



2025/26 ROADMAP TO A SUCCESSFUL mSCOA PROJECT IMPLEMENTATION



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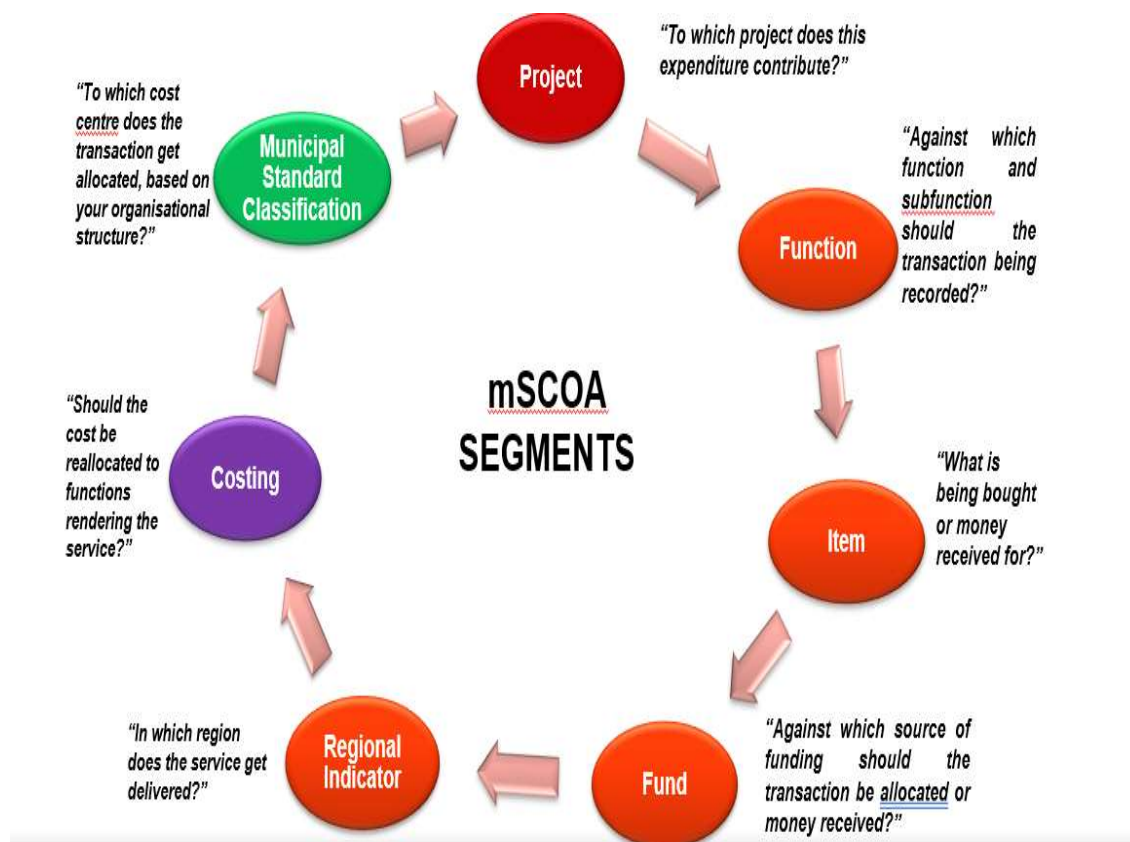
1. Introduction

In October 2011, the National Treasury introduced the Municipal Standard Chart of Accounts (mSCOA) through the publication of MFMA Circular No. 57. This marked the initial step in a comprehensive reform aimed at standardising financial management and reporting across all municipalities and municipal entities in South Africa.

Subsequently, on 3 September 2013, National Treasury published the Draft mSCOA Regulations, setting the stage for phased implementation across the local government sector. These regulations were designed to bring about uniformity, transparency, and accountability in municipal budgeting, transacting, and reporting processes.

The reforms were officially enacted into law through Government Gazette No. 37577, which confirmed that the mandatory implementation date for mSCOA would be 1 July 2017. From this date, all municipalities were required to transact and report in accordance with the mSCOA classification framework, as prescribed in terms of the Municipal Finance Management Act (MFMA) and its associated regulations.

mSCOA segments



mSCOA is a business reform rather than a mere financial reform and requires multi-dimensional recording and reporting of every transaction across seven (7) segments.

Municipal Accounting Officers must ensure that all budget and transaction elements in the municipal environment reflect each of the seven segments. The segments are as follows:

- **Funding** - what source of funding will be used for the transaction and from which source is the revenue received;
- **Function** - against which function- or sub-function should the transaction be recorded;
- **Item** - what is the nature of the transaction to be recorded either being an asset, liability, net asset, gain or loss, revenue or expenditure;
- **Project** - does the transactions relate to a specific project;
- **Costing** - impact of the transaction on secondary costing;
- **Regional** - what is the relevant geographic location for capital investment or the appropriate service delivery area for operational expenditure; and
- **Municipal Standard Classification** - against which organisational vote or sub-vote should the transaction be recorded.

The full responsibility for implementing mSCOA rests with Polokwane Municipality. The municipality remains ultimately accountable for the accurate capturing and timely submission of all legislated financial information and reports to National Treasury, as was the case prior to mSCOA's introduction.

In addition, mSCOA enables National Treasury to extract financial data directly from the municipality's datastrings uploaded on GoMuni, creating a centralised access point for detailed municipal financial and non-financial information. This facilitates improved monitoring, evaluation, and oversight at a national level.

2. Objectives and Benefits of mSCOA Implementation

The Municipal Standard Chart of Accounts (mSCOA) reform is designed to transform and modernise municipal financial management by promoting uniformity, transparency, and accountability across all municipalities. The following outlines the key objectives and associated benefits of mSCOA:

- **Enhanced financial management** through the implementation of modern systems and technologies that support effective and efficient operations.

- **Improved data quality and reliability**, enabling in-depth analysis, evidence-based decision-making, and sector-wide performance benchmarking.
- **Standardisation of financial management and business processes** across municipalities, reducing inconsistencies and improving operational efficiency.
- **Creation of uniform data sets** that support comprehensive “whole-of-government” reporting.
- **Alignment of the local government accountability cycle**, including standardised formats for budgeting, in-year reporting, annual reports, and financial statements.
- **Accurate and consistent transaction recording**, reducing the risk of material misstatements and enhancing audit outcomes.
- **Minimised month- and year-end reconciliation efforts**, allowing for more timely and accurate financial reporting.
- **Strengthened Council oversight** through the availability of reliable and structured information for policy decisions, tariff setting, and performance monitoring.
- **Improved alignment between the IDP and the budget**, with all capital and operational spending driven from a project perspective.
- **Increased transparency and accountability** through detailed and uniform transaction recording at the posting account level.
- **Reduced reporting fatigue and costs**, with automated validations ensuring the integrity of data at the source.
- **Empowerment of municipal officials**, reducing dependency on consultants and enabling skills development through hands-on implementation.
- **Facilitation of staff mobility and consistency**, as standardised systems and processes promote uniform skills across municipalities and government spheres.
- **Enhanced ability for national and provincial governments to provide proactive support**, due to timely access to credible municipal data.
- **Improved measurement of service delivery impact** through integrated, multidimensional reporting aligned with community needs.

The purpose of the Mscoa Roadmap report is to provide Council with an update on the progress made during the 2024/25 financial year in relation to the implementation of the Municipal Standard Chart of Accounts (mSCOA) reform within Polokwane Municipality. The report also aims to outline the planned actions and interventions for the 2025/26 financial year, with a focus on strengthening compliance, improving financial reporting, and enhancing system functionality in line with national treasury requirements.

The roadmap serves as a key accountability and planning instrument to ensure that the municipality remains on track with mSCOA implementation and continues to build internal capacity for effective financial management and service delivery.

Key Objectives of mSCOA

mSCOA seeks to:

- Improve data quality and credibility of information;
- Develop uniform data sets critical to government reporting and planning and resource allocation;
- Standardise and align government accountability cycle in terms of budget, in-year reporting formats, annual reporting and annual financial statements;
- Consistency in the management and oversight of municipal finance;
- Improve transparency, accountability, and governance through uniform transacting;
- Improve the distribution and allocation of resources to the community; and
- Enable deeper analysis and comparisons within and across sectors.

Even when *mSCOA* is implemented, the municipality remains ultimately responsible and accountable for the capturing and submission of all the legislated information and reports to the National Treasury as was the status prior to the introduction of *mSCOA*. Additionally, *mSCOA* is enabling the National Treasury to extract information directly from the municipality's system(s). This implies that National Treasury is having one central point of access to the detailed municipal financial information used for monitoring, evaluation and oversight.

project steering committee

A formal *mSCOA* project was registered in the Municipality with a project sponsor (Municipal Manager), steering committee and a suitable governance structure to oversee the implementation thereof.

The Project Sponsor identified a Project Steering Committee to be the EXCO and further appointed the leaders of the Project Implementation Team which consists of Project Champion, Deputy Project Champion and Secretary who then drafted the terms of reference on how the project will be implemented, and which includes among others: the functionality of the committee, assessment of the financial system, reporting framework and key performance indicators. The following are the members:

DESIGNATION IN THE MUNICIPALITY	DESIGNATION IN mSCOA PROJECT
Chief Financial Officer	<i>mSCOA Chairperson</i>
Deputy Chief Financial Office	<i>Mscoa Deputy Chairperson</i>
Manager: Budget	<i>mSCOA Champion</i>
Manager: Assets	<i>mSCOA Deputy Champion</i>
Chief Accountant: Budget	<i>mSCOA Project Secretariat</i>

Workstreams were established to give effect to the minimum business processes and system requirements specified in MFMA Circular No. 80.

Committee Meetings and Oversight

The mSCOA Steering Committee shall convene formally once per quarter, with provisions for monthly meetings should urgent matters arise requiring attention. Each meeting will be conducted with a formal agenda and documented minutes, which will be maintained as part of the official project records for audit, monitoring, and review purposes.

Committee members will be expected to prepare thoroughly and participate actively, applying their expertise to ensure effective oversight and full compliance with mSCOA regulations. The committee will continue to monitor implementation milestones, ensure all findings and recommendations from National Treasury and internal auditors are addressed, and provide ongoing strategic guidance.

National Treasury and MUNSOFT support will be requested by inviting their representatives to attend meetings where critical issues or system updates are discussed.

- The mSCOA Steering Committee will remain active and continue to meet regularly to discuss and resolve implementation challenges.
- An mSCOA Action Plan will be implemented to address any findings raised by National Treasury and internal audit processes.

Data Upload Log Summary

Demarcation Description	Demarc Code	CAP	Log ID	Date Uploaded	Date/Time Imported	Log Entry Status	FY	Sub-mission	SCOA Version
Location Level Selected: National (All)									
Province : LIMPOPO (LP)									
Polokwane	LIM354	H	192095	2024/08/15	2024/08/15 06:00:03.020	SUCCESSFUL	2025	M01	6.8
Polokwane	LIM354	H	192096	2024/08/15	2024/08/15 06:00:14.673	SUCCESSFUL	2025	CR01	6.8
Polokwane	LIM354	H	192105	2024/08/15	2024/08/15 06:01:33.783	SUCCESSFUL	2025	DB01	6.8
Polokwane	LIM354	H	193555	2024/09/04	2024/09/04 15:00:37.023	SUCCESSFUL	2025	PRAD	6.8
Polokwane	LIM354	H	193556	2024/09/04	2024/09/04 15:00:55.570	SUCCESSFUL	2025	ADJB	6.8
Polokwane	LIM354	H	193594	2024/09/05	2024/09/05 06:00:12.670	SUCCESSFUL	2024	CRPA	6.7
Polokwane	LIM354	H	193595	2024/09/05	2024/09/05 06:00:18.770	SUCCESSFUL	2024	DBPA	6.7
Polokwane	LIM354	H	193597	2024/09/05	2024/09/05 06:00:26.517	SUCCESSFUL	2023	RAUD	6.6
Polokwane	LIM354	H	193716	2024/09/06	2024/09/06 10:00:15.740	SUCCESSFUL	2024	PAUD	6.7
Polokwane	LIM354	H	193808	2024/09/07	2024/09/07 06:00:04.620	SUCCESSFUL	2025	M02	6.8
Polokwane	LIM354	H	193809	2024/09/07	2024/09/07 06:00:10.957	SUCCESSFUL	2025	CR02	6.8
Polokwane	LIM354	H	193810	2024/09/07	2024/09/07 06:00:17.437	SUCCESSFUL	2025	DB02	6.8
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Polokwane	LIM354	H	197364	2024/11/08	2024/11/08 11:30:31.757	SUCCESSFUL	2025	M04	6.8
Polokwane	LIM354	H	197365	2024/11/08	2024/11/08 11:31:17.383	SUCCESSFUL	2025	CR04	6.8
Polokwane	LIM354	H	197366	2024/11/08	2024/11/08 11:31:20.233	SUCCESSFUL	2025	DB04	6.8
Polokwane	LIM354	H	198562	2024/12/07	2024/12/07 07:30:02.080	SUCCESSFUL	2025	M05	6.8
Polokwane	LIM354	H	198563	2024/12/07	2024/12/07 07:30:22.387	SUCCESSFUL	2025	CR05	6.8
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Polokwane	LIM354	H	199345	2024/12/13	2024/12/13 10:00:10.123	SUCCESSFUL	2024	CRAU	6.7
Polokwane	LIM354	H	199916	2025/01/08	2025/01/08 10:30:08.687	SUCCESSFUL	2025	BMQ2	6.8
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Data Upload Log Summary

Demarcation Description	Demarc Code	CAP	Log ID	Date Uploaded	Date/Time Imported	Log Entry Status	FY	Sub-mission	SCOA Version
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Province : LIMPOPO (LP)									
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Polokwane	LIM354	H	203169	2025/02/17	2025/02/17 06:01:44.853	SUCCESSFUL	2025	PRAD	6.8
Polokwane	LIM354	H	203591	2025/02/26	2025/02/26 17:33:25.380	SUCCESSFUL	2025	ADJB	6.8
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Polokwane	LIM354	H	204398	2025/03/10	2025/03/10 06:00:10.163	SUCCESSFUL	2025	CR08	6.8
Polokwane	LIM354	H	204443	2025/03/10	2025/03/10 10:00:46.783	SUCCESSFUL	2025	DB08	6.8
Polokwane	LIM354	H	205646	2025/03/27	2025/03/27 12:32:05.317	SUCCESSFUL	2026	PRTA	6.9
Polokwane	LIM354	H	205648	2025/03/27	2025/03/27 12:32:11.360	SUCCESSFUL	2026	TABB	6.9
Polokwane	LIM354	H	205651	2025/03/27	2025/03/27 13:05:14.607	SUCCESSFUL	2026	A1D	6.9
Polokwane	LIM354	H	207637	2025/04/10	2025/04/10 06:02:03.357	SUCCESSFUL	2025	M09	6.8
Polokwane	LIM354	H	207638	2025/04/10	2025/04/10 06:02:10.663	SUCCESSFUL	2025	CR09	6.8
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Polokwane	LIM354	H	209004	2025/05/02	2025/05/02 06:01:05.980	SUCCESSFUL	2025	PRAD	6.8
Polokwane	LIM354	H	209442	2025/05/12	2025/05/12 10:00:03.037	SUCCESSFUL	2025	M10	6.8
Polokwane	LIM354	H	209443	2025/05/12	2025/05/12 10:00:09.683	SUCCESSFUL	2025	CR10	6.8
Polokwane	LIM354	H	209444	2025/05/12	2025/05/12 10:00:12.210	SUCCESSFUL	2025	DB10	6.8

Successes achieved as per log above

The submission of data strings to National Treasury via the GoMuni portal currently reflects a green status, indicating full compliance. This green status spans from the Draft Budget stage through to monthly cumulative actuals, demonstrating that Polokwane Municipality is consistently meeting its mSCOA reporting obligations in line with required timelines and data integrity standards. This reflects positively on the municipality's commitment to transparent financial management, accurate reporting, and alignment with the mSCOA reform objectives

3. USER PROFICIENCY AND TRAINING

The municipality acknowledges the critical need for municipal officials and interns to be fully capacitated in the use of the ERP system, in line with mSCOA, basic accounting principles, balance sheet budgeting, and movement accounting.

As part of the capacity-building efforts, officials have actively participated in a wide range of training sessions and working groups, including:

Training (2024/25)

- Contract Management
- Grant Register
- Asset Management module
- Performance Management System
- mSCOA Specimen on Caseware
- Controls
- IDP and Budgeting
- Action Assist

Working Groups (2024/25)

- Project Management
- Contract Management
- GL Accounts Receivable, Financial Reporting and External Audit, Investments and Reserves
- Costing
- Water Inventory
- Records Management
- IT System Requirements and management document UIFW Reporting
- AFS Reporting
- Strategic and IDP Planning / Budgeting
- Accounts Receivable
- Accounts Payable
- Joint Valuation Roll and Real-Estate Planning
- Revenue Management, Customer Care, Credit Control & Debt Collection.

In the 2025/26 financial year, all relevant municipal officials and interns will be enrolled in structured training programmes to ensure they are fully capacitated on the ERP system. This will form part of our broader strategic objective to professionalise financial management, improve data integrity, and enhance compliance with mSCOA and other legislative requirements. They will be trained on the new modules that will be activated.

4. INFORMATION AND COMMUNICATION TECHNOLOGY

The municipality has access to ICT hardware (computers and servers), software (Microsoft) and licences (used on the software) that is sufficient to run the financial management system. The ICT components are maintained, upgraded and renewed as and when required to be able to optimally use the financial management systems. The municipality is utilising a core financial system solution that accommodate its ICT connectivity needs. The municipal officials are sufficiently capacitated on all system modules and functionalities to use the financial management system. A suitably qualified System Administrator is appointed, and the required IT securities and delegations are in place.

SYSTEM FUNCTIONALITY

The Municipality use MUNSOFT system (3rd party system) that has a direct impact on the General Ledger that integrate fully and seamlessly with the ERP system in terms of the mSCOA Regulations (Example Billing, Supply Chain Management, Inventory and Stores and Budgeting and Planning). The data contained in the 3rd party system must synchronise without any human or manual intervention integrate to the ERP system in real time or and drill down from the ERP system to the General Ledger of the 3rd party system.

Release of Version 6.9 of the Chart

Version 6.9 of the chart was effective from 01 March 2025, and the Municipality used it to compile the 2025/26 MTREF Draft and Final Budget.

mSCOA reporting on Value Added Tax (VAT)

The municipality is registered for VAT In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments. The municipalities declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or

furtherance of the enterprise (the taxable supplies). The output tax is declared, and the input tax claimed by completing a VAT 201 return.

Use of function segment to achieve GRAP 18 segmental reporting

- The mSCOA function and region segments are used to comply with the GRAP 18 reporting requirements.
- The function segment records the major activities that generate the most economic benefits or service potential of the municipality. The implication will be that all income and expenditure transactions related to a specific trading service (function) must be budgeted for and transacted within that function. Therefore, where grants are allocated to trading services, the grant must be budgeted for and transacted in the Trading Services function. The function is correctly identified as a core or non-core function.
- The region segment identifies the lowest relevant geographical regional indicator of the intended contributor or beneficiaries that will contribute/ benefit directly from the given service or capital investment. We have identified the lowest geographical regional indicator in the region segment when we budget, transact and report to provide data on the geographic disclosures required in GRAP 18.

Period closure and reconciliation of General Ledger

- At the end of each month the municipality closes the month and reconcile with its records in terms of Section 65 (2)(j) of the MFMA. Datastrings are uploaded on GoMuni after period closure. (monthly, quarterly and annual)

5. Roadmap

The following are mSCOA project implementation key milestones for this year:

5.1 Modules activated in the financial year

System Module	Municipal Business Process	Utilised	Date
Loan Register	Treasury and Cash Management	Yes	01/07/2024
Contract Management	Supply Chain Management	Yes	01/09/2024
Grant Management	Grant Management	Yes	01/07/2024
Assets	Full Asset Life Cycle Management including Maintenance Management	Yes	01/03/2025

5.2 Action plan for outstanding milestones AVAILABLE ON THE SYSTEM BUT not yet acTIVATED (2025/26)

No	Business processes	Module	Responsibility	Timeframe (planned start and end date)
1	Financial Accounting	Insurance Register	Asset- Manager	01/07/2025 to 31/12/2025
2	Supply chain management	Procurement plan	SCM - Manager	01/07/2025 to 30/09/2025
3	Supply chain management	Deviation register	SCM - Manager	01/07/2025 to 30/09/2025
4	Financial Accounting	Cemetery Register	Environment - Manager	01/07/2025 to 31/12/2025

No	Business processes	Module	Responsibility	Timeframe (planned start and end date)
5	Financial Accounting	Donation and gift Register	Asset - Manager Revenue - Manager	01/07/2025 to 31/12/2025
6	Real Estate	Facility Rentals Register	Property Management - Manager	01/07/2025 to 30/09/2025
7	Financial Accounting	Contingent liability Register	Legal unit - Manager	01/07/2025 to 31/12/2025
8	Revenue and Receivables	Sale on land	Revenue - Manager	01/07/2025 to 30/09/2025
9	Corporate Governance	Document Management	ICT - Manager	01/07/2025
10	Full Asset Life Cycle Management	Project Management Module	PMU - Manager	01/09/2025
11	Revenue and Receivables	Traffic fines Resister.	Revenue - Manager	01/08/2025 to 30/09/2025

5.3 Issues Raised by Treasury Regarding Polokwane's System Analysis – Factors Beyond the Municipality's Control

No	Description of challenge	Plans to resolve challenge	Timeframe (planned start and end date)
1	Absence of an amortization table within the system.	Currently, MUNSOFT does not support an amortization table. However, development of this functionality has been agreed upon. In the interim, the expenditure team will utilise amortization tables provided by lenders.	01/10/2024 31/12/2025

No	Description of challenge	Plans to resolve challenge	Timeframe (planned start and end date)
2	Inability to capture the full organogram salary budget on SAGE; MUNSOFT only allows budgeting by function.	Both SAGE and MUNSOFT will need to enhance their systems to enable full salary budget capturing aligned to the organogram.	01/05/2025 30/06/2026
3	No system functionality to indicate project prioritisation	MUNSOFT currently lacks functionality to record project prioritisation and related public comments. These are addressed during public meetings only. Development of such functionality is recommended..	01/05/2025 30/06/2026

