for a tertiary qualification, but have completed at least three years practical training.

2001

The Institute decides to publish the IMFO journal, now simply called IMFO, on a quarterly basis, and appoints an editor on a contractual basis. The Standing Committee on Communications serves as editorial panel.

2002

Members of the Standing Committee on Education and Training are closely involved in the development and registration of three learnerships in local government finance. Pilot projects for these learnerships are running in the Eastern Cape, Northern Cape and Mpumalanga, and it is envisaged that these learnerships will be ready for national implementation by 2003. The Institute's membership requirements are duly amended to make provision for learnership qualifications.

The Standing Committee on Education and Training has also established a close relationship with the LGWSETA, and the SETA acknowledges IMFO's role as practitioners in municipal finance. The SETA also determines that it will utilise IMFO as its ETQA agent for the quality assurance of municipal finance unit standards and qualifications.

2003

At its extraordinary general meeting on 18 July 2003 the Institute proposes that its membership be split into two categories, namely: technical and general. The technical category will comprise honorary, fellow, associate, licentiate and junior members, and chartered municipal accountants.