



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 • 40 Church Square, PRETORIA, 0002 • Tel: +27 12 315 5111, Fax: +27 12 406 9055 • www.treasury.gov.za

FROM: Mr Jan Hattingh Tel: 021 315-5009, **Email:** Jan.Hattingh@treasury.gov.za

Ref No.: 16/1/2/4/3

THE HEAD OFFICIAL: PROVINCIAL TREASURY

SIGN-OFF OF INFORMATION TO BE PUBLISHED IN COMPLIANCE WITH SECTIONS 71 AND 74 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT NO. 56 OF 2003) AND SECTION 30(3) OF THE DIVISION OF REVENUE ACT, 2022 (ACT NO. 9 OF 2022)

Section 71 of the Municipal Finance Management Act (MFMA) includes a requirement that a municipality must submit to the relevant Treasury a monthly statement on the state of the municipality's budget. Provincial Treasuries are required to publish this information for the Municipalities within their respective provinces on a monthly basis and in the format determined by the National Treasury. The National Treasury on the other hand is required to publish this information for all 257 municipalities on a quarterly basis within 30 days after the prescribed period.

Attached, please find a copy of the tables reflecting actual financial and conditional grant information, based on the data strings submitted by municipalities, as at 30 June 2023 (**4th Quarter financial results**) to be published on the National Treasury Website.

The information is sourced from *m*SCOA data strings submitted by municipalities. The credibility and accuracy of the data strings had to be verified by municipalities prior to submission to the GoMuni – GoUploads portal. Since the financial system must be locked at the end of the month in order to generate a *m*SCOA data string, municipalities may not open closed periods to correct errors. Errors must be corrected in the next open period. The manual correction of data strings by municipal officials or system vendors are also not allowed in terms of the *m*SCOA Regulations. All publications are now solely sourced from the *m*SCOA data strings submitted by municipalities.

Both the Municipal Manager and the CFO of each municipality are required to sign the attached figures off for audit purposes. The Director-General: National Treasury insists that the Head Official: Provincial Treasury and the MFMA Co-ordinator must also sign-off on this information. In instances where the Head Official: Provincial Treasury and the MFMA Co-ordinator are not available, arrangements will have to be made by you to ensure that this requirement is met. The signed documents must be submitted to [GoMuni](#) – GoUploads: Documents portal **by 12:00 on Monday, 31 July 2023**.

For purposes of the current year's publication, the National Treasury will maintain the following practices as previously introduced:



- Only *mSCOA* data strings as submitted by the municipalities will be considered; and
- Adjustments budgets are part of the 3rd and 4th quarter publication.

Furthermore, note that for this municipal financial year the focus areas for improvements in the credibility of information will be:

- *Quality of the mSCOA data string submissions* – While most municipalities are submitting their monthly data strings, not all are on time and the quality of the content is questionable. Both National and provincial treasuries must investigate and query the data contained across all 6 segments to determine if the municipality has implemented and is transacting on the full *mSCOA* classification framework;
- *Consolidated reporting and municipal entities* – In terms of the Municipal Budget and Reporting Regulations (MBRR) municipalities are required to submit consolidated monthly Section 71 Budget Statements to the National Treasury which include the financial information of their municipal entities. However, consolidated reporting has been poor to date and concerted effort needs to be made to improve consolidated budgeting (parent with entities), Section 71 in-year reporting and annual financial statements. To improve on this area of reporting, municipal entities must submit the D, E and F schedules as prescribed by the MBRR to National Treasury through the parent municipality. Ultimately, this will enable the drawing of reporting on entities from the database for purposes of the Reserve Bank and Stats SA;
- *Reconciliation of outstanding creditors with other Organs of State* – The figures reported on outstanding creditors by municipalities in terms of Section 71 of the MFMA do not reconcile with the figures reported in terms of Section 41 of the MFMA by the other organs of state (Eskom and Water Boards). More focus will be placed this year to get better alignment between these figures; and
- *Service delivery performance reporting* – The coverage and quality of service delivery performance information for all 257 municipalities needs to be improved (See MFMA Circular No. 88).

As the National Treasury Local Government Database and Reporting System (GoMuni) has been made available to all municipalities and Provincial Treasuries, it is now no longer necessary to wait for a formal verification process to be initiated from National Treasury to verify that the figures submitted to the GoMuni Upload portal is correct. Since 01 July 2022, municipalities can draw their own reports from GoMuni to verify the accuracy of the figures and made the necessary corrections in the next data string submission.

It is also important to be aware that this publication will form one aspect of the municipal performance evaluation at the Select Committee of Finance and Appropriations (SCOFA) in the NCOP.



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Your urgent attention to this matter will be highly appreciated.

Kind regards

J. H. Hattingh

JAN HATTINGH

CHIEF DIRECTOR: LOGAL GOVERNMENT BUDGET ANALYSIS

DATE: 25 JULY 2023