



## KwaZulu Natal Provincial Treasury

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Ref TC/RM 03

14 March 2008

**TO: MUNICIPAL MANAGERS  
CHIEF FINANCIAL OFFICERS  
KWAZULU NATAL MUNICIPALITIES**

### **TREASURY CIRCULAR RM 03 OF 2007/08**

#### **MISCELLANEOUS MFMA MATTERS**

Municipal Managers and Chief Financial Officers are requested to note the undermentioned and take appropriate action where necessary.

##### **Conditional Grants**

It has come to the attention of the Auditor – General, National and Provincial Treasuries that some municipalities are utilising conditional grants to fund operating expenditure. Municipalities are reminded that this practice contravenes the DoRA requirements and is illegal. Such practices must be stopped with immediate effect. Further municipalities are requested to submit a monthly report of expenditure on each conditional grant with effect from 31 March 2008. Both National and Provincial Treasuries would consider withholding conditional grant transfers where it is evidenced that municipalities are utilising conditional grants for operational purposes and not using them in fulfilling the conditions of the grant. Municipalities must also furnish proof, monthly, that the amounts unspent in the grant accounts are cash backed by way of furnishing schedules reflecting expenditure against the respective grant investment/bank accounts.

##### **2008/09 Draft Budgets**

National Treasury has advised that municipalities are required to submit their 2008/09 budgets in the MFMA Circular 28 and 42 formats in order that budgets are comparable. Where the budgets have not been prepared in the required format, the budgets would be returned to the Mayors of the respective municipalities. Municipalities are requested to submit their 2008/09 draft budgets in the required format, together with the Appendix A return, in hard and electronic copies, to National and Provincial Treasury by **no later than 01 April 2008**.

##### **MFMA Returns**

It has been observed that MFMA returns requiring either the Municipal Managers or Chief Financial Officers to sign, are not being signed by some municipalities. It is kindly requested that these returns are duly signed prior to being submitted to both Treasuries.

**Discrepancies in data submitted by Municipalities**

Some municipalities are submitting different data to National Treasury database and to Provincial Treasury. Such discrepancies distort the provincial and national municipal expenditure and Municipal Managers are requested to ensure that consistent data is submitted. Where such discrepancies have been detected, it would be reported to the Provincial Legislature and Municipal Managers will have to account for the inconsistencies in reporting.

Yours faithfully

  
for **D S D SHABALALA**  
**HEAD OF PROVINCIAL TREASURY**  
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