



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

INFORMATION SHARING IMBIZO

Presented by:

Provincial Treasury

7/2/2008

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MFMA FOREWORD

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- The Municipal Finance Management Act (MFMA) aims to modernise budget and financial management by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to all its residents, users and investors. It also aims to put in place a sound financial governance framework, by clarifying and separating the roles and responsibilities of the mayor, executive and non-executive councillors and officials.

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Municipal Revenue

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Section in the MFMA	Requirement	Due Date
Section 09	The Bank Account(s) of the municipality and municipal entities. Municipality should indicate which one is the primary account number	01 July
Section 11h(4)	Statement of withdrawals and deposits; from and to the primary bank account of the municipality and Municipal entities.	30 after the close of the quarter: 31 Oct, 31 Jan, 30 April, and 31 July
Section 13(3)	bank account number(s) and the bank amounts (Opening and closing balances	30 days after the close of the financial year 31 July
Section 13(4)	Investment that the municipality and municipal entities hold	30 days after the close of the financial year, 31 August

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Municipal Budget

Section in the MFMA	Requirement	Due Date
Section 21	Budget preparation, table the time schedule outlining key deadlines	01 Sept
Section 22	Publication of annual budgets submit to National and relevant Provincial Treasury	Immediately after the tablin
Section 24	Approval of the annual budget	01 June

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Municipal Budget

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Section in the MFMA	Requirement	Due Date
Section 71	<p>Monthly budget statement indicating the state of budget on the municipality which will include inter-alia actual revenue, borrowings, operating and capital expenditure.</p> <ul style="list-style-type: none">• An explanation of any material variances of revenue, expenditure, service delivery and budget implementation plan.• A remedial or corrective steps to be taken to ensure that the budget and the projected revenue are within the municipality's approved budget.	10 working day after the end of each month

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Municipal Budget

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Section in the MFMA	Requirement	Due Date
Section 72	<ul style="list-style-type: none">• Assess of performance of the municipalities during the first half of the financial year.• Taking into account the monthly statements referred to in S71. This will inform the municipality whether the budget adjustment is necessary or not.	Not later than 25 January.

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Annual financial Statements

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Section in the MFMA	Requirement	Due Date
Section 122 to 126	Compilation of Annual financial Statements of both the municipality and municipal entities.	Two months after the end of the financial year (31 August)
Section 126 (b)	Compilation of consolidated Annual financial statements. Parent municipalities and the municipal entities.	Three months after the end of the financial year (30 September)

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Annual Financial Statements

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Section in the MFMA	Requirement	Due Date
Circular 44	Municipalities are expected to compile annual financial statements in accordance with GRAP/GAMAP formats	<ul style="list-style-type: none">• High capacity 2008/09 financial year.• Medium capacity 2008/09 financial year• Low capital 2009/10 financial year

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Annual and Oversight reports

Section in the MFMA	Requirement	Due Date
Section 127(1)	Annual Report of the municipal entities	Six month after the end of the financial year (31 December)
Section 127(2)	Annual Reports of the municipality	Seven months after the end of the financial year (31 January)
Section 129	Oversight reports	Two months after tabling of the annual report (31 March)
Section 132	Annual and Oversight reports to the Provincial legislature	Seven days after tabling before Council

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Other MFMA Related matters

Section in the MFMA	Requirement	Due Date
MFMA guide lines	Budget evaluation check list	1-Jul
	MFMA implementation plans	31-Oct
	MFMA long term contracts	30 after the close of the quarter: 31 Oct,31 Jan, 30 April, and 31 July
	MFMA priorities returns	30 after the close of the quarter: 31 Oct,31 Jan, 30 April, and 31 July
	SCM, Risk management, internal audit and audit	

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Implementation of the MFMA

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- Successful implementation of the MFMA requires:
 - Full compliment of senior management
 - Measure the vacant senior management positions
 - Fully established Budget and treasury office and other functions
 - Key officials meet competency level requirements, complete interactive learning programme.
 - number of fin mgt interns
 - Exposure of interns to financial management
 - Retention of interns
 - Training

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Implementation of the MFMA

- Form a MFMA implementation steering Committee for oversight
- Effective, risk management, internal audit and audit committees
- All provincial allocations to municipalities to be gazetted
- Municipalities should ensure financial commitments are met timely

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Implementation of the MFMA

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- Monitor arrears and payments by for bulk resources
- Payment of all short term debt within the financial year incurred
- Incur long-debt within prescribed consultation period
- Accountability of role players, clear separation of roles & responsibilities
- MM to ensure appropriate systems in place for management of processes

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Overview of current developments

- NT & PT will publish submitted information on s71
- NT will report to parliament monthly on the status, which information will be used when NCOP visits Provinces
- Detailed section 71 reports to be submitted to both the PT and NT
- Training will be provided in this regard

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Overview of Current developments

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- Currently the budgets should be in line with circular 28
- NB: Budgeted financial statements should be included
- Timeous tabling and submission of budget ensures timeous implementation and monitoring
- The treasury regulations will be in place after review by the legal team from NT
- The tables will however be available on the NT website on the 30 June 2008
- Funding compliance test from 2008/09 budgets to be performed by PT and municipalities
- NERSA has approved an additional increase in electricity rate by 13% which result in effective increase of 27%

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Overview of current developments

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- The treatment of the effect of the increase on the budget will be communicated through NT circular still to be published
- Mid year and performance assessments
- All municipalities to provide the PT with head count of personnel
- Non compliance to formats will lead to rejection of submission (non-compliance)
- Implications of non-compliance is no reporting, NT may withhold funds

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Overview of current developments

- Unspent conditional grants will be surrendered to the NT in terms of the DoRA
- Appropriate planning is required to prevent low spending
- Non reporting on the conditional grants will result in grants being withheld
- FMG will not be transferred to municipalities that did not submit the plans and are on less than 50% spending

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Thank you

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