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Balancing valuation rolls with municipal billing systems

Clean audit 2014 is a bold initiative by national government to ensure clean audits, transparency and improved service delivery within government across the country. The main area of improvement is the ability to produce reliable monthly financial and management information, which is essential for the monitoring of service delivery activities.

The maintenance of an accurate property register is critical to the financial success of any municipality. Without this spatial database, billing and revenue collection from rates, water, electricity, waste and other services is impossible to manage.

All municipalities will experience variances and discrepancies between the records in the data sets. In order to assess how completely and correctly they are currently billing, it is critical to identify where the discrepancies are, what amount of remedial work is required, and which department (finance, valuations or geographic information systems) is responsible for the necessary fixes.

Property isn't static, it changes all the time. Properties are rezoned, vacant land is developed, new townships are established, old buildings are demolished, and properties are subdivided or consolidated. Properties are moving targets.

The property register of every municipality must be maintained and updated with incoming deeds data to reflect the constant changes to property within the municipality: ownership changes, use changes, subdivisions, consolidations, and zoning approvals.

Property data should be viewed spatially and in real time. The municipal property register should remain the property of and reside within the municipality. All municipal users should use the same property database. The data should be readily accessible from answering queries at the cashier's counter to informing management reports.

There are different valuation management systems and financial systems available in the market. It is critical that a municipality selects a valuation or property management system that interfaces with their respective billing system.

It is also critical that a billing system includes the unique property identifier, the Surveyor General's 21 or, in the case of sectional title properties, the 26 digit key. This allows the data to be viewed spatially.

Municipalities should be cautioned that accepting their valuation rolls on spreadsheets is not best practice. Service providers must be considerate of the robustness and continuity required by their municipal clients.

Firstly the property attribute data, which belongs to the municipality, is often not included. Secondly, importing various versions of various spreadsheets into your billing

system is fraught with risk and is hardly ever error-free. Using a property management system meets the requirements of the Auditor General and complies with industry standards for audit trails and access security.

The key is to align municipal data sets from various sources – valuations, the financial system and deeds – and analyse them to establish a consolidated aligned result with no mismatches. Discrepancy reports to identify mismatches between the financial system and valuation roll must be drawn and acted upon.

The Auditor General requires that this task is achieved monthly in the larger municipal systems, and at least when each new roll is uploaded in the smaller ones. This procedure allows for proper control of all rateable property and measures the implementation of remedial action. Synchronisation between the financial system and the valuation roll protects municipal revenue.

Centralised control of all property data enables the production of meaningful statistics which facilitate accurate municipal budgeting and management.

How should municipalities achieve this objective? The local government sector education and training authority (SETA) has identified that this is a skills set which is required by local government. A recent memorandum of understanding has been adopted between the Institute of Municipal Financial Officers and the South African Institute of Valuers towards the development of a municipal real estate qualification. This will be technical in nature, focusing on the real estate functions within local government. This qualification will include substantial content of the local government: Municipal Property Rates Act and will include broader real estate competencies such as land disposal, lease management, and property data base management.

Once this municipal qualification is in place, the requisite competencies within municipalities will be better capacitated to meet the challenges and requirements of the Municipal Properties Rates Act (MPRA) and other related property management functions within their mandate.

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