



**Western Cape  
Government**

Provincial Treasury

---

# **PT LG Accounting: 2011/12 Projects**

**11 JUNE 2012**

# LG Accounting 2012/13

---

The unit is involved with various initiatives as part of their oversight and support role to municipalities.

The following planned initiatives will be explained in detail as they are considered the focus areas for the 2012/13 financial year:

1. Formation of District Municipal Accountants Forum
2. Hard close of the financial records
3. Training on Standard Operating Procedures (SOPs) on accounting cycles

# District Municipal Accountants Forum

---

The unit is proposing formation of the above mentioned forum. The formation of this forum was prompted by an observation that municipalities within the district tend to experience similar successes and challenges.

The objective of this forum is to:

- establish formal and informal communication channels and accounting support networks within the Districts
- implement GRAP standards and the related reporting framework
- facilitate assistance amongst municipalities regarding the functionality of the accounting systems

# District Municipal Accountants Forum cont.

---

- share knowledge with regard to standard operating procedures in facilitating the preparation of annual financial statements.
- keep alive the goal of Operation Clean Audit among the municipalities within each district.
- build institutional capacity and relationships.
- facilitate and encourage knowledge sharing.
- promote sound financial management and accountability.
- improve planning, co-ordination and prevent duplication of efforts

# District Municipal Accountants Forum cont.

---

- The draft TOR is included in the packs which will also be forwarded to municipalities for comments.
- Municipalities are encouraged to review the proposed TOR and provide PT with their comments.
- The representatives of the municipalities should have direct role or involvement in the preparation of financial statements.
- This forum will be used to inform the specific training required per district.
- The objectives of this forum can only be achieved by the commitment and participation from each municipality.

# Hard Close

- Hard Closing is a term used in the accounting world. It signifies that once a particular month's accounts are hard closed there would not be any major change in the position of the cash flow and the financial records
- Usually the focus of the hard close is marginally on the higher side for expenses and lower side for revenues
  - This is mainly because it is better for an entity to underestimate its revenue than its expenditure.
- When this is effectively applied the credibility of financial data is increased and management is better placed when making decisions using financial information.

# Hard Close cont.

---

The following are planned for this process:

- Consultation with municipalities and vendors of financial systems on the best way to effect the hard close
- Issue of proposed guidelines to municipalities including timelines of the hard close
- Identifying mechanisms to assess effectiveness of this process including utilisation of S71 and S72 reports

# SOP's Project

This project PT is currently running in partnership with USD-ED:

- The project has been slightly delayed, but the first draft of the SOP's has now been completed
- The reference group consist of representatives from various municipalities who will be consulted to validate the material
- Following that process, pilot training will then be rolled out to a pilot municipality
- Based on the feedback received from the pilot municipality, further roll out will then be done to the rest of the municipalities



# Conclusion

---

- Communication of the dates of all these initiatives will be forwarded in due cause
- Municipalities are encouraged to participate to ensure success of these initiatives
- Municipalities are encouraged to contact the LG Accounting should they require further information at any stage during the initiatives.

---

**THANK YOU**

**ENKOSI**

**DANKIE**



Western Cape  
Government

Provincial Treasury