

# Understanding Seamless Integration in the context of *m*SCOA and System Alignment

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# Introduction

For *m*SCOA to be effective, it must be implemented via integrated financial management and internal control systems that are *m*SCOA compliant.

This requires:

- Alignment of all business processes across municipal departments
- Integration of multiple systems (financial, asset management, HR, payroll, SCM, billing, etc.)
- Seamless interfaces between third-party systems and core systems
- Real-time data synchronization without manual intervention
- Drill-down capabilities from core system to source system

Benefit of full integration it will enable full Municipal Accountability Cycle and provide:

- Integrated Development Plan (IDP)
- Projects planning and management
- Budget preparation and approval
- Actual transactions and recording
- In-year monitoring and reporting
- Annual Financial Statements
- Audit and performance evaluation

# Introduction

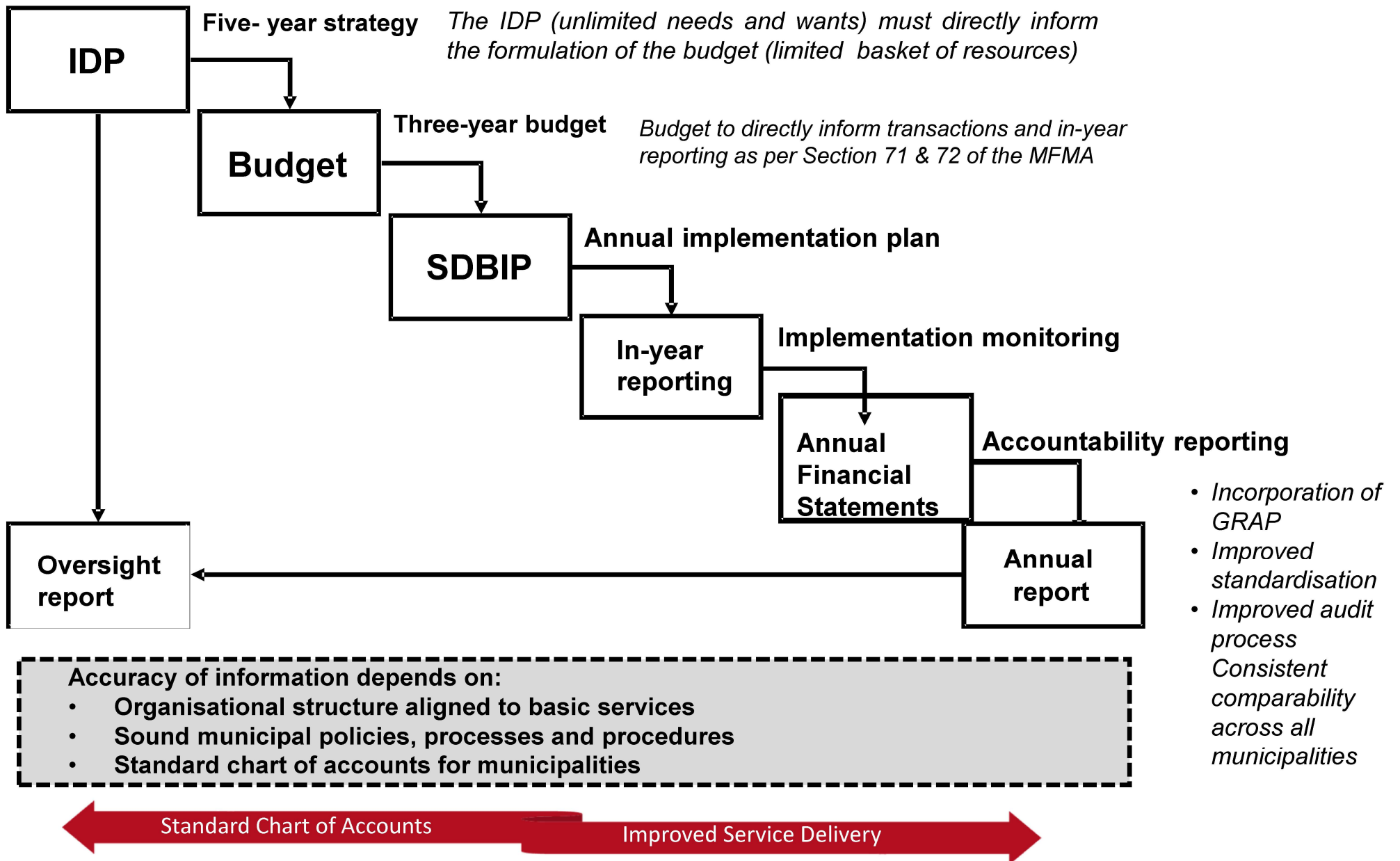
## Best Practices for Seamless Integration:

- **Process Standardization:** Define and document all business processes across departments before system implementation
- **Stakeholder Collaboration:** Ensure open communication between all vendors and municipal departments
- **Change Management:** Involve end-users from the beginning and provide comprehensive training
- **Data Quality:** Validate and cleanse transactional data to ensure accuracy
- **Testing and Validation:** Conduct thorough testing of interfaces and data flows before go-live

## Regulatory Compliance:

- Municipalities must comply with:
- Municipal Finance Management Act (MFMA)
- Generally Recognized Accounting Practice (GRAP)
- *m*SCOA Regulations and Circulars
- Section 71 and 72 reporting requirements
- Annual Financial Statement standards

# The LG Reform Agenda



# The LG Reform Agenda

## • Strategic Planning (IDP)

- Five-year Integrated Development Plan (IDP) expresses community needs and priorities (unlimited needs/wants).
- Sets the strategic direction for service delivery and development.
- Strategic alignment of projects and programs
- Section 28 of the Municipal Systems Act, 2000, which requires each municipal council to adopt a written process plan for the development and review of its IDP.”
- Sections 17 and 21 of the MFMA, the annual budget process must be aligned to and give effect to the IDP and must be coordinated with the IDP review timetable.

## • Resource Planning (Budget & *m*SCOA)

- Three-year budget translates the IDP into an affordable plan (limited basket of resources).
- Multi year revenue and expenditure forecasting and alignment of budget to IDP Priorities
- Municipal Standard Chart of Accounts (*m*SCOA) ensures:
  - Modernisation of the ICT environment
  - Standardisation of financial information
  - Comparability across municipalities – “Benchmarking”
  - Better auditability
  - Better policy decisions/early warning
  - Various stakeholders using the *m*SCOA Data – Thus eliminating duplication

## • Operational Planning (SDBIP)

- Service Delivery and Budget Implementation Plan (SDBIP) is the annual implementation plan.
- Breaks down IDP & budget into concrete programmes, projects, and performance targets.

# The LG Reform Agenda

- **Alignment of Strategy, Budget & Implementation**
  - Enabling the concept of budget that follows strategy.
  - IDP → defines what must be achieved.
  - Budget → allocates *how much* can be spent and on *what*.
  - SDBIP → sets *who does what, by when* and how performance is measured.
- **Monitoring, Reporting & Oversight**
  - **In-year reporting (s71 & s72 MFMA)** tracks implementation and spending against the SDBIP
    - Performance monitoring against targets.
  - **Annual Financial Statements & Annual Report** provide full-year performance and financial results.
    - Audit and assurance processes
    - Public accountability and transparency
  - **Oversight Report** by council and other oversight structures holds the administration accountable.
- **Enablers of Alignment and Accountability**
  - Sound policies, processes and procedures
  - *m*SCOA-driven standardised information → accurate data, stronger audits, and transparent accountability across all municipalities.

# Updates to the MBRR Schedules and *m*SCOA Chart alignment

## Introduction

The intention of the exercise was to link the MBRR schedules to the *m*SCOA data strings to assist with alignment between transactional information and the reporting framework and in a later version (V7.2) link the AFS Specimen to data strings.

The main objective is to fully populate the MBRR schedules and its supporting schedules from *m*SCOA data strings where possible.

We reviewed the current structure of the MBRR schedules and the linkages available on GoMuni portal whereby we noted a significant portion of the MBRR schedules are not linked to *m*SCOA data strings.

We focused mostly on the supporting schedules and proposed a revised structure which is aligned to the *m*SCOA Chart. The main schedules will remain the same and however changes may arise through the FAQ process.

# Updates to the MBRR Schedules and *m*SCOA Chart alignment - Benefits

## Stronger Compliance

- Aligns with MFMA, *m*SCOA Regulations and NT formats
- Reduces format/classification errors

## Clear Alignment: Budget → In-Year Reports → AFS

- Same structure and codes used throughout the year
- Easier reconciliation and variance analysis
- The golden thread that was envisaged to provide one version of the trust

## Better Information for Decisions & Oversight

- Standard, comparable reports by function, vote, project, region
- Improves monitoring of spending vs service delivery (IDP/SDBIP)

## Operational Efficiency & Less Manual Re-work

- Minimises spreadsheet fixes and year-end remapping
- Enables greater use of system automation and controls

## Improved Comparability & Credibility

- Enables benchmarking with other municipalities
- Builds confidence of Treasury, AGSA and the public in reported figures

# Updates to the MBRR Schedules

## SA1 & SA3

- Comparison was done between the current SA1 & SA3 structure and its linkage versus the *mSCOA* chart on an item level. **(SA1 = IR, IE, IZ) (SA3 = IA, IL, IN)**
- We noticed the sequence on the A4 and A6 is not aligned with the layout on the SA1 & SA3 but provides details only for specific items on A4 & A6.
- We therefore decided to restructure the layout in accordance with the A4 & A6 structure and sequence. The revised layout provides users additional information for all the items available on A4 & A6.
- The new layout is aligned to certain rolled up levels on the *mSCOA* Chart and may be amended based on future changes to the chart.
- The new layout will feed or inform all items on A4 & A6 which means no data strings will populate directly on the main tables.

# Updates to the MBRR Schedules – A1- Schedule

SA1	A4 - Supporting Schedule to Budgeted Financial Performance	SA19	Expenditure on transfers and grant programme
SA3	A6 - Supporting Schedule to Budgeted Financial Position	SA20	Reconciliation of transfers, grant receipts and unspent funds
SA5	Reconciliation of IDP Strategic Objectives and budget (Operational Expenditure)	SA21	Transfers and grants made by the municipality
SA6	Reconciliation of IDP Strategic Objectives and budget (Capital Expenditure)	SA22	Summary councillor and staff benefits
SA9	Social, economic and demographic statistics and assumptions	SA23	Salaries, allowances & benefits (Political office bearers/councillors/senior mana
SA10	Funding Measurements	SA25	Budgeted monthly revenue and expenditure
SA11	Property Rates Summary	SA27	Budgeted monthly revenue and expenditure (functional classification)
SA12a	Property Rates by category (Current Year)	SA29	Budget monthly capital expenditure (functional classification)
SA12b	Property Rates by category (Budget Year)	SA30	Budgeted Monthly Cashflow
SA13a	Service Tariffs by category	SA34a	Capital Expenditure on New Assets by Asset Class
SA13b	Service Tariffs by category - Explanatory	SA34b	Capital Expenditure on renewal of existing assets by asset class.
SA14	Household bills	SA34c	Repairs and maintenance expenditure by asset class
SA15	Investment particulars by type	SA34d	Depreciation by asset class
SA16	Investment particulars by maturity	SA34e	Capital Expenditure on the upgrading of existing assets by the asset class
SA17	Borrowing	SA36	Detailed Capital Budget
SA18	Transfers and Grant receipts	SA38	Consolidated detailed operational project

# Updates to the MBRR Schedules – B - Schedule

B Schedule	A Schedule	Naming Convention
SB1	SA1	A4 - Supporting Schedule to Budgeted Financial Performance
SB2	SA3	A6 - Supporting Schedule to Budgeted Financial Position
SB23	SA5	Reconciliation of IDP Strategic Objectives and budget ( Operating Expenditure)
SB22	SA6	Reconciliation of IDP Strategic Objectives and budget ( Capital Expenditure)
SB4	SA8	Performance Indicators and Benchmark
SB5	SA9	Social, economic and demographic statistics and assumptions
SB6	SA10	Funding Measurements
SB7	SA18	Transfers and Grant receipts
SB8	SA19	Expenditure on transfers and grant programme
SB8	SA19	Expenditure on transfers and grant programme
SB9	SA20	Reconciliation of transfers, grant receipts and unspent funds
SB10	SA21	Transfers and grants made by the municipality
SB11	SA22	Summary councillor and staff benefits
SB24	SA23	Salaries, allowances & benefits (Political office bearers/councillors/senior managers)
SB14	SA25	Budgeted monthly revenue and expenditure
SB13	SA27	Budgeted monthly revenue and expenditure (functional classification)
SB17	SA29	Budget monthly capital expenditure (functional classification)
SB15	SA30	Budgeted Monthly Cashflow
SB18a	SA34a	Capital Expenditure on New Assets by Asset Class
SB18b	SA34b	Capital Expenditure on renewal of existing assets by asset class.
SB18c	SA34c	Repairs and maintenance expenditure by asset class
SB18d	SA34d	Depreciation by asset class
SB18e	SA34e	Capital Expenditure on the upgrading of existing assets by the asset class
SB19	SA36	Detailed Capital Budget
SB21	SA38	Consolidated detailed operational project

# Updates to the MBRR Schedules – C - Schedule

A Schedule	C Schedule	Naming Convention
N/A	SC1	Material Variance explanations
N/A	SC2	Performance indicators
N/A	SC3	Aged debtors
N/A	SC4	Aged creditors
SA16	SC5	Investment portfolio
SA18	SC6	Transfers and grant receipts
SA19	SC7	Transfers and grant expenditure
SA22	SC8	Councillor and staff benefits
SA30	SC9	Actuals and revised targets for cash receipts
	SC12	Capital expenditure trend
SA34a	SC13a	Capital expenditure on new assets by asset class
SA34b	SC13b	Capital expenditure on renewal of existing assets by asset class
SA34c	SC13c	Expenditure on repairs and maintenance by asset class
SA34d	SC13d	Depreciation by asset class
SA34e	SC13e	Capital expenditure on upgrading of existing assets by asset class.
SA1	SC14	C4 - Supporting Schedule to Budgeted Financial Performance
SA3	SC15	C6 - Supporting Schedule to Budgeted Financial Position
SA36	SC16	Detailed Capital Budget
SA38	SC17	Consolidated detailed operational project
SA23	SC18	Salaries, allowances & benefits (Political office bearers/councillors/se
SA20	SC19	Reconciliation of transfers, grant receipts and unspent funds
SA17	SC20	Borrowing

# Changes to MBRR Schedules to link to data string

## Conclusion

- *m*SCOA is not just a financial system—it's a comprehensive business process reform
- Seamless integration requires alignment of people, processes, and technology
- Success depends on collaboration between all stakeholders and vendors
- End-user involvement and change management are critical success factors
- Continuous improvement and adaptation are essential for long-term sustainability
- Municipalities that successfully achieve seamless integration will experience improved financial management, enhanced service delivery, better audit outcomes, and increased public trust.
- The journey requires commitment, collaboration, and continuous learning.

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