



Our reference: **Circulars to Municipalities**
Inkombayethu :
Onsverwysing:

Date: **12 August 2016**
Usuku:
Datum:

Please quote our reference on all correspondence

TO:

MAYORS

MUNICIPAL MANAGERS

CHIEF FINANCIAL OFFICERS

KWAZULU NATAL MUNICIPALITIES

PROVINCIAL TREASURY CIRCULAR TC/RM 2 OF 2016/17

NON-COMPLIANCE WITH THE MFMA REPORTING REQUIREMENTS

Provincial Treasury issues circulars to Mayors to highlight non-compliance with the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 and the Division of Revenue Act (DoRA) Act No. 1 of 2015 reporting requirements. Despite the issuing of previous non-compliance circulars, it is of serious concern that a number of municipalities in KwaZulu-Natal are still not fully complying with all the requirements of the MFMA and DoRA.

Following the reports submitted for the fourth quarter of the 2015/16 financial year, it emerged that a number of municipalities in the province are either failing to comply with **ALL** the reporting requirements as set out in the different sections of the MFMA and DoRA; or are submitting reports for compliance purposes only without ensuring the accuracy of the information submitted.

The following annexures list some of the most important MFMA and DoRA reporting requirements that have not been complied with by municipalities, together with a list of municipalities who did not fully comply with those reporting requirements:

- Annexure A: 2015/16 MFMA Implementation Plan
- Annexure B: 2015/16 Budget Returns (Appendix B) and Annual Returns
- Annexure C: 2015/16 Section 71 Monthly Returns
- Annexure D: 2015/16 Quarterly Returns
- Annexure E: 2015/16 Conditional Grants Return Forms
- Annexure F: 2015/16 Verification of Figures for Quarter 4
- Annexure G: 2015/16 Mid Year Budget and Performance Assessment
- Annexure H: 2015/16 Adjustments Budget Process
- Annexure I: Publication of Section 75 Information on Municipal Websites

- Annexure J: Financial Management Grant (FMG) Conditions/Appointment of Municipal Interns
- Annexure K: 2015/16 MFMA Competency Level Return (S1 and S2)

Both the National and Provincial Treasuries provided support and training to assist municipalities in meeting their reporting requirements and can no longer allow any deliberate or inadvertent non-compliance with the law. Provincial Treasury will consider the following steps, should the non-compliance by municipalities persist:

1. Notify the Auditor-General of the municipality's failure to comply with relevant MFMA reporting requirements;
2. Recommend to the concerned municipality's Council that it considers investigating the Accounting Officer in terms of Section 171(4) of the MFMA, with a view to taking disciplinary action against the Accounting Officer in the light of his or her failure to comply with relevant MFMA reporting requirements;
3. Launch an investigation with a view to laying charges against the Accounting Officer for financial misconduct in terms of Section 171 of the MFMA and Regulation 19 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings (*issued on 30 May 2014*); and
4. Explore options to stop all transfers to the municipality for breach of their reporting obligations.

During the 2015/16 financial year, Provincial Treasury reported non-compliance with both the MFMA and DoRA reporting requirements to the KwaZulu-Natal Provincial Legislature on a quarterly basis through the Section 71(7) Report, where I as MEC for Finance am required to submit a consolidated statement on the state of municipalities' budgets *to the provincial legislature no later than 45 days after the end of each quarter*. It is therefore the intention of Provincial Treasury to continue to submit a list of those municipalities that are persistently not complying with the MFMA and DoRA reporting requirements to the Legislature for their consideration.

The KwaZulu-Natal Provincial Treasury urges all the municipalities to ensure full compliance with all the reporting requirements in terms of the MFMA and DoRA in the 2016/17 financial year. The officials from Provincial Treasury will continue to assist and support their designated municipalities to enforce full compliance by all municipalities.

It should also be noted that our source of information is the National Treasury's Local Government Database (lgdatabase). Should your municipality dispute any of the information reflected in the annexures, please provide both the Provincial and National Treasuries with the evidence to confirm any discrepancy.

Please direct any enquiries to the Chief Director: Municipal Finance: Mr.FarhadCassimjee on telephone (033) 897 4541.

Yours sincerely



MS BELINDA SCOTT
MEC FOR FINANCE - KZN

CC Jan Hattingh, National Treasury
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Annexure A: 2015/16 MFMA Implementation Plan

The National Treasury issued MFMA Circular No.7 "MFMA Implementation Plan Template" on 23 September 2004. All municipalities were required to prepare and submit the MFMA Implementation Plan indicating how they would implement the MFMA reforms. The MFMA Implementation Plan should be used by municipalities to enable them to achieve compliance with relevant legislation. Municipalities are required to establish a steering committee to manage and oversee, inter alia the MFMA implementation plan. The MFMA implementation plan for 2015/16 was due on 31 October 2015. As at 25 July 2016, the municipalities in Table 1 below have still not submitted their 2015/16 MFMA Implementation Plans.

Table 1: List of the municipalities that did not submit their MFMA implementation plan for the 2015/16 financial year.

| Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|
| uMzumbe | uMsinga |
| Ezinqoleni | Hlabisa |
| Hibiscus Coast | Ntambanana |
| Mpofana | Mthonjaneni |
| Nquthu | Ndwedwe |
| uBuhlebezwe | |

Source: Local Government Database

Annexure B: 2015/16 Budget Returns (Appendix B) and Annual Returns

In terms of Section 22(b) of the MFMA, *the accounting officer of the municipality must submit the annual budget -*

- (i) in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury; and*
- (ii) in either format to any prescribed national or provincial organs of the state and to other municipalities affected by the budget."*

The budget figures from Appendix B: Budget Returns Forms is utilised by National Treasury for their quarterly publications on municipal financial performance. National Treasury further hosts the LG Database to which the municipalities submit various other monthly, quarterly and annual reports, as the department endeavours to maintain accurate and complete financial information on all municipalities for planning, reporting and decision making purposes. Table 2 shows the municipalities that have not uploaded/ submitted their relevant return forms. The non-complying municipalities have been identified from the National Treasury database report dated 25 July 2016.

Table 2: List of municipalities that have not submitted the Appendix B Budget Returns Forms and Annual Returns as at 25 July 2016

| Name of Return | Period | Non Compliant Municipalities |
|-----------------------|---------|------------------------------|
| Age Creditors Audited | 2014/15 | eDumbe |
| Age Debtors Audited | 2014/15 | eDumbe, Ulundi |

| Name of Return | Period | Non Compliant Municipalities |
|-------------------------------|---------|---|
| Asset Management Audited | 2014/15 | Harry Gwala DM, Hibiscus Coast, Nquthu, uThukela DM, eDumbe, Nongoma, uPhongolo, Mthonjaneni and |
| Financial Position | 2014/15 | eDumbe |
| Capital Acquisition | 2014/15 | eDumbe |
| Cash Flow Audited | 2014/15 | Hibiscus Coast, eDumbe and Mthonjaneni |
| Financial Performance Audited | 2014/15 | eDumbe and Mpfana |
| Asset Management Budgeted | 2015/16 | Harry Gwala DM, Hibiscus Coast, Nquthu, uThukela DM, eDumbe, Nongoma, Ulundi, uPhongolo, Mthonjaneni and uMlalazi |
| Cash Flow Budgeted | 2015/16 | Hibiscus Coast, eDumbe and Mthonjaneni |
| Grant And Subsidies | 2015/16 | Hibiscus Coast and Mpfana |
| Grant And Subsidies Received | 2015/16 | Mpfana |
| IDP to Budget | 2015/16 | Ezingoleni, Hibiscus Coast, Mpfana, uMfolozi and Ntambanana |

Source: Local Government Database

Annexure C: 2015/16 Section 71 Monthly Returns

In terms of Section 71(1) of the MFMA, *the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant Provincial Treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:*

- (a) actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received; and
- (f) actual expenditure of those allocations.

The Section 71 Monthly Returns are divided into two categories, namely the monthly *Budget Reform Return Forms* and the *Conditional Grants Return Forms*.

As at 25 July 2016, the monthly returns listed in Table 3 have not been submitted to the local government database.

Table 3: List of municipalities that did not submit the monthly returns

| Name of Return | Period | Non Compliant Municipalities |
|----------------|------------|--|
| Age Creditors | April 2016 | Mpfana |
| | May 2016 | Hlabisa |
| | June 2016 | eMadlangeni, Greater Kokstad, Harry Gwala DM, Hlabisa, Jozini, uMsinga, Nquthu, Imbabazane, AbaQulusi, Ulundi, Mpfana and Ntambanana |

| | | |
|-------------------------------------|---------------|--|
| Age Debtors | January 2016 | uMvoti and uPhongolo |
| | February 2016 | Ulundi |
| | April 2016 | Hlabisa, Ulundi and Mpfana |
| | May 2016 | eMadlangeni, uBuhlebezwe, uMzimkhulu and Hlabisa |
| | June 2016 | eMadlangeni, Harry Gwala DM, Hlabisa, uMsinga, Nquthu, Imbabazane, Ulundi, Mpfana and Ntambanana |
| Financial Position | July 2015 | Ulundi |
| | January 2016 | Hibiscus Coast |
| | April 2016 | Hibiscus Coast, Hlabisa, uMsinga, Nquthu, uThukela DM, Nongoma and Mpfana |
| | May 2016 | Hibiscus Coast, Hlabisa, Msinga, uThukela DM, Nongoma and Mandeni |
| | June 2016 | Dannhauser, eMadlangeni, Newcastle, Harry Gwala DM, Ingwe, Hlabisa, uMsinga, Nquthu, Imbabazane, Nongoma, Ulundi, Mandeni, Mpfana and Ntambanana |
| Name of Return | Period | Non Compliant Municipalities |
| Capital Acquisitions Actuals | February 2016 | AbaQulusi and Ulundi |
| | March 2016 | Greater Kokstad |
| | April 2016 | Hlabisa and uMsinga |
| | May 2016 | uBuhlebezwe, Hlabisa, uMsinga, uMvoti, Emnambithi/Ladysmith |
| | June 2016 | eMadlangeni, uBuhlebezwe, Hlabisa, Jozini, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, Ulundi, Mpfana and Ntambanana |
| Cash Flow Actuals | January 2016 | Hibiscus Coast |
| | February 2016 | Hibiscus Coast |
| | March 2016 | Hibiscus Coast |
| | April 2016 | Hibiscus Coast, Hlabisa, Ulundi and Mpfana |

| | | |
|--------------------------------|-----------|--|
| | May 2016 | Newcastle, Hibiscus Coast, uMuziwabantu, Hlabisa and Ulundi |
| | June 2016 | eMadlangeni, Newcastle, Greater Kokstad, Harry Gwala DM, Hibiscus Coast, Hlabisa, uMsinga, Nquthu, Imbabazane, Ulundi and Ntambanana |
| Repairs and Maintenance | May 2016 | Hibiscus Coast, Hlabisa and uMvoti |
| | June 2016 | eMadlangeni, Hlabisa, uMsinga, Nquthu, Imbabazane, uThukela DM, AbaQulusi, Ulundi and Ntambanana |

Source: Local Government Database

Annexure D: 2015/16 Quarterly Returns

Section 74(1) of the MFMA states that *the accounting officer of a municipality must submit to the National Treasury, the Provincial Treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.*

National Treasury has prescribed that the quarterly returns must be submitted on borrowings, investments, long term contracts, municipal entities, the implementation of the MFMA priorities (as specified in MFMA Circular No. 38) and public-private partnerships. Table 4 shows the list of municipalities that did not submit the required quarter returns for 2015/16 as at 25 July 2016.

It should be noted that Table 4 also includes municipalities that do not have a municipal entity, however were still required to submit a MFMA Municipal Entity return with nil information.

Table 4: List of the municipalities that did not submit the different quarterly returns for the 2015/16 financial year

| Quarter | Borrowings Monitoring | MFMA Long Term Contracts | MFMA Municipal Entity | MFMA Implementation Priorities | Investment Monitoring |
|------------------|------------------------------|--|---|---------------------------------------|------------------------------|
| Quarter 1 | | AbaQulusi | Amajuba DM uThukela DM | | |
| Quarter 2 | Hibiscus Coast | Amajuba DM Harry Gwala DM Ezinqoleni uThukela DM AbaQulusi Ulundi | Harry Gwala DM Ezinqoleni Nongoma Ulundi | Mpofana | |

| Quarter | Borrowings Monitoring | MFMA Long Term Contracts | MFMA Municipal Entity | MFMA Implementation Priorities | Investment Monitoring |
|------------------|-----------------------|--|--|---|---|
| | | uPhongolo | | | |
| Quarter 3 | uMsinga Mpofana | Amajuba DM uBuhlebezwe uMsinga uThukela DM AbaQulusi Ulundi uPhongolo Mpofana Ntambanana | Amajuba DM eMadlangeni uBuhlebezwe Ezinqoleni uMsinga Nquthu uThukela DM Ulundi Ntambanana | eMadlangeni Ezinqoleni uMsinga Mpofana Ntambanana | uMsinga eDumbe uPhongolo Mpofana |
| Quarter 4 | uMvoti | | | uMuziwabantu eDumbe | uMdoni eDumbe |

Source: Local Government Database

Annexure E: 2015/16 Conditional Grants Return Forms

In terms of Section 12(2) (b) of the 2015 DoRA, a municipality must, as part of the report required in terms of Section 71 of the MFMA, report on their grant expenditure *to the relevant Provincial Treasury, the National Treasury and the relevant transferring national officer.*

Section 12(4) of 2015 DoRA further specifies that the report by a municipality in terms of Section (2)(b) *must set out for that month and for the financial year up to the end of that month:*

- (a) *the amount received by the municipality;*
- (b) *the amount of funds stopped or withheld from the municipality;*
- (c) *the extent of compliance with this Act and with the conditions of an allocation or part of an allocation provided for in a framework;*
- (d) *an explanation of any material problems experienced by the municipality; regarding an allocation which has been received and a summary of the steps taken to deal with such problems;*
- (e) *any matter or information that may be determined in the framework for the allocation; and*
- (f) *such other issues and information as the National Treasury may determine.*

As at 25 July 2016, the conditional grant returns listed in Table 5 have not been submitted to the Local Government Database.

Table 5: List of the municipalities that did not submit the monthly conditional grants returns for the 2015/16 financial year

| Name of Return | Period | Non Compliant Municipalities |
|--|---------------|--|
| Municipal Disaster Grant | May 2016 | uMvoti and Emnambithi/Ladysmith |
| | June 2016 | uMdoni, uMzambe and Emnambithi/Ladysmith |
| Energy Efficiency And Demand Management Grant | June 2016 | Greater Kokstad |
| Finance Management Grant | February 2016 | AbaQulusi |
| | March 2016 | AbaQulusi |
| | April 2016 | Hlabisa and AbaQulusi |
| | May 2016 | Hlabisa and AbaQulusi |
| Name of Return | Period | Non Compliant Municipalities |
| Finance Management Grant | June 2016 | Dannhauser, Greater Kokstad, Hlabisa, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, uThukela DM, AbaQulusi, eDumbe and Ulundi |
| Integrated National Electrification Programme | May 2016 | Hlabisa, uMvoti and Emnambithi/Ladysmith |
| | June 2016 | eMadlangeni, Hlabisa, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, AbaQulusi, eDumbe, Ulundi, and Maphumulo |
| Municipal Demarcation Transition Grant | March 2016 | Ntambanana |
| | May 2016 | Hlabisa |
| | June 2016 | Hlabisa |
| Municipal Infrastructure Grant | May 2016 | Hlabisa, uMvoti and AbaQulusi |

| | | |
|--|---------------|--|
| | June 2016 | Greater Kokstad, Hlabisa, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, uThukela DM, AbaQulusi, eDumbe and Ulundi |
| Municipal Systems Improvement Programme Grant | December 2015 | Ulundi |
| | April 2016 | Hlabisa |
| | May 2016 | Hlabisa, uMvoti and Emnambithi/Ladysmith |
| | June 2016 | Greater Kokstad, Hlabisa, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, uThukela DM, AbaQulusi, eDumbe and Ulundi |
| Municipal Water Infrastructure Grant | June 2016 | uThukela DM |
| Expanded Public Works Programme Grant | December 2015 | Ulundi |
| | February 2016 | Nquthu |
| | May 2016 | Hlabisa, uMvoti and Emnambithi/Ladysmith |
| | June 2016 | Greater Kokstad, Hlabisa, uMsinga, Nquthu, Emnambithi/Ladysmith, Imbabazane, uThukela DM, AbaQulusi, eDumbe and Ulundi |
| Rural Roads Asset Management Grant | June 2016 | uThukela DM |
| Water Service Operating Subsidy Grant | June 2016 | uThukela DM |

Source: Local Government Database

Annexure F: 2015/16 Verification of Figures for Quarter 4

Provincial Treasury is concerned about the reliability of budget and expenditure figures published by National Treasury. It was noted in the past that there has been discrepancies in the data submitted to the Local Government Database by municipalities. To ensure that the figures published by National Treasury are reliable, it is imperative that municipalities scrutinise, verify and sign-off the verifications schedules sent to them by National Treasury on a quarterly basis.

There are four quarterly verification schedules, namely:

- (a) Statement of Operating and Capital Expenditure (Section 71 Verification);
- (b) Conditional Grants Actual Transfers and Expenditure Schedule (Grant Verification);
- (c) Borrowing monitoring Schedule; and
- (d) Investment monitoring Schedule.

Table 6: List of municipalities that did not submit their Quarter 4 signed verifications to National Treasury by 25 July 2016

| Section 71 | Conditional Grants | Borrowing Monitoring | Investment Monitoring |
|-------------------|---------------------------|-----------------------------|------------------------------|
| Vulamehlo | Vulamehlo | Vulamehlo | Vulamehlo |
| uMdoni | uMdoni | uMdoni | uMdoni |
| Hibiscus Coast | Ezinqoleni | Hibiscus Coast | Hibiscus Coast |
| Ugu DM | Hibiscus Coast | Ugu DM | Ugu DM |
| Mpofana | Ugu DM | Mpofana | Mpofana |
| iMpendle | Mpofana | eNdumeni | eNdumeni |
| Imbabazane | iMpendle | Nquthu | Nquthu |
| Nquthu | Imbabazane | Newcastle | Newcastle |
| Newcastle | Nquthu | eMadlangeni | eMadlangeni |
| eMadlangeni | uMvoti | Dannhauser | Dannhauser |
| Dannhauser | Newcastle | AbaQulusi | uPhongolo |
| eDumbe | eMadlangeni | Ulundi | AbaQulusi |
| Abaqulusi | Dannhauser | Zululand DM | Ulundi |
| Ulundi | AbaQulusi | Ntambanana | Zululand DM |
| Zululand DM | Ulundi | Mthonjaneni | Ntambanana |
| Hlabisa | Hlabisa | | |

| | | | |
|-------------|-------------|--|--|
| Ntambanana | Ntambanana | | |
| uBuhlebezwe | Mthonjaneni | | |

Annexure G: 2015/16 Mid-Year Budget and Performance Assessment

Section 72(1)(a) of the MFMA requires that the Accounting Officer of a municipality assesses the performance of the municipality for the first half of the financial year. A report on such assessment must be done and submitted to the Mayor of the municipality, the National Treasury and the relevant Provincial Treasury by 25 January of each year as per Section 72(1)(b) of the MFMA.

Provincial Treasury issued Circular TC/RM 5 of 2015/16 on 07 December 2015 to all delegated municipalities, reminding municipalities on the date of submission, format and other necessary information regarding the preparation of the Mid-Year Budget and Performance Assessment Report.

Submission of the 2015/16 Mid-Year Budget and Performance Assessment Reports

As at 25 January 2016, 53 of the 58 delegated municipalities had submitted their 2015/16 Mid-Year Budget and Performance Assessment Reports to Provincial Treasury. Letters for non-compliance were sent to the 4 municipalities listed in Table 7, that did not submit their 2015/16 Mid-Year Budget and Performance Assessments Reports to Provincial Treasury, thereby contravening Section 72(1)(b)(iii) of the MFMA. All these municipalities have subsequently submitted their 2015/16 Mid-Year Budget and Performance Assessment Reports to Provincial Treasury.

Table 7: List of the municipalities that did not submit Mid-Year Budget and Performance Assessment Reports as at 25 January 2016

| Non Compliant Municipalities | Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|------------------------------|
| Nquthu | Mthonjaneni | Vulamehlo |
| uPhongolo | | |

Source: KZN Provincial Treasury

Tabling of the 2015/16 Mid-Year Budget and performance Assessment Reports

With the exception of the municipalities listed in Table 8, all delegated municipalities have tabled their 2015/16 Mid-Year Budget and Performance Assessments to Council by 31 January 2016 as required by Section 54(1)(f) of the MFMA. The 2015/16 Mid-Year Budget and Performance Assessment Report for AbaQulusi, Jozini and uMzinyathi District Municipalities were subsequently tabled on, 02 February 2016, 04 February 2016 and 11 February 2016, respectively.

Table 8: List of the municipalities that did not table their 2015/16 Mid-Year Budget and Performance Assessment Reports to Council by 31 January 2016

| Non Compliant Municipalities | Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|------------------------------|
| AbaQulusi | Jozini | uMzinyathi DM |

Uploading of the 2015/16 Mid-Year Budget and Performance Assessment Reports onto municipal websites

The 20 municipalities listed in Table 9 did not upload their 2015/16 Mid-Year Budget and Performance Assessments Reports on their municipal websites within 5 days of 25 January 2016, thereby contravening Regulation 34(1) of the MBRR as well as Section 75(2) of the MFMA.

Table 9: List of the municipalities that did not upload the 2015/16 Mid-Year Budget and Performance Assessment Reports onto their municipal websites

| Non Compliant Municipalities | Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|------------------------------|
| Vulamehlo | Umtshezi | eDumbe |
| uMuziwabantu | Imbabazane | uPhongolo |
| Ezinqoleni | Msinga | AbaQulusi |
| Mpofana | Newcastle | Nongoma |
| iMpendle | Amajuba DM | Hlabisa |
| uMkhanyakude DM | Greater Kokstad | Ntambanana |

Annexure H: 2015/16 Adjustments Budget Process

In terms of Section 28(1) of the MFMA, a municipality may revise an approved annual budget through an adjustments budget.

Section 28(2) of the MFMA states that an Adjustment Budget:

- a) *Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- b) *May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
- c) *May within the prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- d) *May authorize the utilization of projected savings in one vote towards spending under another vote;*
- e) *May authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
- f) *May correct errors in the annual budget budget; and*
- g) *May provide for any other expenditure within the prescribed framework.*

Regulation 21 of the MBRR reads as follows, *an adjustments budget and supporting documentation of a municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information, taking into account any guidelines issued by*

the Minister in terms of section 168 (1) of the Act.

When the annual budget has been adjusted, the municipality should table their Adjustments Budget to Council at any time after the Mid-Year Budget and Performance Assessment Report has been tabled in Council but not later than 28 February of the current year as required by Regulation 23(1) of the MBRR.

Tabling of the 2015/16 Adjustments Budget

As at 28 February 2016, 55 of the 58 delegated municipalities tabled their 2015/16 Adjustments Budgets in Council with the exception of 3 municipalities listed in Table 10. Subsequent to receiving an MEC Non-compliance letter, the 3 municipalities tabled their 2015/16 Adjustments Budget.

Table 10: List of the municipalities that did not table their 2015/16 Adjustments Budget by 28 February 2016

| Non-compliant municipalities | Non-compliant municipalities | Non-compliant municipalities |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Zululand DM | eDumbe | Maphumulo |

Submission of the 2015/16 Adjustments Budget

eMadlangeni Municipality is the only municipality that submitted their 2015/16 Adjustments Budget after the legislated deadline of 10 working days after tabling in Council. A non-compliance letter was sent to the municipality accordingly.

Annexure I: Publication of Section 75 Information on Municipal Websites

In terms of Section 75(1) of the MFMA, municipalities are required to place the following documents on their municipal websites:

- h) The annual and adjustments budgets and all budget-related documents;*
- i) All budget-related policies;*
- j) Annual Report;*
- k) All performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act;*
- l) All service delivery agreements;*
- m) All long-term borrowing contracts;*
- n) All supply chain management contracts above a prescribed value;*
- o) An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14(2) or (4) during the previous quarter;*
- p) Contracts to which subsection (1) of Section 33 apply, subject to Subsection (3) of that Section;*
- q) Public-private partnership agreements referred to in Section 120;*
- r) All quarterly reports tabled in the council in terms of Section 52(d); and*
- s) Any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.*

Section 75(2) of the MFMA further requires that documents must be placed on the website not later than five working days after its tabling in Council, or on the date on which it must be made public, whichever occurs first.

As at 25 July 2016, the municipalities shown in Table 11 have not placed majority of the required

documents on their websites:

Table 11: List of the municipalities that did not place majority of the required documents on their websites

| Non Compliant Municipalities | Non Compliant Municipalities | Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|------------------------------|------------------------------|
| Vulamehlo | uPhongolo | Mpofana | uMkhanyakude DM |
| uMuziwabantu | AbaQulusi | Newcastle | iMpendle |
| uMshwathi | Nongoma | Ntambanana | |

Source: Municipal Websites

Annexure J: Financial Management Grant (FMG) Conditions/Appointment of Municipal Interns

In terms of the Financial Management Grant (FMG) conditions published in the 2015 DoRA, the grant may be utilised for amongst others, the establishment of a Budget and Treasury Office with positions filled by appropriately qualified personnel and appointment of a minimum of five interns over a multi-year period. As at 25 July 2016, the municipalities shown in Table 12 have not appointed five interns.

Table 12: List of the municipalities that did not appoint five interns

| Non Compliant Municipalities | Non Compliant Municipalities |
|------------------------------|------------------------------|
| Vulamehlo | Emnambithi/Ladysmith |
| uMdoni | Nquthu |
| uMzumbe | uMzinyathi DM |
| Ugu DM | eMadlangeni |
| uMshwathi | uMgungundlovu DM |
| Mpofana | Mthonjaneni |
| iMpendle | |

Source: KZN Provincial Treasury

Annexure K: 2015/16 MFMA Competency Level Return (S1 and S2)

Section 14(1) of the Municipal Regulations on Minimum Competency Levels states that *the municipal manager of the municipality and chief executive officer of a municipal entity must monitor the compliance with the prescribed minimum competency levels of financial and supply chain management officials. Section 14(2) states further that such information must be reported to National Treasury and relevant Provincial Treasury by 30 January and 30 July of each year.*

As at 25 July 2016, municipalities shown in Table 13 have not submitted the relevant return pertaining to the minimum competency levels for the first half of 2015/16 financial year, which was due on 30 January 2016.

Table 13: List of the municipalities that have not submitted the minimum competency levels return (S1)

| Non Compliant Municipalities | Non Compliant Municipalities |
|-------------------------------------|-------------------------------------|
| eDumbe | Mpofana |
| Ulundi | uMgungundlovu DM |
| uPhongolo | Mthonjaneni |
| Maphumulo | |

Source: Local Government Database