

CIGFARO Annual Conference 2025: mSCOA Pre-Masterclass

IDP, Strategic Planning and Budgeting

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Date 06 October 2025



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Problem Statements – Common Errors

- Municipalities have failed to use Balance Sheet Budgeting, Accrual/Movement Accounting and VAT in the preparation of their data strings?
- Municipalities have failed to correct their Opening Balances, by balances not being accurate, complete or in balance?
- Municipalities have failed to link the funding sources (capital and operational) with the item and the function segments. Municipalities have failed to correct the use of Fund: Non-funding Transactions (which has an impact on the Cash Flow Schedules)?
- Municipalities have failed in the revenue recognition for grants (not taking into account the grant expenditure and VAT (where applicable) and the grant receipts)?
- Municipalities did not include the Provision for Impairment of Debts in respect of each main income source (including output tax implications on service related debts)?

Problem Statements – Common Errors

- Municipalities have not reviewed function classifications to determine whether the functions were core or non-core functions?
- Municipalities did not provide for any rebates in Property Rates and Taxes and Free Basic Services?
- Municipalities used the Project, Function, Item, Fund and Region segments incorrectly resulting in Depreciation and Accumulated Depreciation not being correctly calculated or aligned?
- Municipalities failed to breakdown repairs and maintenance and operational municipal running cost/typical work streams were used, instead of operational maintenance?

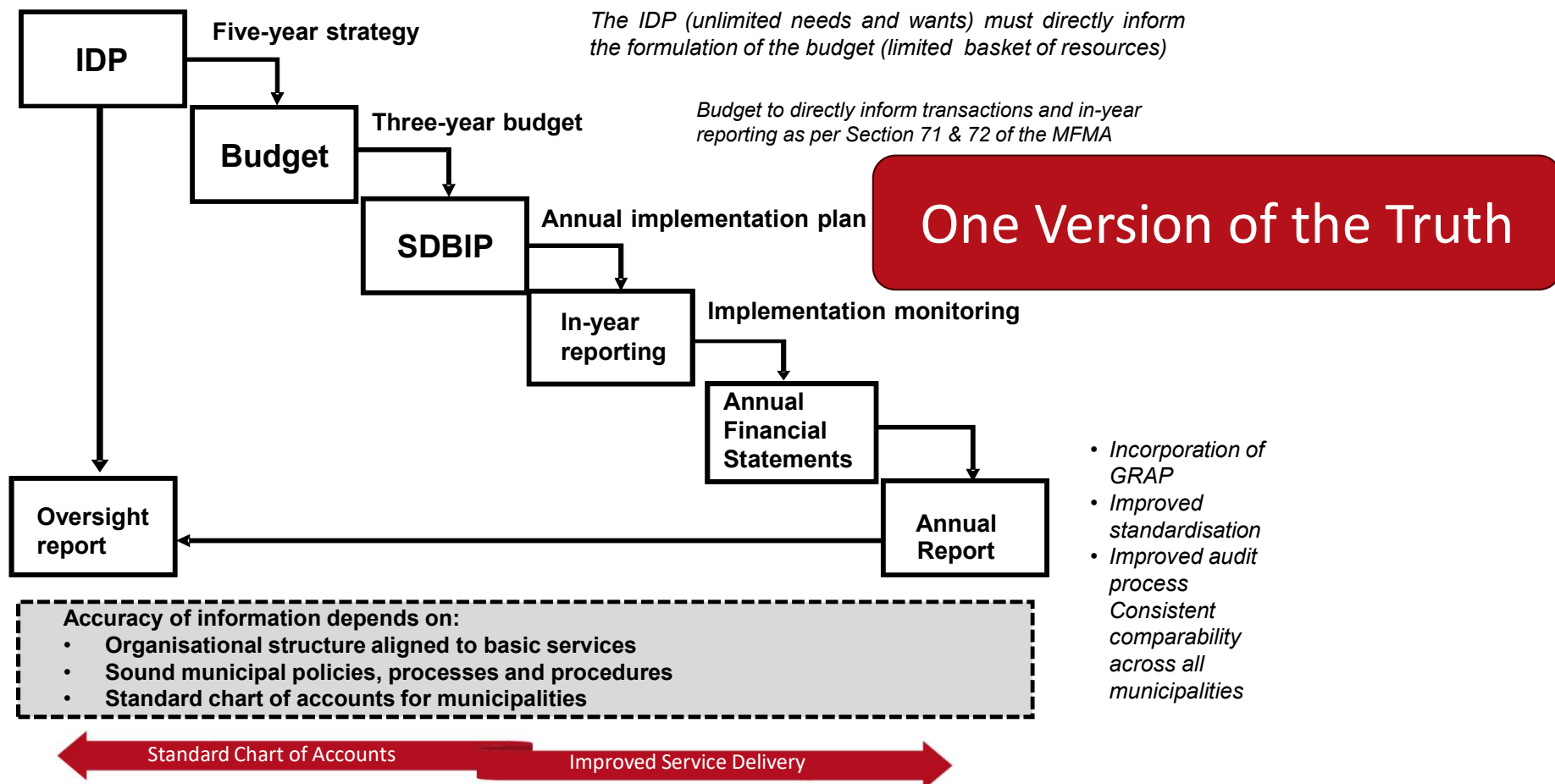
mSCOA Reforms - Standardisation



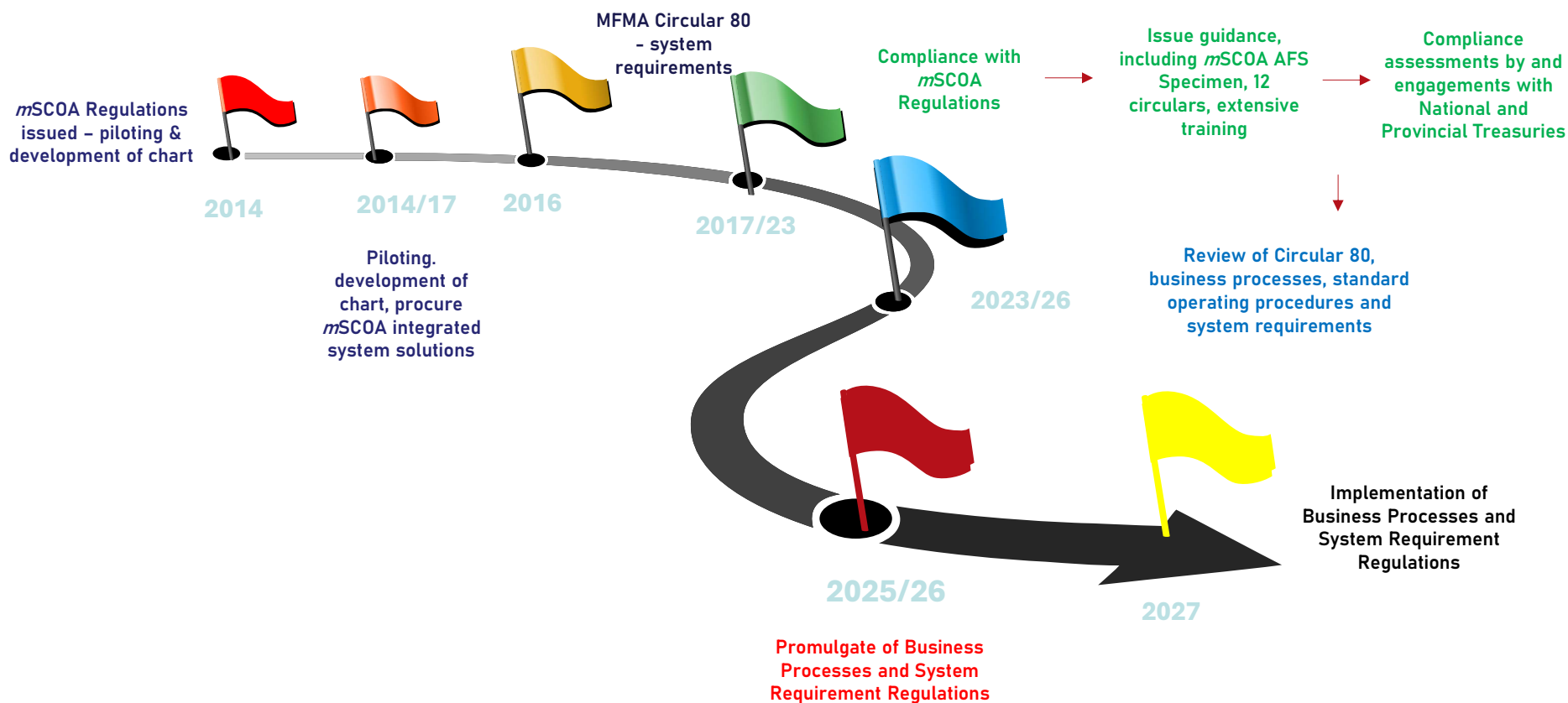
What is the *m*SCOA Reform and the need for it?

- The Minister of Finance has, in terms of section 160(1) of the Constitution and section 168 of the MFMA promulgated the *m*SCOA Regulations on 22 April 2014 (Government Gazette No. 37577).
- The Regulations prescribe the standard chart of accounts that must be used by municipalities and their entities to budget, transact and report.
- Poor data integrity and irregular reporting impacted on the accuracy of information to the legislatures.
- Financial systems did not meet the financial management and reporting requirements of local government as informed by the legislative framework such as Municipal Budget and Reporting Regulations and GRAP.
- To ensure that there is a golden thread throughout the LG Accountability Cycle – i.e. one version of the truth.

Local Government Accountability Cycle



The *m*SCOA Journey to date



Why regulate the minimum business processes and system specification?

- The future of public finance is digital, data-driven, and compliance-embedded. Continuing with manual processes in municipal financial management is no longer sustainable — not in an era where the demands for transparency, service delivery, and accountability are rising, and where technology has proven its ability to streamline complexity.
- It is very clear that *mSCOA* is not a Finance Reform but a business reforms as it impacts on **ALL** business units within the municipality.
- This will become even more evident when we look at the business processes that underpins *mSCOA*.

Regulation of the minimum business processes

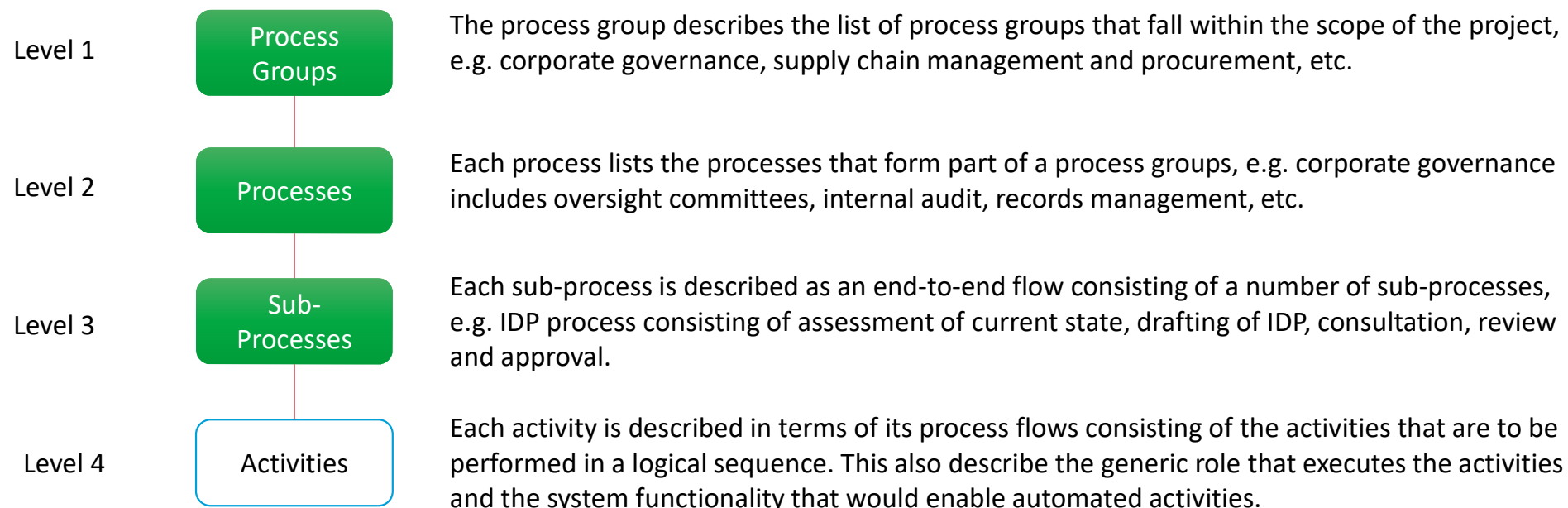
- Section 168 of the MFMA further stipulates that the Minister may, by notice in the Gazette, determine the minimum system requirements for municipalities and municipal entities to enable implementation of regulations 4 and 5.
- **The minimum business process and system requirements is not regulated as yet and MFMA Circular No 80, dated 08 March 2016 is providing further guidance in this regard. We are currently busy with consultation processes in this regard.**
- This will enforce compliance, and improve data quality, financial transparency, and accountability across the local government sphere.
- In preparation for the new regulations, municipalities must ensure:
 - They comply with the minimum business processes and system requirements as articulated in MFMA Circular 80 and its Annexure B.
 - Address any shortcoming in their *mSCOA* implementation in their *mSCOA* roadmap and drive compliance through their *mSCOA* Steering Committees

Regulation of the Business Processes and Minimum System Specifications that underpin *mSCOA*

MFMA Circular 80 Business Processes

1 Corporate Governance	9 VRM, Real Estate, Land Use and Building Control Management
2 Strategic and IDP Planning	10 Human Resource and Payroll Management
3 Budgeting and Financial Planning	11 Revenue and Debt Management
4 Project Management and Reporting	12 Financial Accounting
5 Costing and Management Reporting	13 Treasury and Cash Management
6 Contract Management	14 Inventory Management
7 SCM and Procurement Management	
8 Asset Management and Maintenance	

Process Concepts



- **National Treasury aims to regulate the **draft** business processes up to sub-process level (level 3)**, leaving room for municipalities to consider alignment to their specific environment at activity and procedure level.
- Municipalities would be required to update the activity models to align with their specific organisational roles and system components as part of their implementation.

Business Processes in finalisation stage (Level 2)

Corporate Governance

- External Audit Management and Reporting
- Internal Audit Management and Reporting
- IT System Requirements and Management
- Legal Framework Management and Reporting
- Municipal Website Management
- Oversight Committees Management and Reporting
- Performance Management and Reporting
- Records Management
- Reporting Mechanisms
- Risk Management and Reporting

Strategic and IDP Planning

- Strategic Planning
- Integrated Development Planning

Budgeting and Financial Planning

- Budget Process Planning
- Revenue and Tariff Modelling
- Human Resources (HR) /Payroll
- Operational Expenditure
- Capital Expenditure, Maintenance & Operating Costs
- Inventory Expenditure
- Balance Sheet and Cash Flow Budgeting
- Secondary Costing
- Funding, Reserves and Long Term Financial Planning
- Budget Reporting
- Public Participation
- Budget Approval and Integration
- In Year Monitoring and Reporting

Project Management and Reporting

- Project Planning
- Project Management and Reporting

Costing and Management Reporting

- Costing
- Management Reporting

Contract Management

- Contract Planning
- Contract Execution
- Contract Monitoring and Reporting
- Contract Close

Supply Chain Management and Procurement

- SCM Legal Framework
- Demand Management and Reporting
- Procurement and Reporting
- Supplier Management (Database)

Business Processes in finalisation stage (Level 2) cont...

Asset Management and Maintenance

- Asset Management Planning
- Assets Acquisition
- Asset Maintenance
- Assets Verification and Condition Assessment
- Asset Disposal
- Asset Management Reporting

8

Human Resource and Payroll Management

- Human Resource Planning
- Employment Practices
- Staff Performance and Development
- Skills Development
- Staff Member Relations
- Leave and Time Management
- Payroll Management and Reporting

10

Treasury and Cash Management

- Cash Management and Reporting
- Grant Management and Reporting
- Investment Management and Reporting
- Borrowings and Finance Leases Management
- Reserves Management and Reporting
- Provisions Management and Reporting
- Contingent Liabilities Management and Reporting
- Insurance Management and Reporting
- UIFW Management and Reporting

13

VRM, Real Estate, Land Use and Building Control

- Valuation Roll Management
- Real Estate
- Land Use Applications, Development Charges & Building Plans
- Wayleave
- Property Rates

9

Revenue and Debt Management

- Revenue Management and Billing
- Debt Collection and Credit Control
- Customer Management
- Indigent Management
- Provision for Bad Debt and Reporting

11

Financial Accounting

- General Ledger Maintenance
- Accounts Receivable
- Accounts Payable
- Annual Financial Statements Reporting
- Consolidation reporting
- Financial Reporting

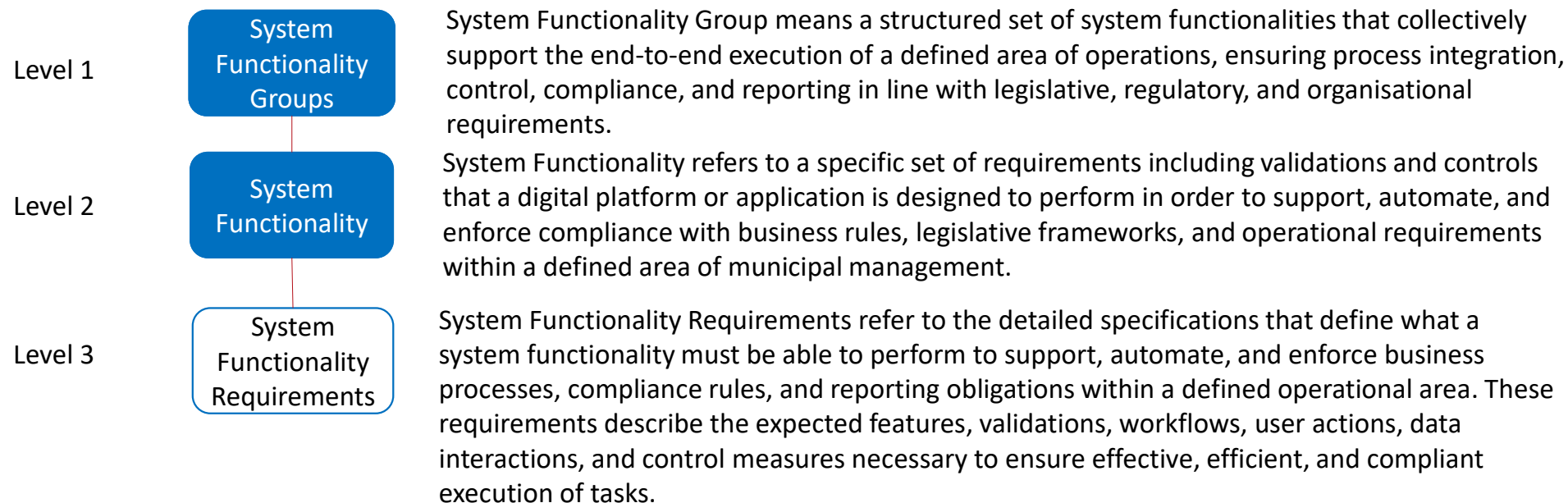
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Inventory Management

- Consumables and Materials Management and Reporting
- Water Inventory Management and Reporting
- Land Inventory Management and Reporting

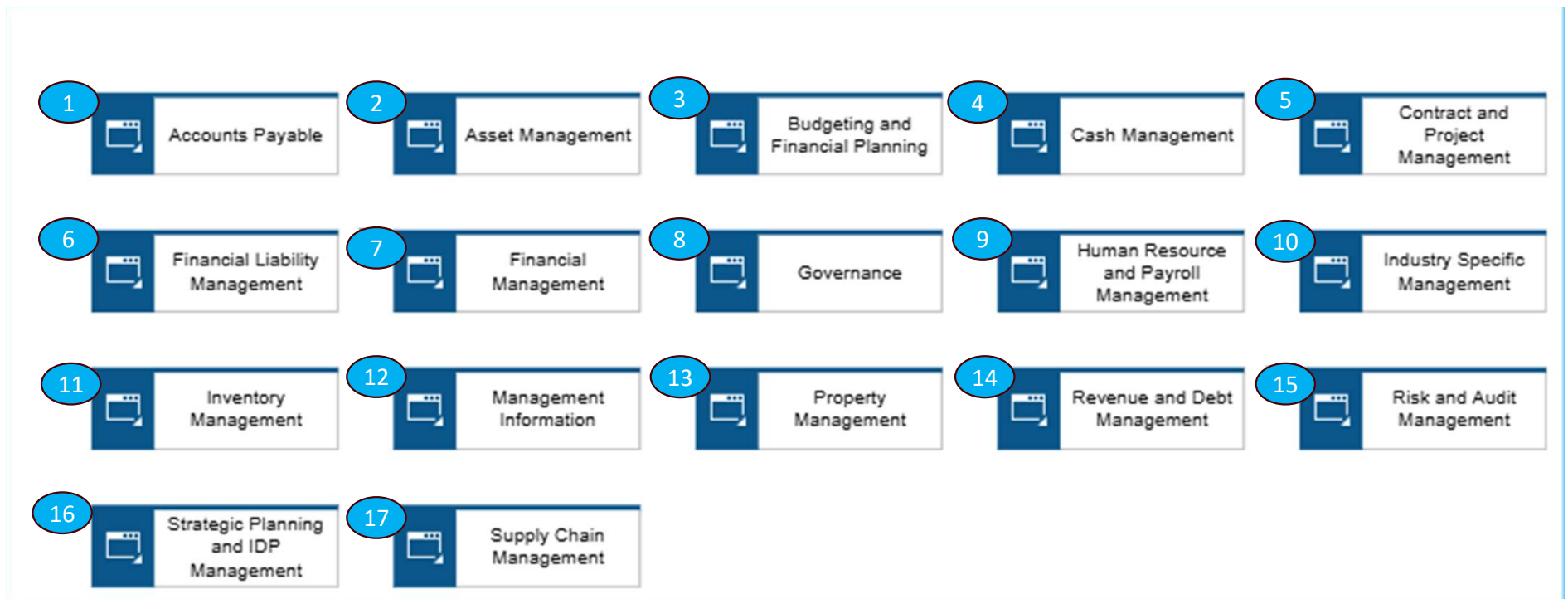
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System Functionality Concepts



National Treasury aims to regulate all system functionality defined and their underlying requirements. This initiative aims to standardise, enforce compliance, and improve data quality, financial transparency, and accountability across the local government sphere. To manage the scale and impact of regulating all municipal system functionalities, National Treasury may adopt a phased-in approach that enables structured implementation, gradual alignment, and manageable compliance timelines for municipalities and service providers.

System Functionality Groups – In Consultation (Level 1)



Key Benefits of the *m*SCOA Reform

Once the local government reporting reforms are fully implemented, the following benefits will be achieved:

- Accurate recording of transactions, therefore reducing material misstatements;
- Reduce the month/year end reconciliation processes and journals processed – more accurate and timely financial management impacting positively on audit opinions;
- Improved quality of information for budgeting and management decision making;
- Improved oversight function by Council as the required information will be tabled for policy decisions, tariff modelling, unfunded mandates and monitoring;
- Ensure alignment and implementation of the IDP as all expenditure, both capital and operating, will be driven from a project perspective;
- Improved measurement of the impact on service delivery in the community through the Regional Segment;
- *m*SCOA standardises all municipal- and the whole-of-government reporting;
- Provides for evidence-based financial management in municipalities. This means improved municipal benchmarking, policy making and interventions;

Significance of central LG Database/GoMuni

- It allows for a single data collection point for all 257 municipalities, reducing cost and effort to collect data.
- Data are shared with stakeholders - streamlining reporting requirements by various government institutions which eliminates duplication of efforts by municipalities and relieves reporting fatigue and the cost of reporting (in submitting the same information continuously to several departments)
- Standardise municipal and the whole-of-government reporting where that the same set of data is used to perform oversight, analysis, benchmarking and research (compare apples to apples).
- A sound reporting system facilitates transparency, better in-year management and oversight of municipal performance, making these reports management tools and early warning mechanisms for councils to improve municipal performance
- The aim of an early warning system is to provide government with timely information on the state of municipalities' finances that highlights possible areas of risk that should be investigated and mitigated before they give rise to serious consequences
- The routine publication of budget and in-year financial performance information for local government enables community oversight over public funds

Responsibility of municipalities

The effective implementation of *mSCOA* at a municipal level depends largely on the:

- Efficiency of the oversight structures in place to oversee and report on the implementation.
- Proper change management
- 100% use of the system to ensure credibility of data
- Eliminate dependency on System vendors by:
 - Perform municipal assessment of the level of compliance and draft the road map. The municipality must develop a road map to indicate how and by when it will become *mSCOA* compliant. Progress against the road map must be reported to Council, National and the respective Provincial Treasury for oversight purposes.
 - Identify skills requirements to ensure that they have capable staff
 - Monitor their service level agreements with the system vendors. The SLA must provide for specific and realistic milestones. Proper contract management should be implemented and tight control over contractual obligations by the system provider should be exercised.

Governance role by National and Provincial Treasuries

National and provincial treasuries are taking the following actions:

1. Follow-up on outstanding data strings submissions
2. **Analyse** these data strings to ensure credibility using standard/own methodology
3. **Communicate finding** to municipalities before submission of next data string
4. **Targeted support** to municipalities to correct the data strings errors - *Window of opportunity to communicate errors is important to ensure credibility of S71/S72 reports*

MFMA reported figures

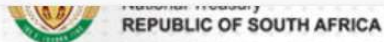
1. Check if corrections were made in subsequent month
2. Issue non-compliance letter to non-complying municipalities (record purposes)
3. Emphasizing/checking that budgeting, transacting and reporting must be done in and from the financial system on the modules available / integrating with the financial system
4. Interrogate *mSCOA* implementation in the benchmark and mid-year engagements

How do I participate in the consultation processes for these Regulations on the minimum *m*SCOA requirements?

- Attend Integrated Consultative Forum (ICFs) meetings, **where the links will be provided at the sessions (due to the unavailability of the MFMA webpage).**
- Provide comments on the comment documents to the regulations dedicated email address mscoaregs@treasury.gov.za

Note:

- Comments Deadline : **10 October 2025**
- Comments should be directed at the specific functionalities or process steps proposed. Indicate which aspects are not supported and provide clear reasoning.
- Refrain from referencing internal system names or existing manual processes. The aim is to evaluate the proposed functionality on its own merit, not to compare or defend existing local processes or tools being applied within the municipality currently.
- Where there are concerns or objections, municipalities are encouraged to suggest alternative approaches or amendments that would improve alignment with legislation, enhance practicality, or support implementation feasibility. The intention is to support greater alignment and use of technology for the betterment of all municipalities, while preventing unnecessary duplication of activities and ensuring that solutions are scalable, efficient, and sustainable.
- The system requirements have been provided in excel format to enable comments to be provided by system functionality requirement.



REPUBLIC OF SOUTH AFRICA

Regulations on Minimum Business Processes and Technical Specifications

[MFMA](#) > [Regulations and Gazettes](#) > [Municipal Regulations On A Standard Chart Of Accounts](#) > [Regulations on Minimum Business Processes and Technical Specifications](#)

IMPORTANT NOTE:

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Folder	Training	4/26/2024 12:03 PM	Sephiri Tlhomeli
Folder	Working Groups – Business Processes	3/3/2025 5:02 PM	Xolile Mdluli
Folder	Working Groups – System Specifications	3/3/2025 5:03 PM	Xolile Mdluli

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 1_Dec 2024	 January 13	Kashnee Sewnarain	41 items	 Shared	
 2_Jun 2025	 June 19	Kashnee Sewnarain	10 items	 Shared	 Kashnee Sewnarain shared this file
 3_Jul 2025	 July 27	Kashnee Sewnarain	3 items	 Shared	
 4_Aug 2025	 August 11	Kashnee Sewnarain	3 items	 Shared	
 5_Sep 2025	 September 15	Kashnee Sewnarain	3 items	 Shared	
 6_Oct 2025	 September 19	Kashnee Sewnarain	3 items	 Shared	
 7_Consolidated	 13 hours ago	Kashnee Sewnarain	2 items	 Shared	

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Use of mSCOA Segments

- mSCOA is made up of several segments (e.g., **fund, project, item, function, regional, costing, and municipal standard classification**). Each segment captures a specific dimension of a transaction. Each of these segments improves accountability by giving a **multi-dimensional view of financial and service delivery information**.
- **Project Segment:** Ties financial data to IDP projects, allowing communities to see if resources were spent as planned.
- **Function Segment:** Links expenditure to functions of government (e.g., electricity, water, waste management, etc.), ensuring clarity on service delivery areas.
- **Funding Segment:** Identifies where the money comes from (e.g., grants, loans, own revenue), promoting transparency in resource allocation.
- **Item Segment:** Provides detail of what was bought (e.g., salaries, equipment, repairs).

Use of mSCOA Segments

- **Costing Segment:** Tracks operational costs, ensuring value-for-money assessment, and the efficient use of resources
- **Region Segment:** In which region does the service get delivered. Shows where (ward/region) the money was spent → allows ward-based tracking. The Regional Segment is particularly important for accountability because it links spending and projects to specific **geographic locations or wards**. This makes it possible to **track service delivery spatially**
- **Municipal Standard Classification Segment:** To which cost centre does the transaction get allocated, based on your organization structure.

mSCOA in the Accountability Cycle: Impact on Planning and the IDP

- The **Integrated Development Plan (IDP)** is the main planning instrument for municipalities. Under *mSCOA*, every project and programme in the IDP must be **linked to the correct segments** (e.g., function, funding source, project, item).
- This alignment ensures that **plans are translated directly into budgets** in a standardised way, reducing the risk of mismatches between what is promised in the IDP and what is actually budgeted.
- It makes the **performance monitoring** of IDPs easier because expenditures and outcomes can be tracked at project level, with full transparency across all municipalities.
- Communities and councils can hold management accountable because **plans, budgets, and spending are in the same structure**, allowing for more meaningful oversight.

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IDP and Strategic Planning

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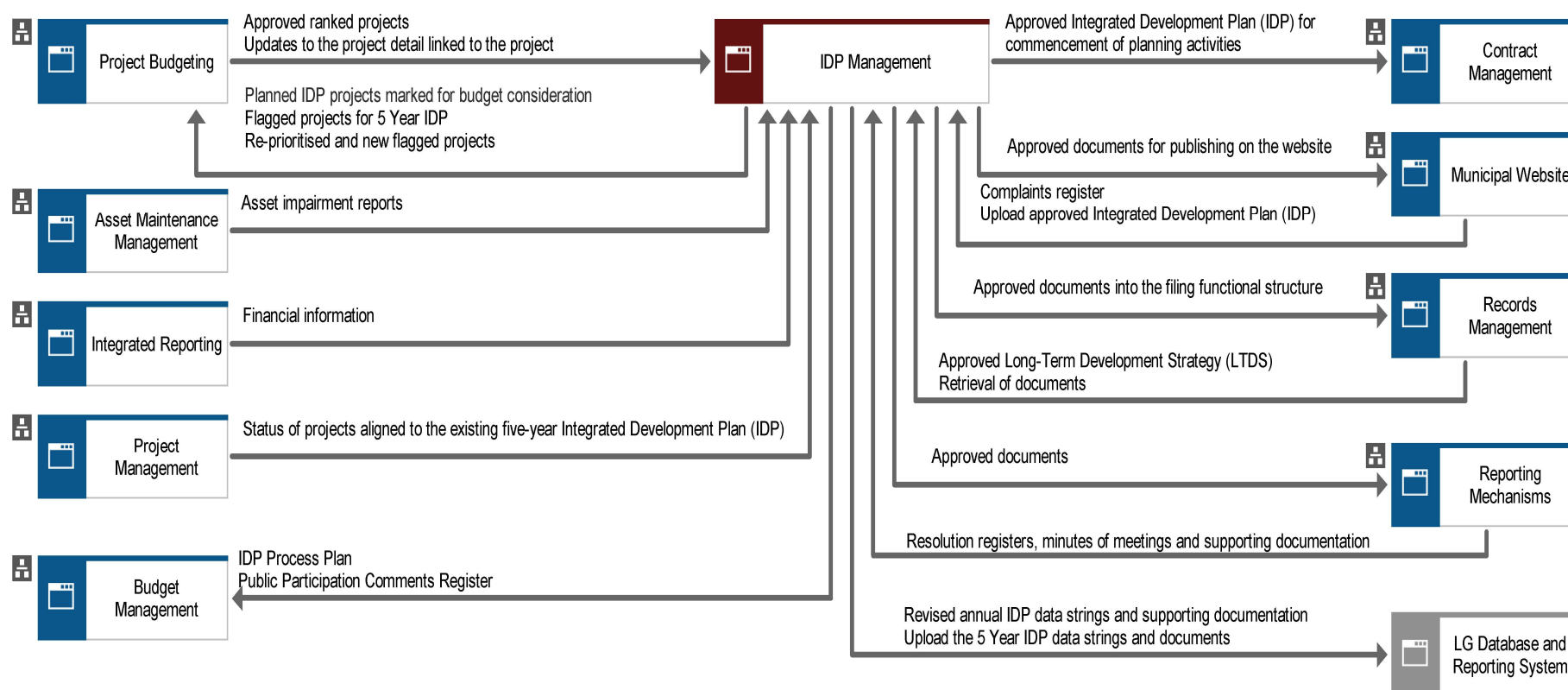


mSCOA in the Accountability Cycle: Impact on Planning and the IDP

By embedding accountability into every step of the LG cycle:

- **Planning and budgeting** become integrated (IDP → Budget → mSCOA).
- **Implementation** is tracked transparently at project and regional levels.
- **Monitoring and reporting** become standardised, improving oversight by Treasury, Auditor-General (AGSA), councils, and communities.
- **Accountability is strengthened**, as citizens can see how resources were allocated and whether commitments were honoured
- In summary: **mSCOA ensures that municipal accountability is not only financial but also linked to planning (IDP), functions, projects, and specific regions**

mSCOA in the Accountability Cycle: Business Process: IDP (System Functionality Scope)



mSCOA in the Accountability Cycle: Business Process: IDP (System Functionality Scope)

- The Integrated Development Plan (IDP) Management System Functionality is designed to support municipalities in the **preparation, coordination, monitoring, and review of their Integrated Development Plans** in compliance with **legislative requirements and community development objectives**. This functionality ensures that municipal planning is participatory, transparent, and aligned with strategic priorities, budget processes, and service delivery commitments.
- This system functionality facilitates the full IDP lifecycle—**from initial community engagement and needs analysis to the drafting, approval, and implementation of the IDP**. It enables the integration of sector plans, spatial development frameworks, and financial strategies into a single, cohesive document that guides municipal development over the medium to long term.
- The functionality provides tools for **recording stakeholder inputs, linking projects to strategic goals and performance indicators, and aligning the IDP with national and provincial priorities**. It supports the alignment of IDP projects with funding sources, timelines, and responsible departments, ensuring that implementation is realistic, resourced and coordinated.
- **Built-in tracking and reporting features allow municipalities to monitor the implementation of IDP programmes and projects, assess progress against performance targets, and produce statutory reports** such as annual reviews and public consultation feedback. It also facilitates audit readiness and compliance with the Municipal Systems Act and related frameworks.

mSCOA in the Accountability Cycle: Business Process: IDP (System Functionality Scope)

- This functionality is therefore aimed at strengthening **integrated planning, promoting community participation, and improving service delivery by ensuring that the IDP is a living document that guides decision-making and resource allocation.** It enhances transparency and accountability by clearly linking plans to budgets and performance outcomes.
- This system functionality facilitates a **structured and auditable approach to IDP management, improving the municipality's ability to plan effectively, respond to developmental needs, and fulfil its constitutional and legislative planning mandate.**

System Functionality Scope: Strategic Planning

The **Strategic Planning** system functionality forms part of the **Strategic Planning and IDP Management** system functionality group.

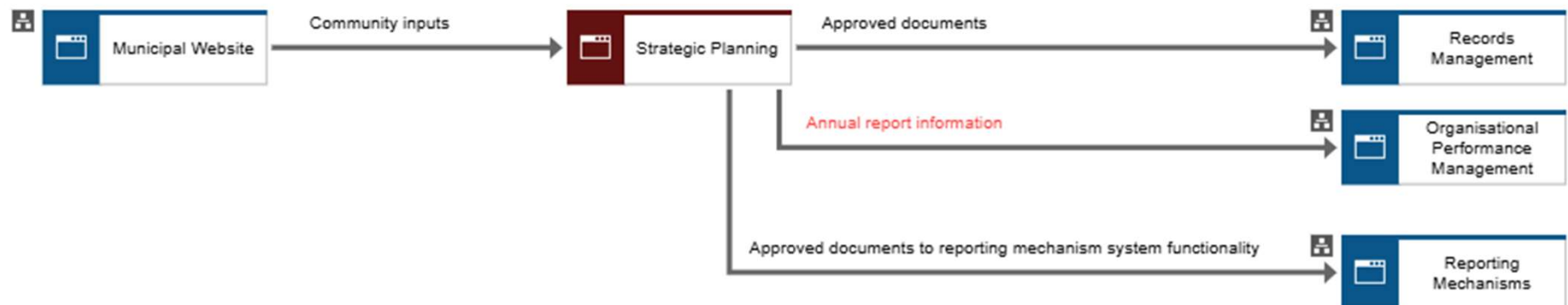


Key Strategic Planning System Functionality

- Strategic planning is a distinct process that takes place before the preparation of the Integrated Development Plan (IDP). It focuses on setting the municipality's long-term vision, strategic goals, and development pathways beyond the IDP's five-year cycle. A dedicated system is required to ensure that this long-term strategy is consistently developed, maintained, and linked to subsequent IDPs and budgets.
- The need for such a system is based on:
 - Foundation for the IDP: Long-term strategic planning establishes the framework within which IDPs and budgets are prepared. Without a system to document, track, and align these long-term strategies, there is a risk of fragmented planning and weak alignment to Council's vision.
 - Continuity and sustainability: Strategic planning spans multiple political terms. A system safeguards institutional memory and ensures that long-term strategies are preserved, updated, and consistently applied, despite changes in leadership or staff turnover.
 - Integration with other planning instruments: The system ensures that the Long-Term Development Strategy (LTDS) directly informs the IDP, budget, SDBIP, and performance management processes, avoiding disconnects between strategic intent and operational delivery.
 - Regulatory and governance compliance: National frameworks (MFMA, MSA, and Treasury guidelines) require municipalities to demonstrate that IDPs and budgets are underpinned by longer-term strategies. A system ensures this linkage is visible, auditable, and fully compliant.
 - In this context, the system is not an unnecessary cost but rather a critical enabler of sustainable municipal planning, ensuring that long-term strategies are effectively translated into IDPs, budgets, and service delivery outcomes.

Note: Comments are not exhaustive – refer to detailed comments register for all comments received

System Functionality Context Diagram (Integration) : Strategic Planning



Process Context: Strategic Planning



System Functionality Scope: Strategic Planning

- The Strategic Planning System Functionality is designed to support municipalities in the **structured development, alignment, and implementation of long-term strategic goals** that guide sustainable development and improved service delivery. This functionality enables municipalities to align their priorities with legislative mandates, community needs, and national and provincial development objectives, thereby enhancing planning coherence and accountability.
- This system functionality facilitates the end-to-end strategic planning process—from **environmental scanning and stakeholder consultation to the formulation of strategic goals, objectives, and measurable outcomes**. It allows for the integration of sectoral inputs, demographic data, and performance trends into strategic decision-making, ensuring that plans are evidence-based and responsive to changing circumstances.
- The functionality provides tools for the **tracking and monitoring of strategic initiatives, enabling municipalities to assess progress against set targets, identify implementation challenges, and make informed adjustments to strategies where necessary**. It supports the preparation of strategy-aligned budgets, operational plans, and performance indicators, reinforcing the link between long-term vision and day-to-day execution.
- Incorporating this functionality into the municipal planning system functionality ensures that strategic planning is not only systematic and participatory but also measurable and adaptable. It promotes alignment between political leadership, administrative execution, and community expectations, fostering shared ownership of development outcomes.

System Functionality Scope: Strategic Planning

- This functionality is therefore aimed at strengthening strategic foresight, improving planning discipline, and ensuring that resource allocation is directed towards the achievement of defined development priorities. It contributes to greater transparency, enhanced performance monitoring, and better decision-making in municipal governance.
- The system functionality provides a **robust and auditable approach to strategic planning**, enhancing the municipality's ability to deliver on its **developmental mandate, respond to community needs**, and promote **long-term institutional sustainability**.

Key Strategic Planning Related System Requirements

- Enable the ability to **capture inputs from the community for the long-term strategy plan** within the Strategic Planning System Functionality. This functionality must ensure that municipalities can collect, organise, and integrate community feedback and proposals into the long-term strategy plan in a transparent, inclusive, and systematic manner.
- Enable the ability to **generate a Community Inputs Register** within the Strategic Planning System Functionality. This functionality must ensure that all inputs received from the community through various platforms—including the municipal website, ward committees, public consultations, outreach sessions, and service centres—are recorded and consolidated into a single, standardised register.
- Enable the ability to **integrate community inputs submitted via the municipal website** into the Strategic Planning System Functionality. This functionality ensures that feedback, proposals, and submissions captured through digital platforms on the municipal website are automatically received, categorised, and processed within the Strategic Planning System Functionality.
- Enable the ability to **view the Community Inputs Register** within the Strategic Planning System Functionality. This functionality ensures that authorised users can access a comprehensive, real-time register of all community inputs received during strategic planning processes.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Strategic Planning Related System Requirements

- Enable the ability to embed a **comprehensive template for the Long-Term Development Strategy (LTDS)** within the Strategic Planning System Functionality. This functionality ensures that municipalities can prepare and maintain a standardised LTDS document that captures the full scope of long-term strategic planning elements. The embedded template must provide a structured, consistent format for documenting strategic objectives, programmes, and implementation frameworks, while ensuring full alignment with the Integrated Development Plan (IDP), Spatial Development Framework (SDF), Municipal Growth and Development Strategy (MGDS), and applicable national and provincial priorities.
- Enable the ability to **amend the Long-Term Development Strategy (LTDS)** within the Strategic Planning System Functionality. This functionality must ensure that authorised users can update key components of the LTDS—such as strategic objectives, project plans, implementation timelines, funding requirements, and institutional linkages—to reflect evolving municipal priorities, IDP revisions, Spatial Development Framework adjustments, and national or provincial policy shifts.
- Enable the ability to **update the Community Inputs Register with alignment status** to the Long-Term Development Strategy (LTDS) within the Strategic Planning System Functionality. This functionality ensures that each recorded community input is reviewed and updated with an alignment status reflecting its relevance, incorporation, or exclusion within the LTDS. The purpose is to enhance transparency, support public accountability, and maintain a traceable record of how community contributions inform strategic planning decisions.
- Enable the ability to **view the Long-Term Development Strategy (LTDS) for approval** within the Strategic Planning System Functionality. This functionality ensures that designated officials can access the complete, compiled version of the LTDS—including all strategic, financial, and operational components—prior to submitting it for approval.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Strategic Planning Related System Requirements

- Enable the ability to **approve the distribution of the Long-Term Development Strategy (LTDS)** to the Reporting Mechanism System Functionality for agenda compilation. This functionality ensures that, once the LTDS has been reviewed and finalised, authorised users can formally approve its submission to the Reporting Mechanism System Functionality for inclusion in the relevant governance structures' meeting agendas.
- Enable the ability to **integrate the upload of approved documents from various source system functionalities to Records Management**, to upload the approved document into the filing functional structure embedded in the Records Management System Functionality. This functionality must ensure that all approved documents are securely stored, categorised, and traceable within a standardised filing structure for governance, audit, and compliance purposes.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

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Budgeting

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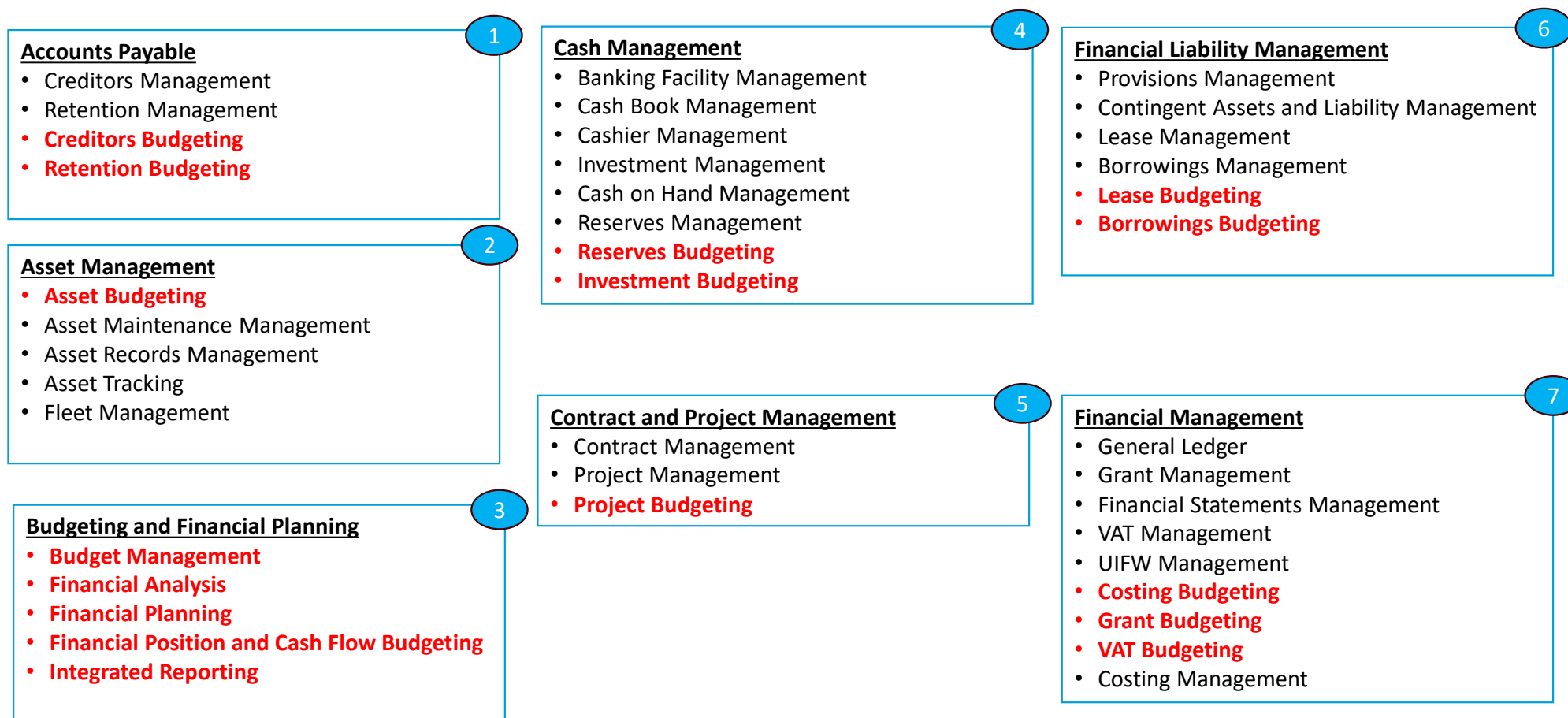


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System Functionality Landscape



System Functionality Landscape

Governance

- Compliance Monitoring
- Organisational Performance Management
- Records Management
- Municipal Website
- Occupational Health, Safety and Environmental Management

8

Human Resource and Payroll Management

- **HR and Payroll Budgeting**
- Human Resource Management
- Leave Management
- Payroll Management
- Time and Attendance Management
- Staff Performance Management

9

Management Information

- Reporting Mechanisms
- Executive Decision Support Mechanisms

12

Industry Specific Management

- **Traffic Fines Budgeting**
- Abattoir Management
- Cemetery Management
- Electricity Management
- Fire and Emergency Management
- Fresh Produce Market Management
- Holiday Resort Management
- Library Management
- Nursery Management
- Pound Management
- Traffic Fines Management
- Transport Services Management
- Weighbridge Management

10

Property Management

- Property Database Management
- Facilities Rental Management
- Land Use Management
- Building Control Management
- Real Estate Management
- Valuation Roll Management
- Wayleave Management
- **Facilities Rental Budgeting**
- GIS Management

13

Inventory Management

- **Water Inventory Budgeting**
- **Land Inventory Budgeting**
- Consumables, Materials and Supplies Budgeting
- Consumables, Materials and Supplies Management
- Water Inventory Management
- Land Inventory Management

11

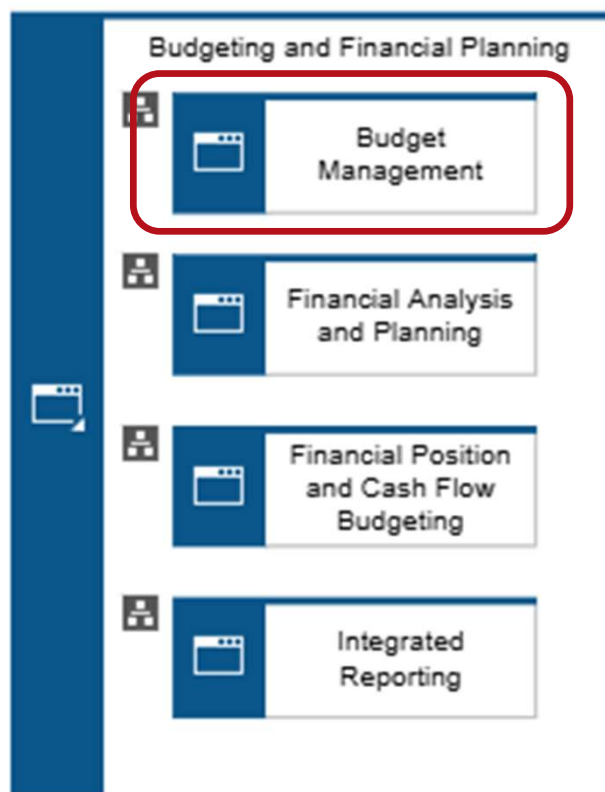
Revenue and Debt Management

- **Accounts Receivable Budgeting**
- **Revenue Budgeting**
- **Prepaid Revenue Budgeting**
- **Indigent Budgeting**
- Accounts Receivable Management
- Billing
- Credit Control Management
- Customer Portal
- Debt Collection Management
- Meter Management
- Prepaid Revenue Management
- Property Rates Management
- Revenue Management
- Indigent Management

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System Functionality Scope: Budget and Financial Planning Management

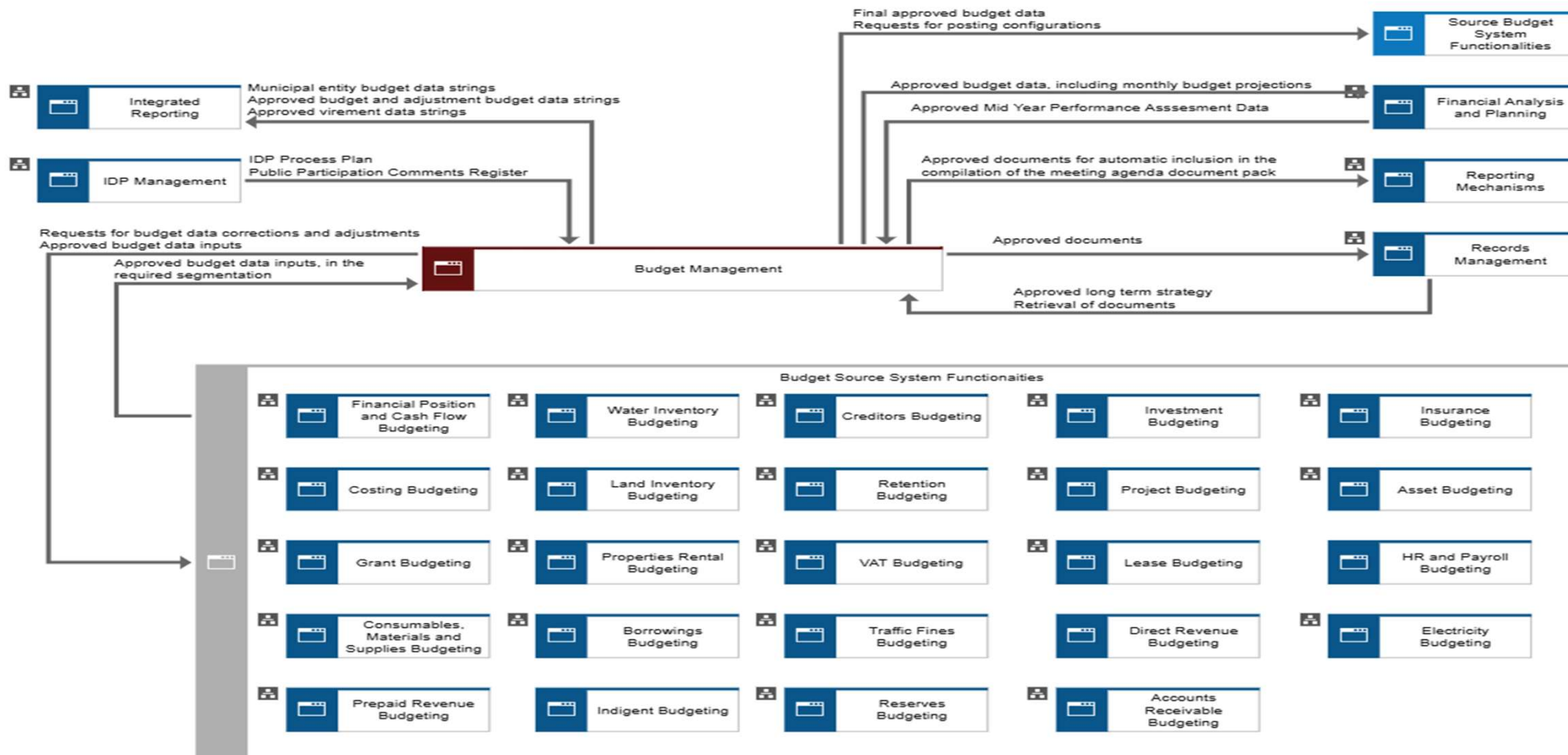
The **Budget Management** system functionality forms part of the **Budget and Financial Planning** system functionality group.



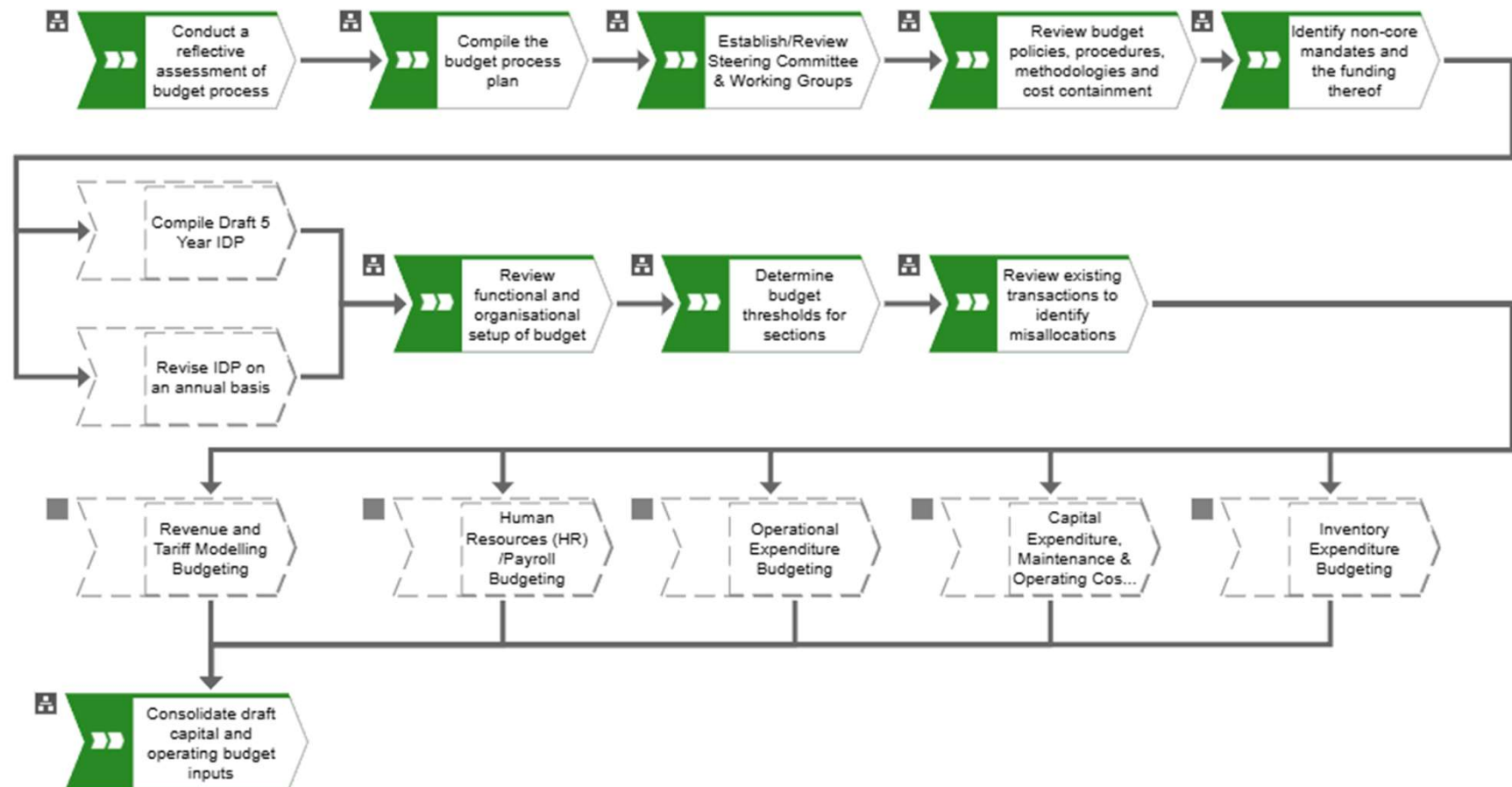
System Functionality Scope: Budget and Financial Planning

- The Budget Management System Functionality is designed to enable municipalities to manage the full lifecycle of their **budget planning, preparation, consolidation, monitoring, and adjustment processes** in a structured, transparent, and electronically integrated manner. This functionality supports strategic alignment between the Integrated Development Plan (IDP), the municipal budget, and other core financial processes as required by the Municipal Finance Management Act (MFMA), Municipal Budget and Reporting Regulations (MBRR), and mSCOA Regulations.
- This system functionality consolidates electronic budget inputs received from **various source system functionalities (Module Budgeting)**—such as **project management, grant management, revenue, procurement, and human resource and payroll budgeting**—into a centralised budget management functionality. It enables real-time visibility into financial performance, facilitates compliance with regulatory timeframes and formats, and supports automated validation of budget structure against mSCOA classifications and funding compliance rules.
- By integrating this functionality into the municipal planning and financial management environment, municipalities can ensure that all budget-related activities—such as budget preparation, budget adjustments, rollovers, virements, and mid-year reviews—are captured, controlled, and reflected consistently across the institution. It enables scenario planning, version control, audit trails, and secure workflow approvals that align with internal control practices.

System Functionality Context Diagram (Integration) : Budget Management



Process Context: Budget Process Planning



Key Budget Management Related System Requirements

- Enable the ability to **automatically retrieve documents from the Records Management system functionality through a document retrieval interface** integrated into relevant system functionality
- Enable the ability to **view the National and Provincial findings** on budget and in-year monitoring within the System Functionality.
- Enable the ability to view the **approved Long-Term Development Strategy (LTDS)** within the System Functionality. This functionality ensures that authorised users can access the most recent approved version of the LTDS directly from within the System Functionality.
- Enable the ability to **embed a template for reflective assessment and action plan** within the system functionality. This functionality ensures that users can document lessons learned, performance reflections, and improvement actions at the conclusion of planning or implementation cycles.
- Enable the ability to **capture reflective assessment findings and actions to be taken** within the relevant system functionality. This functionality ensures that users can document key observations, performance insights, and lessons learned, along with clearly defined follow-up actions.
- Enable the ability to **view and approve the updated reflective assessment and linked action plan** within the relevant system functionality. This functionality ensures that authorised users can access the most recent version of submitted reflective assessments and their associated action plans, including any updates, status changes, or progress tracking.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **embed a standardised template for the Budget Process Plan**. This functionality ensures that municipalities are equipped with a structured framework to guide the preparation, review, and adoption of the annual and medium-term budget in accordance with the MFMA, National Treasury guidelines, and internal financial planning cycles.
- Enable the ability within the Budget Management System Functionality to **capture key activities** in the Budget Process Plan. This functionality ensures that municipalities can comprehensively document and manage all critical steps involved in the preparation, consultation, adjustment, and approval of the budget, in accordance with MFMA requirements and National Treasury regulations.
- Enable the ability within the Budget Management System Functionality to **capture roles and responsibilities** in the Budget Process Plan. This functionality ensures that all officials, units, and governance structures involved in the budget process are clearly identified with assigned responsibilities linked to specific budget planning activities.
- Enable the ability within the Budget Management System Functionality to **capture timelines** for activities in the Budget Process Plan. This functionality ensures that each budget activity is time-bound with clearly defined start and end dates, aligned to legislative deadlines and internal planning cycles.
- Enable the ability within the Budget Management System Functionality to **link dependencies between activities in the Budget Process Plan and the Integrated Development Plan (IDP) Process Plan**. This functionality ensures coordinated alignment between IDP and budget planning timelines, strategic priorities, and mandated activities, supporting integrated municipal planning and compliance with the MFMA, Municipal Systems Act, and National Treasury requirements.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **generate the Budget Process Plan, containing only budget-specific activities and timelines as required by the Municipal Finance Management Act (MFMA) and National Treasury regulations**. This functionality ensures that municipalities can prepare a structured, legislative-compliant Budget Process Plan focused exclusively on the budget formulation cycle, excluding IDP-related activities.
- Enable the ability within the Budget Management System Functionality to **generate the draft Process Plan, integrating activities from both the IDP and budget planning frameworks**. This functionality ensures that municipalities can compile a coherent and standardised process plan that aligns IDP and budget preparation timelines, roles, and deliverables in compliance with Section 21 of the MFMA and Chapter 5 of the Municipal Systems Act.
- Enable the ability within the Budget Management System Functionality to **electronically approve the Budget Process Plan and the Consolidated IDP and Budget Process Plan, as required**.
- Enable the ability within the Budget Management System Functionality to **create new budget data strings as required**. This functionality ensures that municipalities can generate new budget data strings to address classification gaps, structural changes, or corrections necessary for alignment with budget planning and reporting requirements.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **generate a functional setup report** on budget data.
- Enable the ability within the Budget Management System Functionality to **generate a Municipal Standard Classification (MSC) report based on budget data integrated from source system functionalities**. This functionality ensures that municipalities can generate a report aligned to the Municipal Standard Classification structure, reflecting how budget allocations are structured and linked to departments, organisational units, and functional responsibilities.
- Enable the ability within the Budget Management System Functionality to **request linkage of existing budget data strings to the respective configuration setup** within the respective source system functionality.
- Enable the ability within the Budget Management System Functionality to **create new budget data strings as required**. This functionality ensures that municipalities can generate new budget data strings to address classification gaps, structural changes, or corrections necessary for alignment with budget planning and reporting requirements.
- Enable the ability within the Budget Management System Functionality to **integrate requests for posting configurations to the respective budget system functionality**.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **view budget data inputs for consideration**. This functionality ensures that authorised users within the municipality can view all budget data inputs integrated from source system functionalities—prior to final approval or consolidation—within the central Budget Management System Functionality.
- Enable the ability within the Budget Management System Functionality to **request amendments to source budget data**. This functionality ensures that authorised users in the budget office can initiate formal amendment requests to data submitted from source system functionalities—such as operational budgeting, capital budgeting, or project budgeting—prior to final budget consolidation.
- Enable the ability within the Budget Management System Functionality to **view budget data inputs for consideration**.
- Enable the ability within the Budget Management System Functionality to **validate that project budgets and strategic allocations are aligned to the approved Integrated Development Plan (IDP) priorities, objectives, and timelines**.
- Enable the ability within the Budget Management System Functionality to display an **analysis of budget inputs for review and validation**.
- Enable the ability within the Budget Management System Functionality to **validate that the municipality has budgeted for an operating surplus**.
- Enable the ability within the Budget Management System Functionality to **generate the consolidated capital budget**. This functionality ensures that municipalities can extract a complete and structured view of all capital budget allocations submitted across departments and projects.

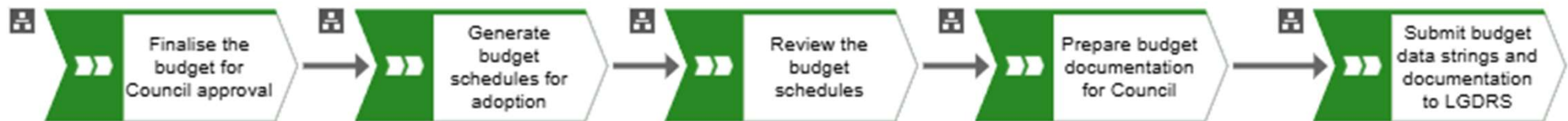
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **generate the consolidated operating budget**. This functionality ensures that municipalities can produce a complete and structured view of all operating budget inputs across departments, cost centres, and functions.
- Enable the ability within the Budget Management System Functionality to **validate that the budget report is in balance. This functionality ensures that municipalities can perform automated validation checks** to confirm that the capital and operating budget inputs are in balance, in accordance with accounting principles, mSCOA segment logic, and legislative requirements.
- Enable the ability within the System Functionality to **generate the A Schedule to test the population of the schedules**. This functionality ensures that municipalities can generate the standard A Schedule template as prescribed by National Treasury, using the integrated and approved budget data for testing, validation, and review purposes.
- Enable the ability within the Budget Management System Functionality to **automatically consolidate all budget inputs and contra accounts into a single budget report**.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Budget Reporting



Key Budget Management Related System Requirements

- Enable the ability to **electronically approve documents for submission to the Reporting Mechanisms System Functionality for compilation of the meeting agenda.**
- Enable the ability within the Budget Management System Functionality **to request amendments to source budget data. This functionality ensures that authorised users in the budget office can initiate formal amendment requests to data submitted from source system functionalities—such as operational budgeting, capital budgeting, or project budgeting—prior to final budget consolidation.**
- Enable the ability to **validate mSCOA segmentation based on the budget version of the mSCOA Chart** within the System Functionality. This functionality must allow authorised users to electronically validate that budget data entries are correctly classified according to the applicable version of the mSCOA chart of accounts in use for the current budget cycle.
- Enable the ability to **validate mSCOA segmentation on budget data strings** within the System Functionality. This functionality must allow authorised users to electronically verify that all budget data strings captured or imported into the system are correctly structured and fully compliant with the applicable mSCOA chart version.
- Enable the ability within **the Budget Management System Functionality to generate a full budget report** with all budget data strings, including Revenue, Expenditure, Assets, Liabilities, and Net Assets.
- Enable the ability within the System Functionality to **validate that the budgeted Financial Position is in balance. This functionality must allow authorised users to perform automated checks to ensure that the total budgeted Assets are equal to the combined total of Liabilities and Net Assets, as required by GRAP accounting principles and MFMA compliance standards.**

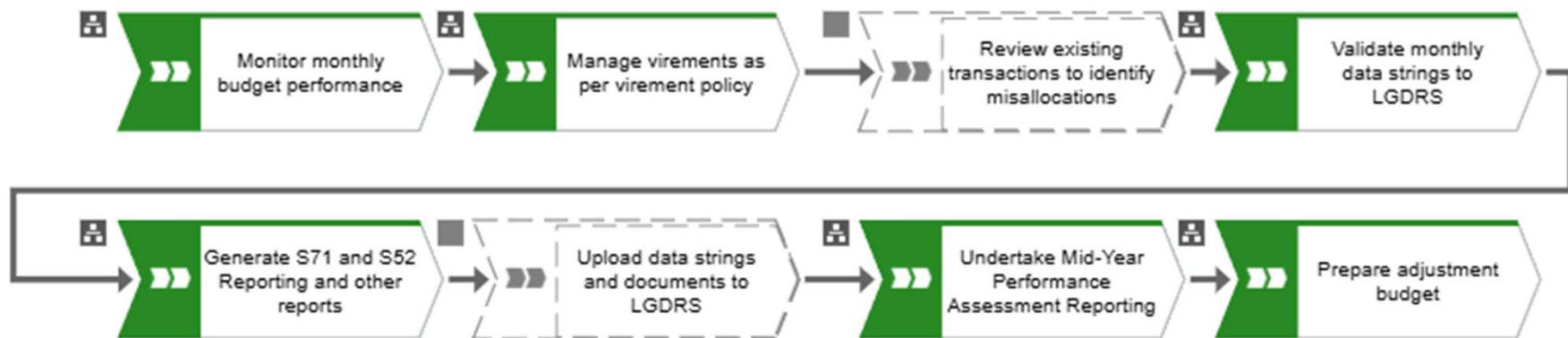
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **validate that the budget report is in balance**. This functionality ensures that municipalities can perform automated validation checks to confirm that the capital and operating budget inputs are in balance.
- Enable the ability to validate mSCOA segmentation based on the **budget version** of the mSCOA Chart within the System Functionality.
- Enable the ability to validate mSCOA segmentation on **budget data strings** within the System Functionality.
- Enable the ability within the Budget Management System Functionality to **lock the approved budget in the system functionality**. This locking applies to approved TABB, approved ORGB and approved ADJB budgets.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: In Year Monitoring and Reporting



Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **capture a request for a virement by the respective department official**. This functionality must allow authorised users to electronically initiate a virement request in a structured format that clearly reflects the mSCOA data segmentation for both the originating budget and the requested budget reallocation.
- Enable the ability to **electronically view approved municipal policies, procedures and system of delegations** within the system functionality.
- Enable the ability within the Budget Management System Functionality to **electronically view virement setup rules**. This functionality must allow authorised users to access a structured, real-time display of the configured virement rules that govern the processing of budget adjustments within the system.
- Enable the ability within the Budget Management System Functionality to **electronically view virement requests** in the system. This functionality must allow authorised users to access all submitted virement requests in a structured and searchable format, showing full details of the originating and requested budget reallocations based on mSCOA segmentation.
- Enable the ability within the Budget Management System Functionality to **validate a virement request**. This functionality must allow authorised users to perform system-based validations on submitted virement requests before they are routed for approval
- Enable the ability within the Budget Management System Functionality to **populate the monthly virement report using embedded data** from processed virement requests.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **embed a template for the monthly virement report**. This functionality must allow authorised users to generate a structured report of all virements processed during a specific reporting period, using a standardised template.
- Enable the ability within the Budget Management System Functionality to **generate the monthly virement report**. This functionality must allow authorised users to produce a complete, standardised report of all virement activity for the selected month, based on data captured, validated, recommended, and approved within the system.
- Enable the ability to **electronically approve documents for submission** to the Reporting Mechanisms System Functionality for compilation of the meeting agenda.
- Enable the ability within the Budget Management System Functionality to **recommend approval for a virement request**. This functionality must allow authorised users to formally record and submit a recommendation for the approval of a validated virement request, based on internal financial controls, available budget, and alignment with the municipality's virement policy and MFMA requirements.
- Enable the ability within the Budget Management System Functionality to **approve a virement request**.
- Enable the ability within the System Functionality to **drill down to content in the Mid-Year Performance Assessment** to assess adjustments to be processed. This functionality must allow authorised users to interactively explore the financial and performance data captured in the Mid-Year Assessment to identify and analyse areas that require budgetary or operational adjustment.
- Enable the ability to electronically **request corrections and adjustments** to budget data strings for processing in the source system functionality

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **validate that approved virements are included in the budget adjustment.**
- Enable the ability within the Budget Management System Functionality to **view budget adjustments.** This functionality must allow authorised users to electronically access, review, and analyse all processed budget adjustments, including virements, reallocations, rollovers, and additional allocations.
- Enable the ability to **view the budget report** in the system functionality. This functionality must allow authorised users to electronically access and view structured budget reports directly within the system interface, displaying budget data strings with full mSCOA segment classification across the MTREF period.
- Enable the ability within the Budget Management System Functionality to **electronically view feedback received** on corrections and budget adjustments processed.
- Enable the ability within the System Functionality to **validate that the budgeted Financial Position is in balance.**
- Enable the ability to **view the budget report in the system functionality.**
- Enable the ability to **view budget cash flow data strings in the system functionality to ensure alignment with National Treasury cash flow rules and validations.** This functionality must allow authorised users to access and review the full set of cash flow-related budget data strings, including their mSCOA segmentation and associated validation indicators.

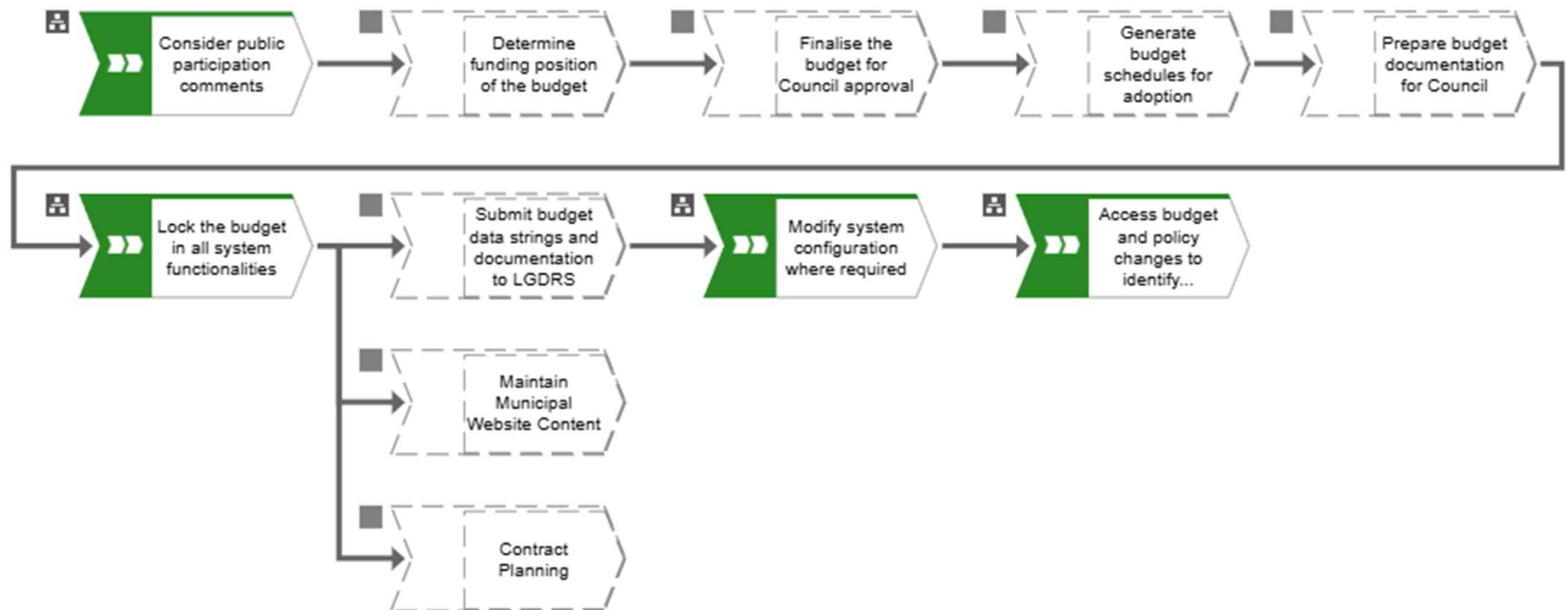
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to generate the Adjustment Budget. This functionality must allow authorised users to **automatically generate the Adjustment Budget based on integrated Mid-Year Performance Assessment results, validated financial data, updated projections, and Council-approved changes.**
- Enable the ability within the Budget Management System Functionality **to view Adjustment Budget schedules.** This functionality must allow authorised users to electronically access and review the full set of Adjustment Budget schedules generated in accordance with MFMA, National Treasury regulations, and mSCOA requirements.
- **Enable the ability to electronically approve documents for submission to the Reporting Mechanisms System Functionality for compilation of the meeting agenda.**

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Budget Approval and Integration



Key Budget Management Related System Requirements

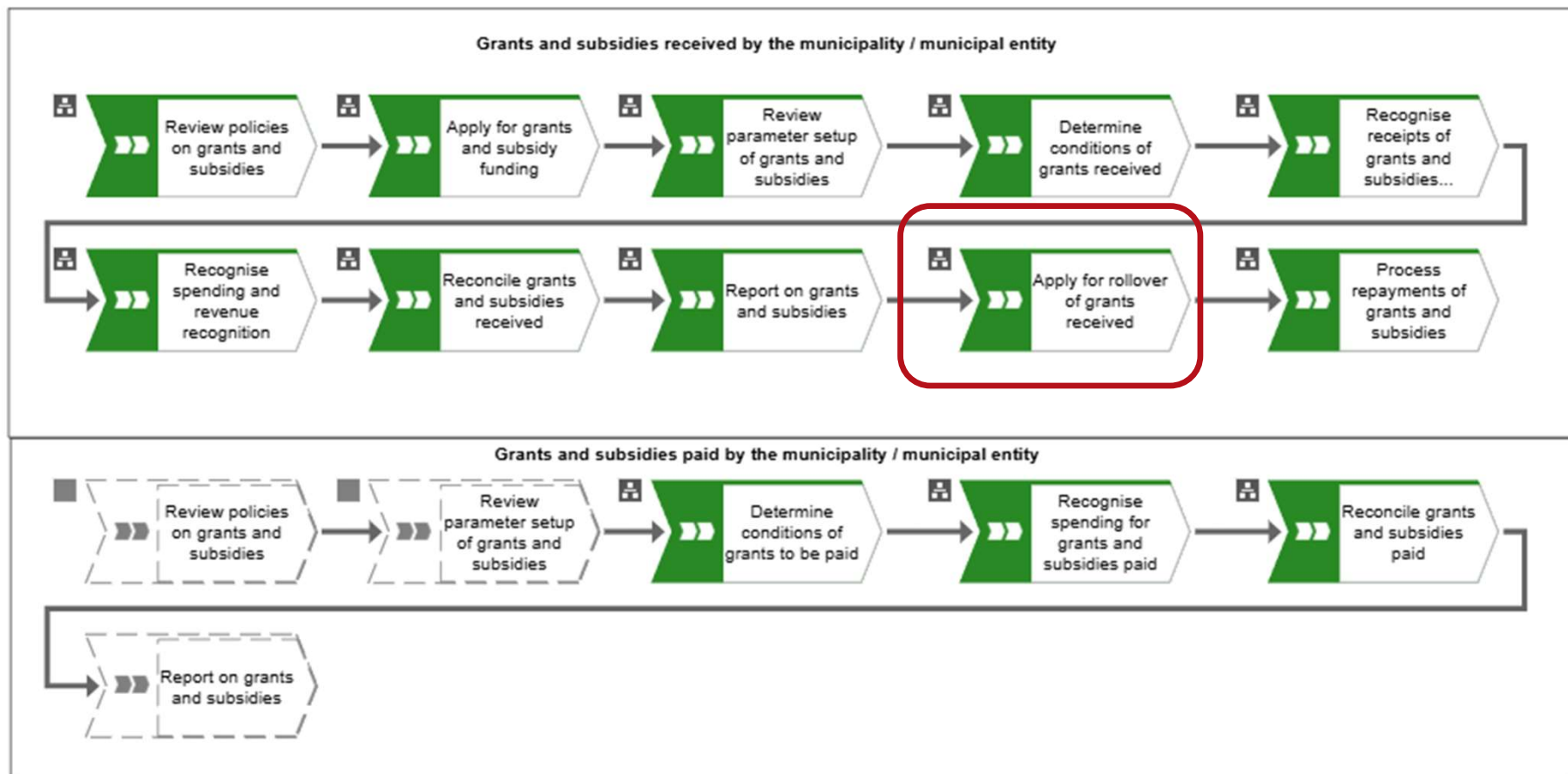
- Enable the ability within the System Functionality to **capture public participation comments**—including IDP and budget-related submissions—into a single embedded comments register. This functionality ensures that all community inputs received during the IDP and budget consultation processes are consolidated into one structured register, supporting unified analysis, traceability, and compliance with the Municipal Systems Act and the Municipal Finance Management Act (MFMA).
- Enable the ability within the System Functionality to **provide responses to the comments received** in the public participation comments register. This functionality ensures that municipalities can document, track, and communicate their formal responses to community and stakeholder inputs submitted during the IDP and budget consultation processes.
- Enable the ability within the Budget Management System Functionality to **request amendments to source budget data**.
- Enable the ability to **extract a structured budget report** for the Medium-Term Revenue and Expenditure Framework (MTREF) period, covering three financial years, using budget data strings and full seven-segment mSCOA classification.
- Enable the ability to **view the budget report in the system functionality**. This functionality must allow authorised users to electronically access and view structured budget reports directly within the system interface, displaying budget data strings with full mSCOA segment classification across the MTREF period.
- Enable the ability within the Budget Management System Functionality to **approve the adopted budget data** for integration to source system functionalities as approved for tracking and monitoring. This functionality must allow authorised users to formally approve the final adopted budget for release into operational system functionalities, enabling real-time implementation, monitoring, and expenditure tracking against the Council-approved financial framework.

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **generate an exception report for imbalances between the adopted budget and system functionality budgets** to support correction.
- Enable the ability within the Budget Management System Functionality to **validate that the adopted budget** and the budgets integrated to source system functionalities are in balance
- Enable the ability within the Budget Management System Functionality **to lock the adopted budget**. This functionality must allow authorised users to apply a secure lock to the final adopted budget following Council approval, preventing any unauthorised changes to the approved budget data strings.
- Enable the ability within the Budget Management System Functionality to **generate the budget locking certificate**. This functionality must allow authorised users to produce an official certificate confirming that the adopted budget has been locked in the system following Council approval.
- Enable the ability within the Budget Management System Functionality to **generate a report of changes in mSCOA segmentation between the current and prior year budgets**. This functionality must allow authorised users to compare approved budget data strings across two financial years and identify changes in mSCOA segment allocations.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Grant Management and Reporting

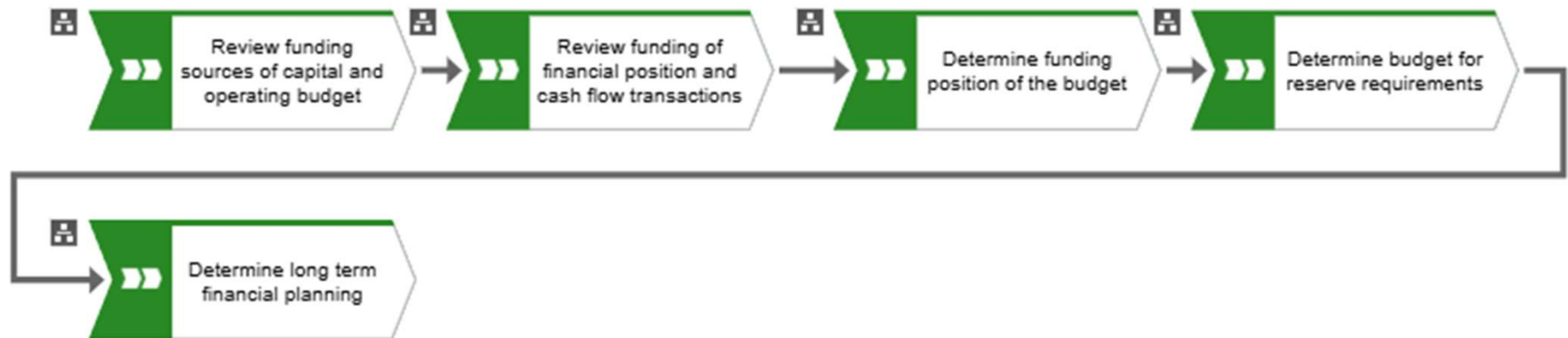


Key Budget Management Related System Requirements

- Enable the ability within the system Functionality to **capture and create a project with mSCOA segment classifications linked to the fund source as internal funding (transfer from operational)**. This functionality must support the accurate setup of projects funded through internal transfers, ensuring full compliance with mSCOA classification requirements and enabling proper planning, tracking, and reporting of internally funded initiatives.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Funding, Reserves and Long Term Financial Planning Budgeting



Key Budget Management Related System Requirements

- Enable the ability within the System Functionality for users to **electronically view the most current versions of municipal policies and methodologies**, along with tracked changes from prior approved versions.
- Enable the ability within the Budget Management System Functionality to **electronically view the linkage** of the funding source allocation for rebates to ensure allocation is in accordance with the mSCOA requirements and the municipality's funding policies.
- Enable the ability within the Budget Management System Functionality to **extract a report based on completed revenue budget inputs, by funding source and revenue item**, to validate the funding sources budgeted for and confirm correct linkage to the respective revenue items.
- Enable the ability within the Budget Management System Functionality to **electronically view the total amount by budgeted funding source, with a summary view and the ability to drill down to individual revenue items**.
- Enable the ability within the Budget Management System Functionality to **electronically view the total amount by budgeted funding source, with a summary view and the ability to drill down to capital and operating expenditure items**.
- Enable the ability within the Budget Management System Functionality to **extract a report based on completed expenditure budget inputs, by funding source and capital and operating item**, to validate the funding sources budgeted for and confirm correct linkage to the respective expenditure items.
- Enable the ability within the Budget Management System Functionality to **electronically view a funding balance report on screen, with drill-down capability, comparing budgeted funding sources for revenue items against budgeted funding sources for capital and operating expenditure**

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **generate a funding balance report that reflects the budgeted funding sources for revenue items** compared to the budgeted funding sources for capital and operating expenditure.
- Enable the ability to **electronically request corrections and adjustments to budget data strings** for processing in the source system functionality. This functionality must allow authorised users to initiate and track formal correction requests for identified errors or misclassifications in budget data strings, ensuring that all adjustments are made at source to maintain data integrity, auditability, and compliance with MFMA, mSCOA Regulations, and internal budgeting protocols.
- Enable the ability within the Budget Management System Functionality to **generate a funding balance report that reflects the budgeted funding sources for revenue items compared to the budgeted funding sources for capital and operating expenditure.**
- Enable the ability within the Budget Management System Functionality to **electronically view a funding balance report on screen, with drill-down capability**, comparing budgeted funding sources for revenue items against budgeted funding sources for capital and operating expenditure.
- Enable the ability within the Budget Management System Functionality to **extract a report based on completed revenue budget inputs, by funding source and revenue item**, to validate the funding sources budgeted for and confirm correct linkage to the respective revenue items.
- Enable the ability within the Budget Management System Functionality to **extract a report based on completed expenditure budget inputs, by funding source and capital and operating item**, to validate the funding sources budgeted for and confirm correct linkage to the respective expenditure items.

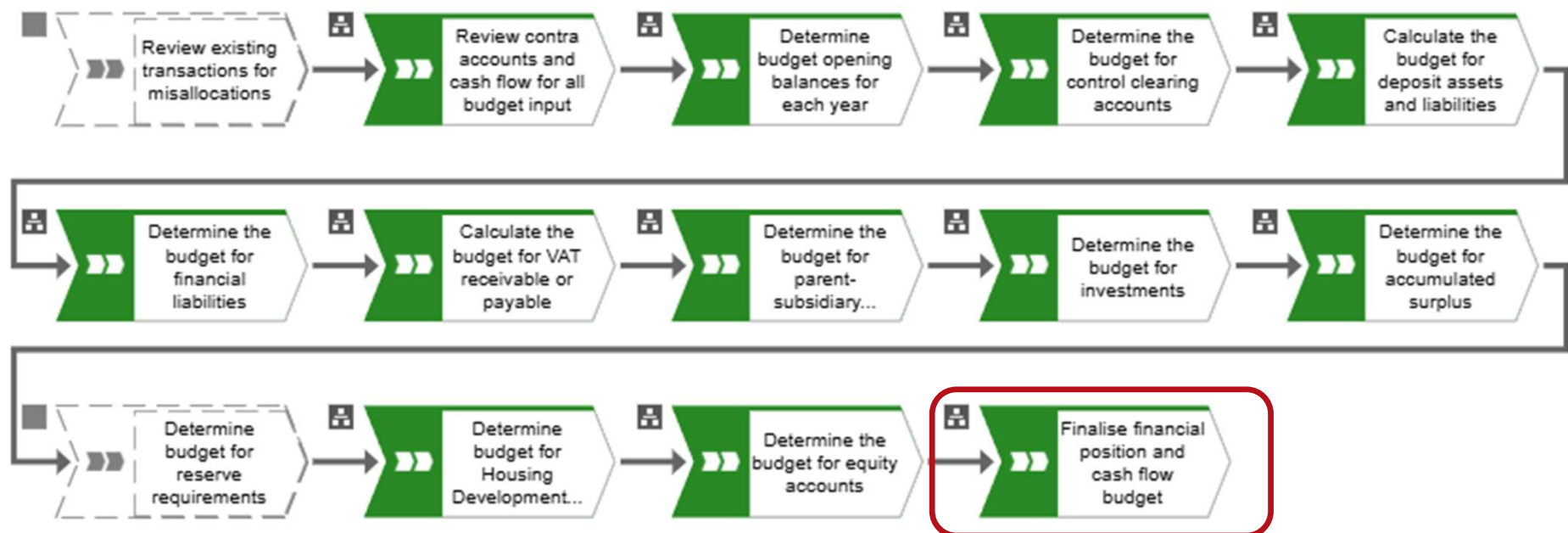
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Budget Management System Functionality to **electronically view feedback received on corrections and budget adjustments processed**. This functionality must allow authorised users to access, track, and view feedback related to corrections made within the system, ensuring transparency, accountability, and alignment with audit requirements and internal controls.
- Enable the ability within the Budget Management System Functionality to **electronically view the funding balance report for cash transactions**. This functionality must allow authorised users to view a summary of all budgeted cash inflows and outflows grouped by funding source, with the ability to assess whether sufficient cash is available per fund to meet payment obligations.
- Enable the ability within the Budget Management System Functionality to **extract a Fund Balance Report for budgeted Financial Position and Cash Flow transactions**, comparing all budgeted cash receipt items against the fund source for payment transactions.
- Enable the ability to electronically **request corrections and adjustments** to budget data strings for processing in the source system functionality.
- Enable the ability within the System Functionality to **electronically view the funding deficit**. This functionality must allow authorised users to access a real-time, structured view of the shortfall between available funding sources and total budgeted allocations across capital, operating, and Financial Position items

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Financial Position and Cash Flow Budgeting



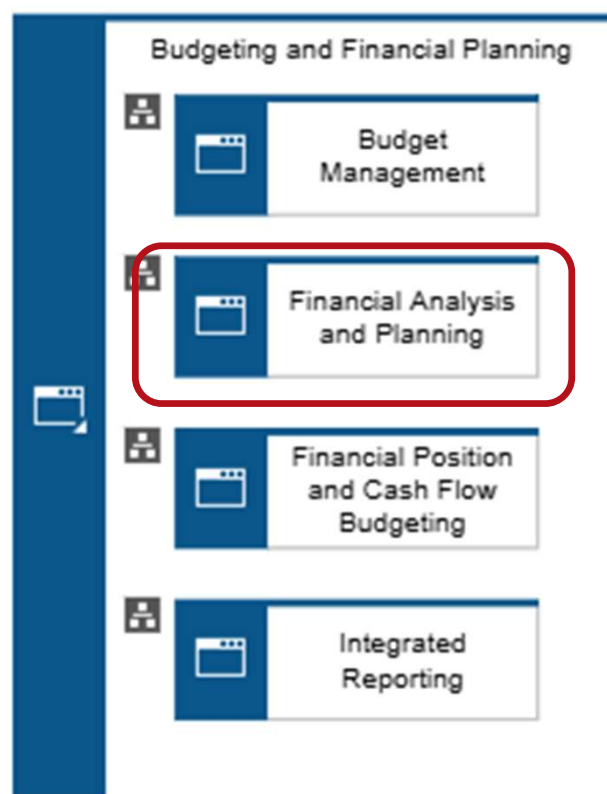
Key Budget Management Related System Requirements

- Enable the ability to electronically view budget data strings within the system functionality. This functionality must allow authorised users to access and review all budget data strings captured in the system, supporting transparency, validation, and alignment with MFMA, mSCOA Regulations, and National Treasury budgeting frameworks.
- Enable the ability to view monthly cash flow allocation in the system functionality, by month and over the MTREF 3-year financial period. This functionality must allow authorised users to access a structured and time-phased display of all cash flow projections linked to budgeted revenue and expenditure.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

System Functionality Scope: Financial Analysis and Planning

The **Financial Analysis and Planning** system functionality forms part of the **Budget and Financial Planning** system functionality group.



Annual CIGFARO Conference 2025: mSCOA Pre-Masterclass

Financial Analysis and Planning

PRESENTED AND PREPARED BY:

Zaheer Khan
Rohaam Singh
Bongani Mdletshe

Title: *mSCOA* Technical Advisors

Date 06 October 2025



national treasury

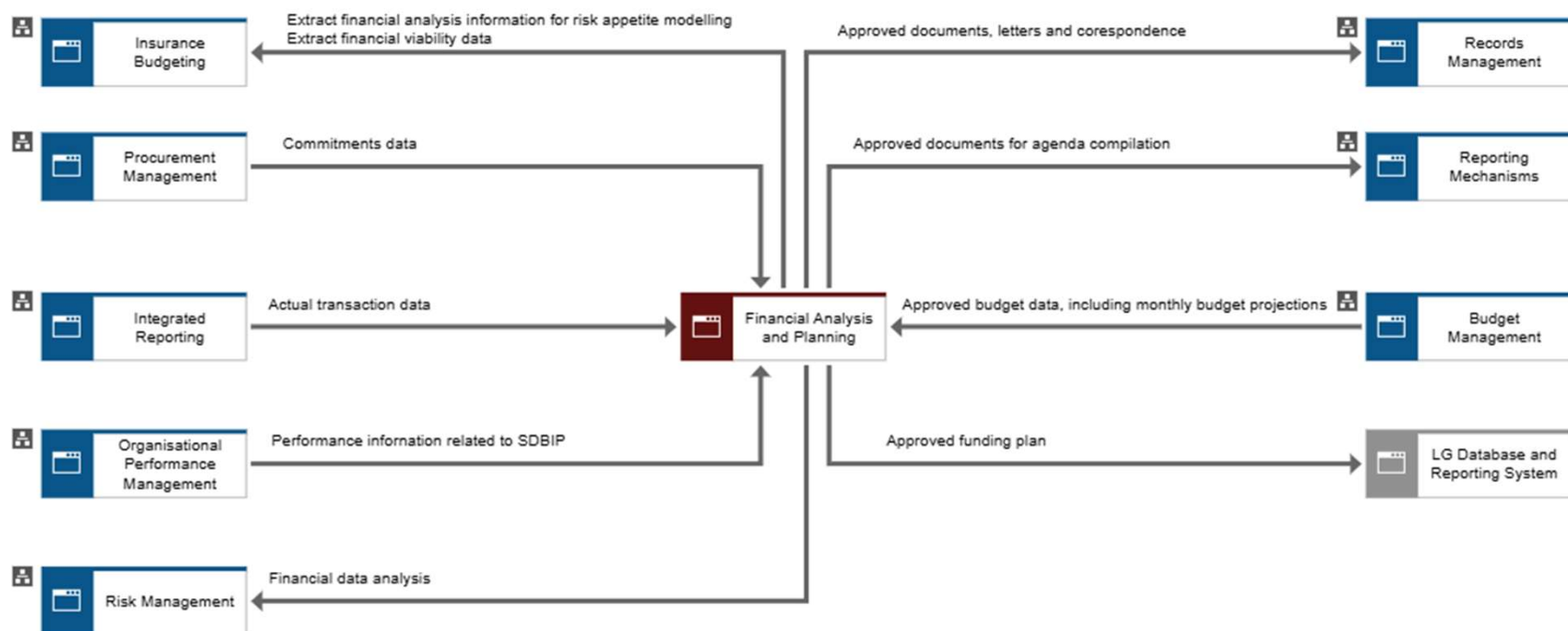
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National Treasury
REPUBLIC OF SOUTH AFRICA



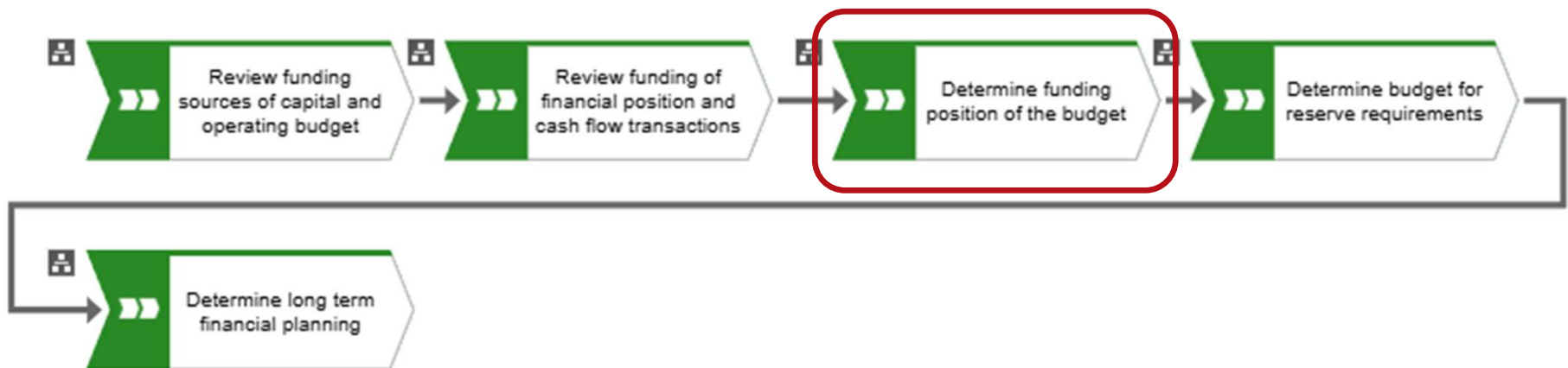
System Functionality Scope: Financial Analysis and Planning

- The Financial Analysis and Planning System Functionality is designed to equip municipalities with the ability to **perform structured, data-driven financial performance assessments across all financial dimensions**. This functionality enables real-time and periodic analysis of revenue, expenditure, assets, liabilities, cash flow, and budget execution against approved benchmarks, supporting compliance with the Municipal Finance Management Act (MFMA), mSCOA Regulations, and National Treasury reporting requirements.
- This system functionality **consolidates financial data electronically from various source system functionalities**—such as general ledger, revenue management, asset management, budget management, and grant management—into a centralised analytical environment. It allows users to **generate multi-dimensional financial reports, calculate key performance indicators (KPIs), identify trends, and assess financial risks and sustainability metrics over time**. It also enables the preparation and ongoing monitoring of a long-term financial plan, linking future service delivery priorities to available and projected funding, affordability parameters, and fiscal sustainability indicators.
- By integrating this functionality into day-to-day financial oversight processes, **municipalities can conduct monthly and quarterly financial health assessments, perform mid-year performance assessments in accordance with MFMA section 72 requirements, track commitments and cash availability, and identify early warning signs of fiscal distress**. The functionality supports variance analysis, funding adequacy assessments, cost-revenue ratio evaluations, and long-term financial scenario planning across departments, programmes, and projects, with built-in capabilities for visual dashboards, benchmarking, and automated exception alerts.

System Functionality Context Diagram (Integration) : Financial Analysis and Planning



Process Context: Funding, Reserves and Long Term Financial Planning Budgeting



Key Budget Management Related System Requirements

- Enable the ability within the Financial Analysis System Functionality to **integrate the approved budget input data strings from the Budget Management System Functionality for financial analysis**. This functionality must allow authorised users to automatically retrieve and analyse the complete set of approved budget data strings, including capital, operating, and Financial Position transactions, to enable real-time financial analysis and compliance monitoring.
- Enable the ability within the Financial Analysis System Functionality to **capture minimum funding requirements in order to assess the funding position of the municipality, with the ability to select specific items to be included in the funding criteria, and embed alignment to the A8 schedule issued by National Treasury**. This functionality must allow authorised users to define minimum required funding thresholds, select relevant capital, operating, and Financial Position items to be included in the assessment, and ensure that the analysis aligns to the format and structure of the A8 schedule used in budget submissions to National Treasury.
- Enable the ability within the Financial Analysis System Functionality to **generate the funding assessment based on the latest budget data strings**. This functionality must allow authorised users to perform a comprehensive evaluation of whether the municipality's budget is fully funded, using approved budget inputs and aligned to the funding structure defined in the A8 schedule issued by National Treasury.
- Enable the ability within the Financial Analysis System Functionality to **electronically view the funding assessment**. This functionality must allow authorised users to access a structured, real-time display of the municipality's funding position, based on the integrated and approved budget data strings

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Financial Analysis System Functionality to **test budget amounts against trend analysis**. This functionality must allow authorised users to compare current budgeted values to historical trends for capital, operating, and Financial Position items, using actuals and prior budget data to assess reasonability, detect anomalies, and support informed financial decision-making.
- Enable the ability within the System Functionality to **embed a template for the Funding Plan** to address a funding deficit where the budget is not fully funded. This functionality must allow authorised users to capture the details of funding shortfalls and define corrective funding strategies where capital, operating, or Financial Position budgets exceed available and credible funding sources.
- Enable the ability within the System Functionality to **capture and implement a Funding Plan** aimed at reducing the funding deficit over a defined period. This functionality must allow authorised users to document corrective funding measures, link them to unfunded budget items, and track their implementation progress through performance monitoring and reporting.
- Enable the ability within the System Functionality to **model scenario planning to assess the impact of action plans aimed at reducing the unfunded budget position over a period of time**. This functionality must allow authorised users to develop, simulate, and evaluate various financial scenarios by adjusting revenue, expenditure, and funding source assumptions.
- Enable the ability within the Financial Analysis System Functionality to **electronically view the testing results of budgeted amounts against historical data trends**. This functionality must allow authorised users to access a visual and structured on-screen comparison of current budgeted amounts versus historical actuals and prior budget figures.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Financial Analysis System Functionality to **electronically view the funding assessment**. This functionality must allow authorised users to access a structured, real-time display of the municipality's funding position, based on the integrated and approved budget data strings.
- Enable the ability to **electronically approve documents for submission** to the Reporting Mechanisms System Functionality for compilation of the meeting agenda. Once approved, the documents must be flagged as ready for submission and automatically routed or made available to the Reporting Mechanisms System Functionality for inclusion in relevant meeting agendas (e.g. Council, Audit Committee, MPAC).
- Enable the ability within the Financial Planning System Functionality to **electronically view the populated Funding Plan**. This functionality must allow authorised users to access a real-time, structured view of the completed Funding Plan, including all recorded interventions, associated funding requirements, timelines, and performance indicators aimed at reducing the municipality's funding deficit.
- Enable the ability within the Financial Planning System Functionality to **approve the Funding Plan for distribution in compilation of agenda packs**. This functionality must allow authorised users to formally view and electronically approve the completed Funding Plan, confirming that the documented interventions, funding requirements, timelines, and KPIs are accurate, actionable, and aligned with the municipality's financial recovery objectives.
- Enable the ability within the Financial Planning System Functionality to **approve the Funding Plan for submission to the LG Database and Reporting System (LGDRS) system functionality**. This functionality must allow authorised users to finalise the Funding Plan following internal review and formally approve it for transmission to LGDRS, in alignment with MFMA Circulars, mSCOA classification requirements, and National Treasury's reporting protocols.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Financial Analysis and Planning System Functionality to **embed a template for a Long-Term Financial Plan with required fields for automated population of data and estimations**. This functionality must allow authorised users to generate a structured Long-Term Financial Plan (LTFP) that draws from integrated budget, actual, and forecasted data, and automatically estimates future financial performance based on defined assumptions
- Enable the ability within the Financial Analysis and Planning System Functionality to **consider multi-year commitments based on procurement awards and contracts awarded to date**. This functionality must allow authorised users to integrate awarded contract values, durations, and payment schedules into long-term financial planning models to ensure accurate forecasting of expenditure and funding obligations across multiple financial years.
- Enable the ability within the Financial Analysis and Planning System Functionality to **automatically populate the Long-Term Financial Plan based on projections, planning assumptions, and baseline data**. This functionality must allow authorised users to generate a complete, system-driven Long-Term Financial Plan (LTFP) using approved budget figures, historical trends, and user-defined planning assumptions.
- Enable the ability within the **Financial Analysis and Planning System Functionality to build in sensitivity testing tools for exchange rate fluctuations, fuel cost volatility, conditional grant reductions, and economic downturn scenarios**. This functionality must allow authorised users to simulate the financial impact of external risk factors and economic shocks on the municipality's long-term financial position, enabling responsive planning, scenario comparison, and risk mitigation strategies.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the System Functionality to **amend ratio formula assessments**. This functionality must allow authorised users to modify the calculation logic and input components of financial ratio formulas used to assess the municipality's financial health. The purpose is to ensure that the ratio assessments remain aligned to updated regulatory guidance, municipal policies, or reporting frameworks such as MFMA Circulars, National Treasury benchmarks, and evolving financial management standards.
- Enable the ability within the Financial Analysis and Planning System Functionality to **generate financial ratio assessment and analysis**. This functionality must allow authorised users to automatically calculate and analyse key financial ratios using integrated actual, budgeted, and historical data to assess the municipality's financial health.
- Enable the ability within the Financial Analysis and Planning System Functionality to **test the cash position based on 'what-if' scenarios and support long-term financial planning**. This functionality must allow authorised users to model and evaluate the financial impact of various assumptions on the municipality's cash position and financial health over multiple financial years.
- Enable the ability within the Financial Analysis and Planning System Functionality to **capture the minimum cash reserve required to buffer against revenue shortfalls and unexpected expenditures**, and model the impact on cash flow over a long-term period.
- Enable the ability within the Financial Analysis and Planning System Functionality to **simulate the investment of funds over a long-term period**. This functionality must allow authorised users to model the financial impact of investing municipal funds, including surplus cash, reserves, or grant tranches not immediately spent

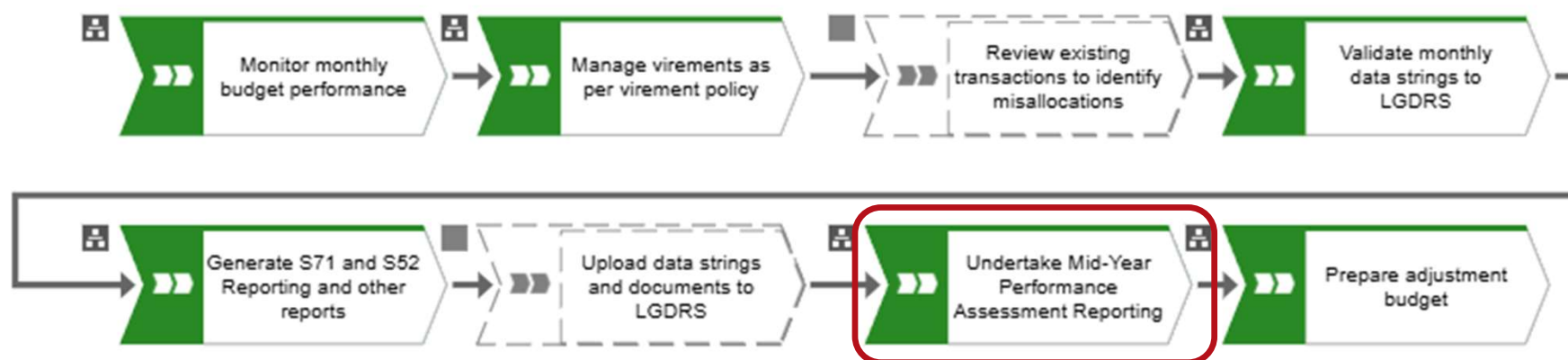
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the Financial Analysis and Planning System Functionality to **capture planning assumptions and adjustments for long-term financial planning**. This functionality must allow authorised users to define, manage, and apply financial and economic assumptions that influence revenue, expenditure, funding, reserves, and cash flow projections over a multi-year period.
- Enable the ability within the Financial Analysis and Planning System Functionality to **electronically view the Long-Term Financial Plan**. This functionality must allow authorised users to access a structured, real-time, on-screen view of the completed Long-Term Financial Plan (LTFP), including projections, assumptions, funding strategies, and financial sustainability indicators.
- Enable the ability within the Financial Analysis and Planning System Functionality to **generate the Long-Term Financial Plan**. This functionality must allow authorised users to automatically generate a complete Long-Term Financial Plan (LTFP) document using approved budget data, historical trends, planning assumptions, and integrated projections.
- Enable the ability within the Financial Analysis and Planning System Functionality to **capture narrative information in the Long-Term Financial Plan**. This functionality must allow authorised users to input and maintain explanatory, contextual, and strategic narrative content within the Long-Term Financial Plan (LTFP), aligned to financial forecasts, assumptions, and projections.
-

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: In Year Monitoring and Reporting



Key Budget Management Related System Requirements

- Enable the ability within the System Functionality to **embed a template for the Mid-Year Performance Assessment**. This functionality must allow authorised users to access, populate, and report on the municipality's financial and non-financial performance as required by Section 72 of the MFMA and National Treasury guidance.
- Enable the ability within the System Functionality to **modify the template for the Mid-Year Performance Assessment** as required. This functionality must allow authorised users to customise the standard assessment template to accommodate changes in legislative requirements, internal reporting needs, or organisational structure.
- Enable the ability within the System Functionality to **populate the Mid-Year Performance Assessment**. This functionality must allow authorised users to automatically populate the assessment template with validated financial and non-financial performance data for the first six months of the financial year.
- Enable the ability within the System Functionality to **populate the Mid-Year Performance Assessment with SDBIP** information. This functionality must allow authorised users to automatically populate the non-financial performance sections of the Mid-Year Assessment using validated SDBIP data integrated from the Performance Management System Functionality.
- Enable the ability within the System Functionality to **modify projection assumptions as required**. This functionality must allow authorised users to update the key financial and non-financial assumptions used in forecasting models, scenario analysis, and performance planning.
- Enable the ability within the System Functionality to **view key assumptions used for financial and performance projections**. This functionality must allow authorised users to electronically access the underlying assumptions that inform budget forecasts, long-term financial plans, funding strategies, and performance targets.

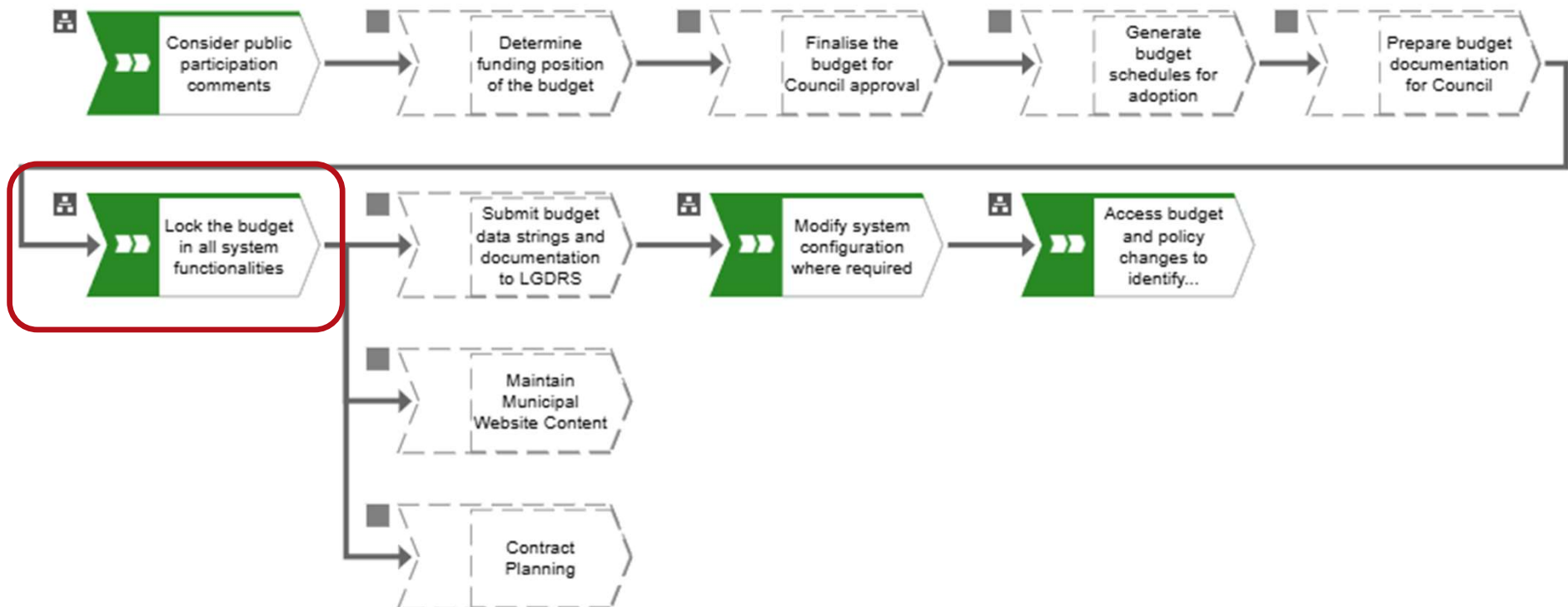
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Budget Management Related System Requirements

- Enable the ability within the System Functionality to **run projection calculations for the remainder of the financial year**. This functionality must allow authorised users to automatically generate updated financial and performance forecasts for the remaining months based on year-to-date actuals, modified projection assumptions, and approved budget data.
- Enable the ability within the System Functionality to **capture narrative information in the mid year performance assessment**. This functionality must allow authorised users to input qualitative explanations, progress updates, and justifications directly into the performance assessment template, linked to financial and non-financial results.
- Enable the ability within the System Functionality to **modify the Mid-Year Performance Assessment**. This functionality must allow authorised users to revise financial data, performance results, and narrative content within the populated Mid-Year Performance Assessment prior to approval and submission
- Enable the ability within the System Functionality to **view the completed Mid-Year Performance Assessment**. This functionality must allow authorised users to electronically access the final, fully populated Mid-Year Performance Assessment report, including financial performance, SDBIP service delivery results, and narrative commentary.
- Enable the ability to electronically **approve documents for submission to the Reporting Mechanisms System Functionality for compilation of the meeting agenda**. Once approved, the documents must be flagged as ready for submission and automatically routed or made available to the Reporting Mechanisms System Functionality for inclusion in relevant meeting agendas (e.g. Council, Audit Committee, MPAC).

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Budget Approval and Integration



Key Budget Management Related System Requirements

- Enable the ability within the source system functionalities to validate the locking of the budget integrated from the adopted budget version in the Budget Management System Functionality. This functionality must allow authorised users to validate the secure lock to the budget data that has been transferred from the adopted budget, preventing unauthorised modifications within each source system functionality.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

CIGFARO Annual Conference 2025: mSCOA Pre-Masterclass

Financial Position and Cash Flow

PRESENTED AND PREPARED BY:

Zaheer Khan

Rohaam Singh

Bongani Mdletshe

Title: *mSCOA* Technical Advisors

Date 06 October 2025



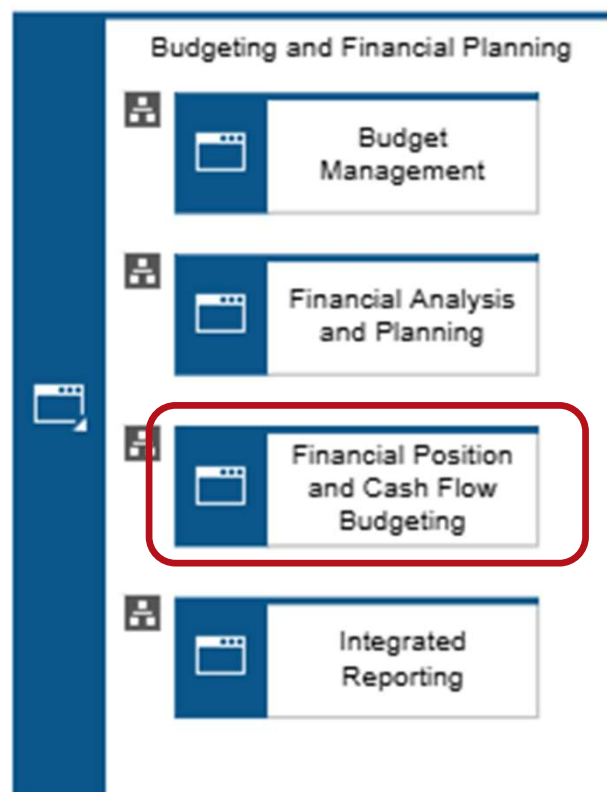
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System Functionality Scope: Financial Position and Cash Flow Budgeting

The **Financial Position and Cash Flow Budgeting** system functionality forms part of the **Budget and Financial Planning** system functionality group.



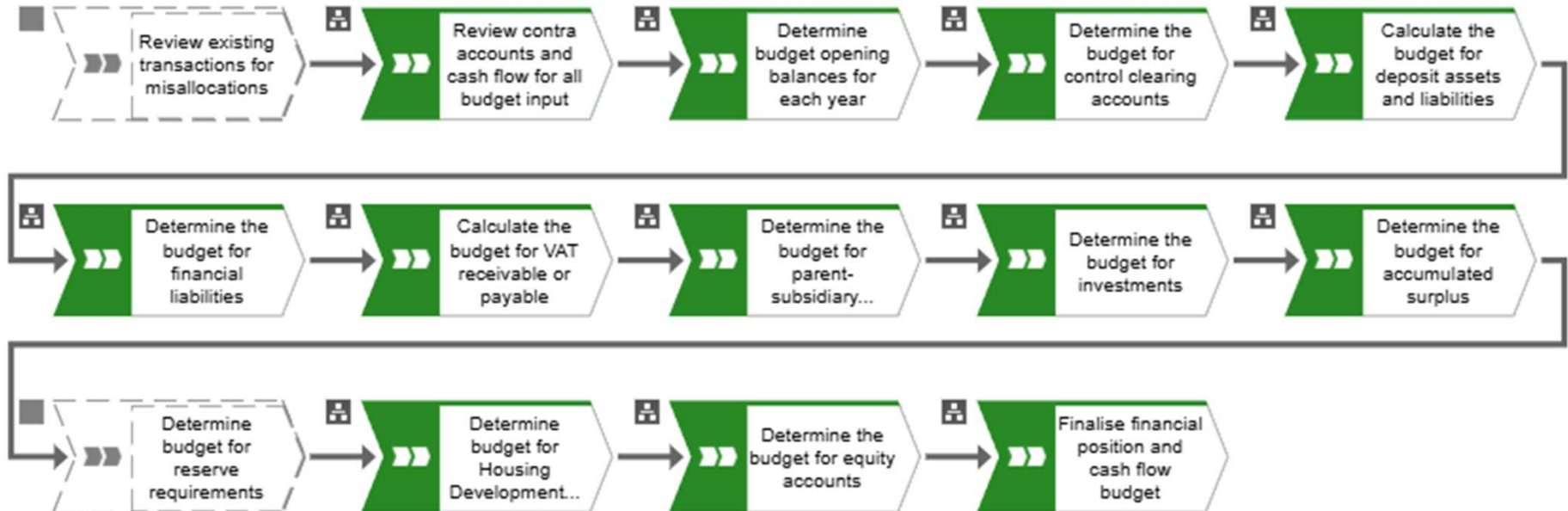
System Functionality Scope: Financial Position and Cash Flow Budgeting

- The Financial Position and Cash Flow Budgeting System Functionality is **designed to enable municipalities to prepare accurate, compliant, and forward-looking budgets that reflect the anticipated financial position and cash flow movements over the medium-term period.** This functionality ensures alignment with the Municipal Finance Management Act (MFMA), Municipal Budget and Reporting Regulations (MBRR), and mSCOA Regulations by enabling integrated planning of assets, liabilities, net assets, revenue, and expenditure in a consolidated and systematic manner.
- This system functionality consolidates **inputs electronically from various source system functionalities**—such as asset management, liabilities management, revenue, expenditure, grant management, and investment management—into a centralised financial position and cash flow budgeting environment. It enables the compilation of budgeted statements of financial position and cash flow, incorporating realistic projections of inflows and outflows, and ensuring full integration with operational and capital budgets.
- Integrating this **functionality into the budget planning and monitoring process** allows municipalities to assess liquidity risks, anticipate financing needs, and confirm the availability of cash to meet planned obligations. It also supports automated validations to ensure that budgeted cash flows align with payment schedules, grant receipts, loan repayments, and investment maturities. The functionality enables scenario testing, stress analysis, and electronic consolidation of forecasts by department, function, and funding source.
- This functionality is therefore **aimed at enhancing financial resilience, improving cash management practices, and promoting credible and sustainable budgeting.** It provides municipal officials with the tools to maintain a balanced financial position, prevent liquidity shortfalls, and ensure that expenditure commitments are supported by available resources. Ultimately, it contributes to effective financial control, timely service delivery, and strengthened investor and stakeholder confidence.

System Functionality Context Diagram (Integration) : Financial Position and Cash Flow Budgeting



Process Context: Financial Position and Cash Flow Budgeting



Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability to extract a structured budget report for the Medium-Term Revenue and Expenditure Framework (MTREF) period, covering three financial years, using budget data strings and full seven-segment mSCOA classification. This functionality must allow authorised users to generate comprehensive reports of budget data strings captured in the system, structured by mSCOA segment values across the MTREF period.
- Enable the ability to electronically view contra accounts linked to the budget data strings. This functionality must allow authorised users to access the corresponding contra entries related to budget allocations to support financial balancing, transparency, and compliance with mSCOA Regulations and National Treasury budgeting frameworks.
- Enable the ability to view monthly cash flow allocation in the system functionality, by month and over the MTREF 3-year financial period. This functionality must allow authorised users to access a structured and time-phased display of all cash flow projections linked to budgeted revenue and expenditure.
- Enable the ability to view budget cash flow data strings in the system functionality to ensure alignment with National Treasury cash flow rules and validations. This functionality must allow authorised users to access and review the full set of cash flow-related budget data strings, including their mSCOA segmentation and associated validation indicators.
- Enable the ability to electronically notify officials of flagged corrections required to the respective budget data strings, including contra accounts and monthly cash flow projections as required. This functionality must support automated communication and workflow routing within the system functionality to ensure timely resolution of errors or inconsistencies identified during the budget preparation and validation process.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability to flag corrections to the respective data strings to be processed in the source system functionality. This functionality must allow authorised users within the System Functionality to identify and electronically flag errors, inconsistencies, or misalignments in budget data strings originating from source system functionalities—such as operational budgeting, capital budgeting, project budgeting, or grant budgeting.
- Enable the ability to view the budget report in the system functionality. This functionality must allow authorised users to electronically access and view structured budget reports directly within the system interface, displaying budget data strings with full mSCOA segment classification across the MTREF period.
- Enable the ability to flag corrections to the respective data strings to be processed in the source system functionality. This functionality must allow authorised users within the System Functionality to identify and electronically flag errors, inconsistencies, or misalignments in budget data strings originating from source system functionalities—such as operational budgeting, capital budgeting, project budgeting, or grant budgeting.
- Enable the ability to extract the latest ADJB closing balances report from the system functionality. This functionality must allow authorised users to electronically generate a report of the most recent Adjustment Budget (ADJB) closing balances, reflecting updated and approved budget values across the full mSCOA seven-segment classification.
- Enable the ability to extract the latest ADJB closing balances report from the system. This functionality must allow authorised users to electronically generate a report of the most recent Adjustment Budget (ADJB) closing balances, reflecting updated and approved budget values across the full mSCOA seven-segment classification.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability to run the automated calculation of opening balances for the Tabled Budget (TABB) or Original Budget (ORGB), based on the closing balances of the latest Adjustment Budget (ADJB). This functionality must allow the system to automatically derive opening balances for the new budget year by carrying forward approved closing balances from the most recent ADJB, ensuring continuity, accuracy, and alignment with mSCOA and MFMA requirements.
- Enable the Ability to Generate Trial Balance (TB) Alignment Reports for the Current and Prior Financial Years, Providing Detailed Account-Level Alignment with the Financial Statements. These reports must ensure accurate reconciliation and traceability between the Trial Balance and the Annual Financial Statements (AFS), including note disclosures, to support compliance with GRAP and National Treasury reporting requirements.
- Enable the ability to run the automated opening balance calculation for inclusion in the budget. This functionality must allow authorised users to trigger a system-generated calculation of opening balances derived from the most recent audited closing balances, ensuring continuity between financial years.
- Enable the ability within the system functionality to view the budgeted opening balances report. This functionality must allow authorised users to electronically access a structured and detailed report of all opening balances captured for the budget year, fully aligned with the mSCOA classification structure.
- Enable the ability to generate the alignment working paper for budgeted opening balances calculation for verification in the system functionality. This functionality must allow authorised users to electronically generate a working paper that reconciles the opening balances in the new budget year to the prior year's approved closing balances

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability to run system validations on budgeted opening balances to identify negative opening balances that should be positive, or significant variances in budget balances. This functionality must allow the system to automatically validate the integrity and reasonableness of opening balances included in the budget, flagging discrepancies or misclassifications for review.
- Enable the ability within the system functionality to approve the submission of budgeted opening balances to management for review and validation. This functionality must allow authorised users to electronically approve the submission of calculated or adjusted opening balances, enabling structured review and sign-off by designated officials.
- Enable the ability within the system functionality to access and view the budgeted opening balances for review and validation by the required officials. This functionality must allow authorised users to electronically access and view all opening balances included in the current budget cycle, ensuring traceability to prior year figures and compliance with MFMA, mSCOA Regulations, and National Treasury directives.
- Enable the ability within the system functionality to adjust budgeted opening balances within the system functionality. This functionality must allow authorised users to electronically make adjustments to the opening balances reflected in the current budget cycle, ensuring accurate alignment with verified financial data and compliance with applicable financial governance frameworks.
- Enable the ability to generate the alignment working paper for budgeted opening balances calculation for verification in the system functionality. This functionality must allow authorised users to electronically generate a working paper that reconciles the opening balances in the new budget year to the prior year's approved closing balances.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability within the system functionality to view the budgeted opening balances report. This functionality must allow authorised users to electronically access a structured and detailed report of all opening balances captured for the budget year, fully aligned with the mSCOA classification structure. The purpose is to support transparency, enable validation of opening balances, and ensure compliance with MFMA, mSCOA Regulations, and National Treasury requirements.
- Enable the ability to run system validations on budgeted opening balances to identify negative opening balances that should be positive, or significant variances in budget balances. This functionality must allow the system to automatically validate the integrity and reasonableness of opening balances included in the budget, flagging discrepancies or misclassifications for review.
- Enable the ability to validate mSCOA segmentation based on the budget version of the mSCOA Chart within the System Functionality. This functionality must allow authorised users to electronically validate that budget data entries are correctly classified according to the applicable version of the mSCOA chart of accounts in use for the current budget cycle.
- Enable the ability to validate mSCOA segmentation on budget data strings within the System Functionality. This functionality must allow authorised users to electronically verify that all budget data strings captured or imported into the system are correctly structured and fully compliant with the applicable mSCOA chart version.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability within the system functionality to view budgeted opening balances to determine reasonability, including the mSCOA segmentation. This functionality must allow authorised users to access and review the detailed breakdown of budgeted opening balances captured in the system for the financial year, including the classification of balances into current and non-current portions.
- Enable the ability to electronically view control clearing budget data strings within the system functionality. This functionality must allow authorised users to access and review all budget data strings classified as control clearing entries, ensuring accurate classification, visibility for reconciliation purposes, and compliance with MFMA, mSCOA Regulations, and financial management controls.
- Enable the ability to electronically view control clearing budget data strings within the system functionality. This functionality must allow authorised users to access and review all budget data strings classified as control clearing entries, including historical transaction details, to support accurate budget planning, reconciliation, and compliance with MFMA, mSCOA Regulations, and financial management controls.
- Enable the ability to electronically capture adjustments to control clearing account data strings within the system functionality. This functionality must allow authorised users to record and update control clearing budget entries where corrections or reclassifications are required, ensuring alignment with financial policies, accurate budget reporting, and compliance with MFMA, mSCOA Regulations, and National Treasury directives.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability to approve the electronic submission of budget data strings from the system functionality to the System Functionality. This functionality must allow authorised users to verify and electronically approve the submission of structured budget data for integration into the broader municipal budgeting framework.
- Enable the ability to electronically view budgeted amounts and data strings for control clearing accounts within the system functionality. This functionality must allow authorised users to access and review the detailed budget entries and associated amounts classified under control clearing accounts to ensure financial accuracy, facilitate reconciliation, and comply with MFMA, mSCOA Regulations, and National Treasury reporting requirements.
- Enable the ability within the system functionality to view budgeted opening balances to determine reasonability, including the mSCOA segmentation. This functionality must allow authorised users to access and review the detailed breakdown of budgeted opening balances captured in the system for the financial year, including the classification of balances into current and non-current portions.
- Enable the ability to electronically view service level agreements for deposits provided by the municipality within the system functionality. This functionality must allow authorised users to access and review all service level agreements (SLAs) where the municipality has issued deposits as part of contractual or operational arrangements.
- Enable the ability to electronically capture the budget for additional deposits and withdrawals to be raised within the system functionality. This functionality must allow authorised users to input estimated amounts for new deposits to be made and withdrawals to be processed during the budget period. The purpose is to ensure accurate financial planning, liquidity management, and alignment with MFMA, mSCOA Regulations, and National Treasury guidance

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability within the System Functionality to automate the transfer of the budgeted surplus or deficit to the accumulated surplus. This functionality must allow the system to automatically update the Financial Position by linking the final budgeted surplus or deficit from the Statement of Financial Performance to the accumulated surplus line item in the Statement of Financial Position.
- Enable the ability within the Budget Management System Functionality to view data strings transferred to or from accumulated surplus for reserves. This functionality must allow authorised users to electronically view all budgeted and actual transactions that represent transfers between accumulated surplus and specific reserve accounts.
- Enable the ability within the System Functionality to validate that the budgeted Financial Position is in balance. This functionality must allow authorised users to perform automated checks to ensure that the total budgeted Assets are equal to the combined total of Liabilities and Net Assets, as required by GRAP accounting principles and MFMA compliance standards.
- Enable the ability within the Budget Management System Functionality to capture budget for equity investments or shares. This functionality must allow authorised users to allocate and manage budget amounts related to the acquisition, contribution to, or holding of equity in municipal entities, utilities, or other public-sector partnerships in accordance with MFMA, GRAP standards, and mSCOA classification requirements.
- Enable the ability within the Budget Management System Functionality to generate a full budget report with all budget data strings, including Revenue, Expenditure, Assets, Liabilities, and Net Assets. This functionality must allow authorised users to extract a complete, structured report of all approved budget entries across all financial categories, with full mSCOA classification applied.

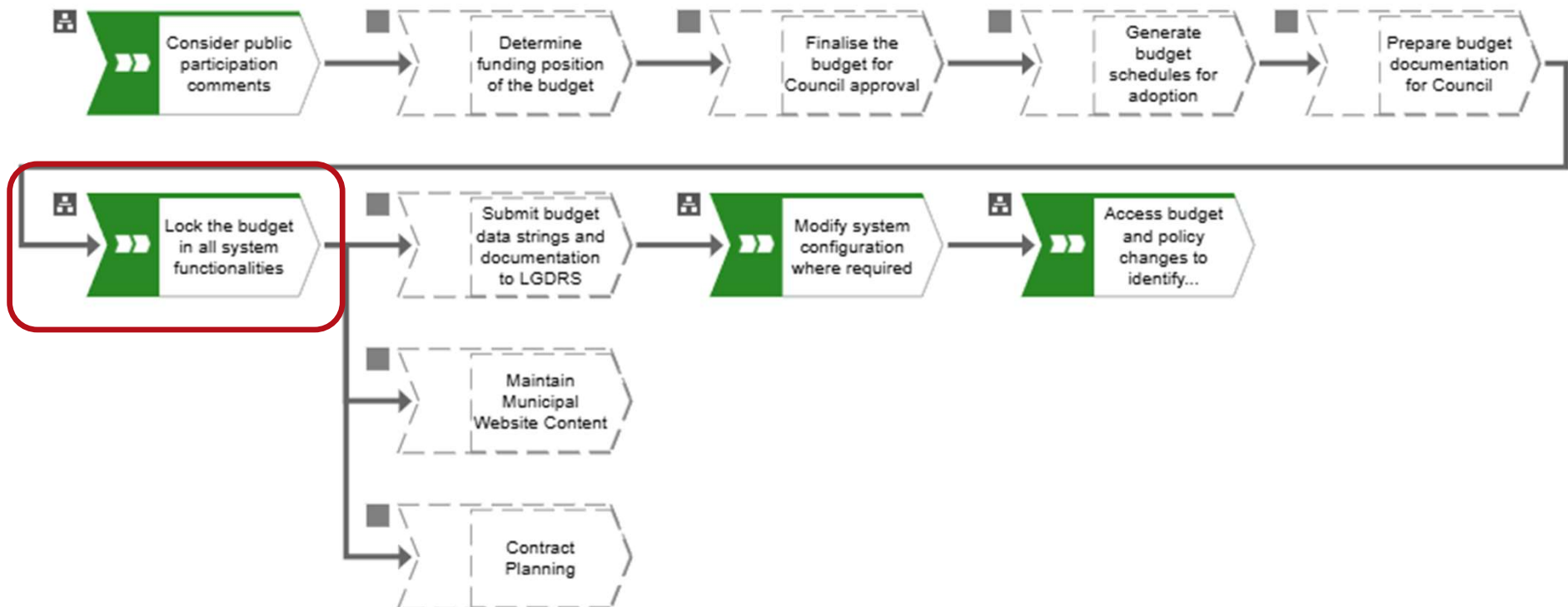
Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability within the System Functionality to capture budget adjustments as required. This functionality must allow authorised users to electronically process adjustments to the approved budget in accordance with Section 28 of the MFMA, mSCOA classification requirements, and National Treasury guidelines.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Process Context: Budget Approval and Integration



Key Financial Position and Cash Flow Budgeting Related System Requirements

- Enable the ability within the source system functionalities to validate the locking of the budget integrated from the adopted budget version in the Budget Management System Functionality. This functionality must allow authorised users to validate the secure lock to the budget data that has been transferred from the adopted budget, preventing unauthorised modifications within each source system functionality.

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Annual CIGFARO Conference 2025: *m*SCOA Pre-Masterclass

Integrated Reporting

PRESENTED AND PREAPRED BY:

Zaheer Khan

Rohaam Singh

Bongani Mdletshe

Title: *m*SCOA Technical Advisors

Date 06 October 2025

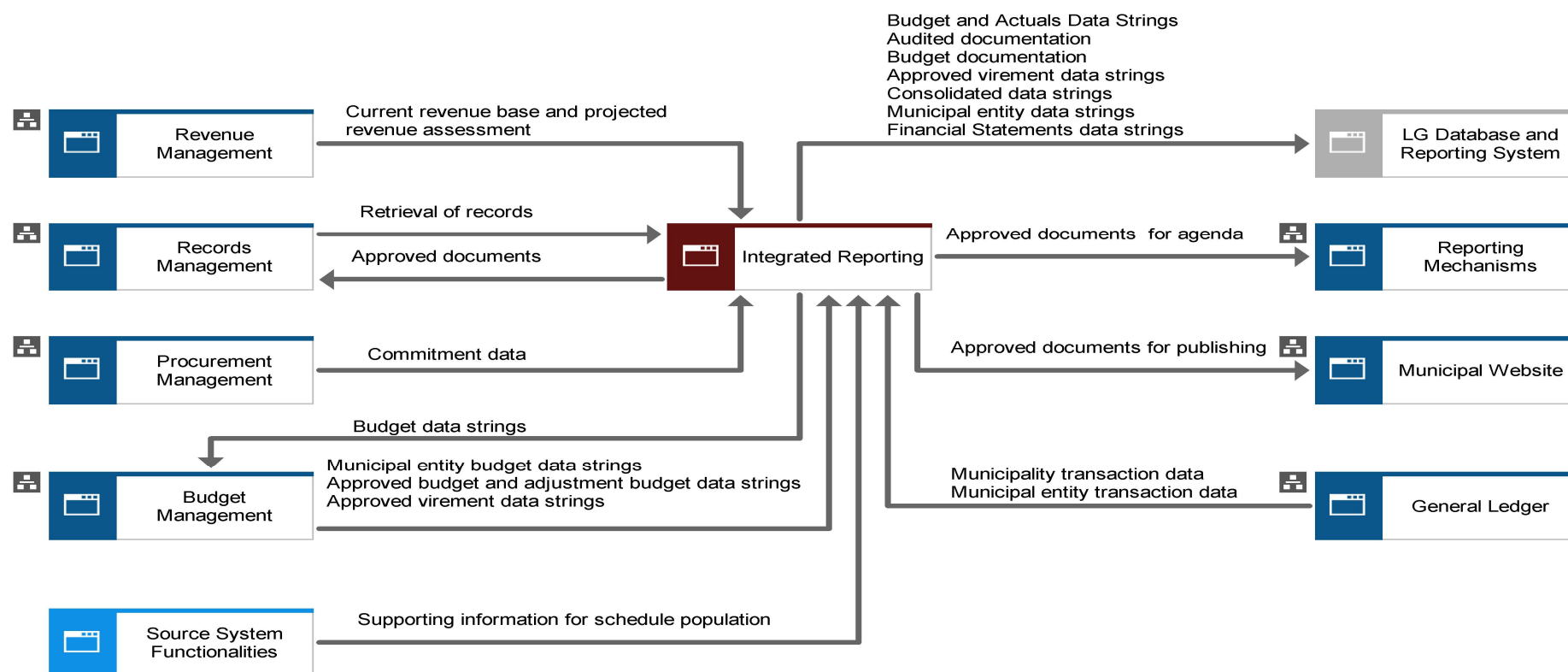


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Integrated Reporting



Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

Consultative Requirements of the Project

ICF Engagements	Planned Dates
April 2024 ICF	24 April 2024 – Virtual (completed)
June 2024 ICF	26 June 2024 – (postponed to December)
September 2024 ICF	26 September 2024 – (postponed to December)
December 2024 ICF	5 and 6 December 2024 – (Completed)
April 2025 ICF	24 April 2025 – Virtual (postponed to June 2025)
June 2025 ICF	17, 18, 19 and 25 June 2025 – (Completed)
July 2025 ICF	28 July 2025 (Completed)
August 2025 ICF	12 August 2025 (Completed)
September 2025 ICF	16,17, 23 and 26 September 2025 – (Completed)
October 2025 ICF	01, 02 and 13 October 2025 - Virtual
December 2025 ICF	4 and 5 December 2025 - Hybrid

Annexures

Topic: Driving transformation – Exploring *m*SCOA through the lens of business reform

Date: Wednesday, 08 October 2025

Time: 11h30-13h15

Venue: ICC Annual CIGFARO Conference 2025 – Durban ICC

Note: Requirements are not exhaustive – refer to detailed system requirements word document and/or excel version

THANK YOU

For additional information on municipal matters, visit the MFMA
Webpage at <http://mfma.gov.za> or



https://lg.treasury.gov.za/ibi_apps/welcome



<https://municipalmoney.gov.za>

For additional information on national and provincial budgets, visit: <https://vulekamali.gov.za>



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