



PROVINCE OF KWAZULU-NATAL
PROVINCIAL TREASURY

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

PROVINCIAL TREASURY CIRCULAR TC/RM 2 OF 2009/10

NON-COMPLIANCE WITH THE MFMA REPORTING REQUIREMENTS

It is of serious concern that a number of municipalities in KwaZulu-Natal are not fully complying with the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003).

Following the first quarter of the 2009/10 financial year, it emerged that a number of municipalities in our province are either failing to comply with ALL the reporting requirements as set out in the different sections of the MFMA or submitting reports for compliance purposes only without ensuring the accuracy of the information submitted.

On 14 August 2009, in a Circular from the Provincial Treasury to the municipalities in KZN with reference TC/RM 1 of 2009/10, the Municipal Managers and Chief Financial Officers were alerted to the fact that some municipalities were either not submitting MFMA returns timeously or were not submitting these returns at all. On 17 November 2009, the issue of non-compliance by municipalities in terms of outstanding returns was escalated to the MEC, whereby the MEC for Finance, Ms Ina Cronjé wrote to the Mayors of a number of municipalities. The Mayors were alerted to the fact that their municipalities had not complied with the provisions of the MFMA and that the non-reporting by these municipalities severely impacts on the oversight and monitoring role of both National and Provincial Treasuries.

Some of the most important MFMA reporting requirements that have not been complied with and a list of those municipalities that have not been fully complying with those reporting requirements are discussed and attached as the following annexes:

- Annexure A: 2009/10 MFMA Implementation Plan
- Annexure B: 2009/10 Budget Evaluation Checklist
- Annexure C: 2010/11 Budget Timetable (Time schedule of key deadlines)
- Annexure D: 2009/10 Service Delivery Budget Improvement Plan (SDBIP)
- Annexure E: 2009/10 Appendix B Budget Returns and Annual Returns
- Annexure F: 2009/10 Section 71 Monthly Returns

- Annexure G: 2009/10 Quarterly Returns
- Annexure H: 2009/10 Quarterly Verification Process

Both the National Treasury and the Provincial Treasury have provided support and training to assist municipalities in meeting their reporting requirements and can no longer overlook any deliberate or inadvertent non-compliance with the law. Should municipalities fail to fully comply with the MFMA reporting requirements, the Municipal Manager and the Chief Financial Officer will be called to a meeting at the Provincial Treasury's Offices in Pietermaritzburg, where the municipality will be provided with an opportunity to explain their failure to comply. Should the non-compliance by municipalities persist, the Provincial Treasury will be left with no option than to report the municipality to the MEC for Finance, who may consider taking one or all of the following steps to enforce compliance:

1. Recommend to the concern 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.
2. Launch an investigation with a view of laying charges against the Accounting Officer for financial misconduct in terms of Section 171 of the MFMA; and
3. Explore options to stop all transfer to the municipality for breach of their reporting obligations.

The KwaZulu-Natal Provincial Treasury once again through this circular urged all municipalities affected to address their failure to fully comply with all the reporting requirements in terms of the MFMA for the period up to January 2010 as per due dates highlighted in the annexes. The officials from Provincial Treasury will continue to assist and support their designated municipalities. They will also be following up with each of the municipalities on all non-compliance issues; however, the onus rests with Accounting Officer to ensure that their municipality fully complies with all reporting requirements.

We have communicated extensively with municipalities on this topic. You undoubtedly will agree that the Provincial Treasury has been extremely patient and has relentlessly accommodated municipalities. Municipalities must now fully comply with the law and respond to my office in writing confirming compliance with any outstanding information.

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



Mr L. S. Magagula

Acting Head of KZN Provincial Treasury

HOD let 041109

Cc MEC for Finance / National Treasury / Mayors / Auditor General

Annexure A: 2009/10 MFMA Implementation Plan

The National Treasury issued MFMA Circular 7 in 2004 together with a “MFMA implementation plan template”. All municipalities were required to prepare and submit the MFMA implementation plan indicating how they would implement the MFMA reforms. The MFMA implementation plan provides municipalities with a starting point to develop and manage the reforms. Furthermore, municipalities were required to establish a steering committee to manage and oversee the MFMA implementation plan. The MFMA implementation plan for 2009/10 was due on 31 October 2009; 35 municipalities (as listed in Table 1) have not submitted their implementation plans for the 2009/10 financial year as at 31 January 2010.

Table 1: List of municipalities that did not submit their MFMA implementation plan for the 2009/10 financial year

Non Compliant Municipalities	Non Compliant Municipalities	Non Compliant Municipalities
Dannhauser	Ndwedwe	Umlalazi
eDunbe	Newcastle	Umtshezi
eMadlangeni	Nongoma	Umzimkhulu
eMantlathini/Ladysmith	Nanbarana	Umzambe
Ezingoleni	Okhahlamba	Uthukela
Hibiscus Coast	Vulamehlo	
Hlabisa	Okhahlamba	
iLembe	Vulamehlo	
Imbabazane	Sisonke	
Ingwe	The Big Five False Bay	
Jozini	Ubuhlebezwe	
Uthungulu	Umdoni	
KwaDukuza	Umdoni	
Mfolozi	Umhlabuyalingana	
Mtubatuba	Umkhanyakude	

Source: Local Government Database

The non-complying municipalities are urged to upload their 2009/10 MFMA Implementation Plans on (mfma@treasury.gov.za) as a matter of urgency and send a copy to the Provincial Treasury. An assessment of the MFMA implementation plans will then be undertaken by the Provincial Treasury and progress in terms of the MFMA implementation will be reported to National Treasury.

Annexure B: 2009/10 Budget Evaluation Checklist

A Budget Evaluation Checklist (BEC) template was developed by National Treasury to assist municipalities to evaluate their budget process to facilitate compliance with the MFMA.

As per Provincial Treasury circular TCRM 1 of 2009/10, municipalities were reminded to upload their BEC relating to the 2009/10 budget process to the Igdatabase by no later than 18 August 2009. As at the 31 January 2010, the National and Provincial Treasuries have not received BEC returns from 8 municipalities as listed in Table 2.

Table 2: List of municipalities that did not submit their BEC for the 2009/10 financial year

Non Compliant Municipalities	Non Compliant Municipalities	Non Compliant Municipalities
Dannhauser	Greater Kokstad	Ubhulebezwe
Umtshezi	Mandeni	Ntambanana
uThungulu	Umdeni	

Source: Local Government Database

Municipalities that have not complied are required to urgently submit this return to the lgdatabase@treasury.gov.za and send a copy to the Provincial Treasury.

Annexure C: 2010/11 Budget Timetable (Time Schedule of Key deadlines)

In terms of Section 21 (1) (a) of the MFMA, the Mayor of a municipality must “co-ordinate the processes for preparing the annual budget and for reviewing the municipality’s integrated development plan and budget related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible”. In addition, as required by Section 21 (1)(b), the mayor of a municipality must “at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for the various budget related activities. Also stated in Section 21 (2)(e)(i)(bb), the mayor of a municipality must provide, on request, any information relating to the budget to any national and provincial organ of states, as may be prescribed.

The Provincial Treasury has been liaising with the municipalities requesting a copy of the time schedules of key budget deadlines for the 2010/11 financial year. As at 31 January 2010, 13 municipalities in KZN (listed in the Table 3) failed to submit the schedules of key budget deadlines to the National and Provincial Treasuries.

Table 3: List of municipalities that did not submit the times schedules of key budget deadlines for the 2010/11 financial year

Non Compliant Municipalities	Non Compliant Municipalities
Ezingolweni	Vulamehlo
Indaka	Mtshatsha
Ingwe	Umhlabuyalingana
KwaSani	Umtshezi
Sisonke	Umzimkhulu
Ubuhlebezwe	
Ulundu	
Umkhathathazi	

Source: Local Government Database

It is imperative that the non-complying municipalities listed in the table forward their time schedules of key budget deadlines as a matter of urgency to the following e-mail addresses lgdocuments@treasury.gov.za and send a copy to the Provincial Treasury.

Annexure D: 2009/10 Service Delivery Budget Improvement Plan (SDBIP)

Section 53(1)(c)(ii) of the MFMA indicates that *the mayor of a municipality must “take all reasonable steps to ensure that the municipality’s service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget”*.

Once again, as per Provincial Treasury circular TC/RM 1 of 2009/10, municipalities were reminded to upload their 2009/10 SDBIP to lgdocuments@treasury.gov.za by no later than 18 August 2009. As at the 31 January 2010, the SDBIPs for the 3 municipalities listed in Table 4 were outstanding. Furthermore, if the SDBIPs for these municipalities were not approved by the mayor, this could effectively mean that Section 53 (1)(c)(ii) of the MFMA has been breached.

Table 4: List of municipalities that did not submit their SDBIP for the 2009/10 financial year

Non Compliant Municipalities	Non Compliant Municipalities	Non Compliant Municipalities
Indaka	Nongoma	Umhlabuyingana

Source: Local Government Database

The abovementioned municipalities are required to **urgently** furnish the Provincial Treasury with the SDBIP and the Council Resolution approving the SDBIP. If the SDBIP was not approved, please advise Provincial Treasury of what reasonable steps the municipality has taken to ensure that their SDBIP would be approved and what are the challenges that is preventing the municipality from approving their SDBIP.

Annexure E: 2009/10 Appendix B Budget Returns 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...

National Treasury uses the budget figures from Appendix B: Budget Returns Forms for the quarterly publication of municipal financial performance. Furthermore, in order for National Treasury to build and maintain data on local government, all municipalities are required to upload a number of annual returns and other important documents. The purpose of collecting data into one database, amongst other things is to assist with effective planning and decision making. In this regard, a number of municipalities have not uploaded their Appendix B Budget Returns Forms and a number of annual returns. Table 5 lists the municipalities that have not uploaded/submitted the relevant return forms as at the 31 January 2010.

Table 5: List of municipalities that have not submitted the Appendix B Budget Returns Forms, and other Annual Returns

Appendix B: Capital and Operating Budgets Returns Forms

Name of Return	Period	Non Compliant Municipalities
Capital Acquisition	2010	Dannhauser, Endumeni, Ezingoleni, Hibiscus Coast, Hlabisa, Jozini, Ntambanana and Umuziwabantu
Financial Perform Budget	2010	Dannhauser, Endumeni, Hibiscus Coast and Ntambanana.

Other Annual Returns

Name of Return	Period	Non Compliant Municipalities
Annual Financial Statements	2009	Endumeni
Asset Management	2010	Dannhauser, eMadlengeni, Emnamthithi/Ladysmith, Endumeni, Ezingoleni, Hibiscus Coast, Hlabisa, Imbabazane, Ingwe, Jozini, KwaDukuza, Mandeni, Mfolozi, Mthonjaneni, Mthubatuba, Ndwedwe, Newcastle, Nkandla, Nongoma, Ntambanana, Okhahlamba, Sisonke, The Big Five False Bay, Ubhlebezwe, Ugu, Ujundi, Umdoni, Umlaluzi, Umkhanyakude, Umshwathi, Umtshezi, Umuziwabantu, Umzimkhulu, Umzumbe, Uthukela, Uthungulu and Vukamehlo

Name of Return	Period	Non Compliant Municipalities
Financial Position	2010	Dannhauser, Emnambithi/Ladysmith, Endumeni, Ezingoleni, Hibiscus Coast, Hlabisa, Indaka, Jozini, Mfolozi, Newcastle, Nongoma, Ntambanana, Ugu, Ulundi, Umdoni, Umkhanyakude, Umswathi, Umtshezi, Uthukela and Zululand.
Cash Flow Budget	2010	Dannhauser, Endumeni, Ezingoleni, Greater Kokstad, Hibiscus Coast, Hlabisa, Indaka, Jozini, Mfolozi, Nongoma, Ntambanana, Okhahlamba and Umkhanyakude.
Grant and Subsidies Given	2010	Dannhauser, Endumeni, Ezingoleni, Hibiscus Coast, Ntambanana, Ubuhlebezwe, Ulundi, Umkhanyakude, Umuziwabantu and Uthukela.
Grant and Subsidies Received	2010	Dannhauser, Endumeni, Ezingoleni, Hibiscus Coast, Indaka, Mfolozi, Ntambanana, Okhahlamba, Ulundi, Umkhanyakude, Umtshezi and Uthukela.
IDP to Budget	2010	Dannhauser, Endumeni, Ezingoleni, Greater Kokstad, Hibiscus Coast, Hlabisa, Indaka, Jozini, Mandeni, Mfolozi, Nongoma, Ntambanana, Ulundi, Umhlabuyalingana, Umswathi, Umtshezi, Uphongolo, Uthukela, Uthungulu, Umuziwabantu and Vulamethlo.
IDP Final	2010	Sisonke and Umuziwabantu.

Source: Local Government Database

The non-complying municipalities are urged to upload/submit all the outstanding Appendix B Budget Returns Forms as well as the other annual returns and documents to lgdatabase@treasury.gov.za by 3 February 2010 (12:00), and send a copy to the Provincial Treasury.

Following the review of the mid-year budget and performance assessment as required by Section 72 (1) of the MFMA, Section 72(3)(a) states that *the accounting officer must, as part of the review – “make recommendations as to whether an adjustments budget is necessary”*. If an adjustments budget is necessary, in addition to adhering to Section 28 (3) of the MFMA with regard to the prescribed format, the municipality is urged to ensure that after council approval, the same adjustments budget figures are submitted in the revised Appendix A as well as in the Appendix B (prescribed MFMA Budget Returns Forms) to both National and Provincial Treasuries.

Annexure F: 2009/10 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;
- (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 31 January 2010, the monthly returns listed in Table 6 had not been submitted to the local government database.

Table 6: List of municipalities that did not submit the monthly returns

Name of Return	Period	Non Compliant Municipalities
Age Creditors	October 2009	Ezingolweni and Umtshezi
	November 2009	Ezingolweni, Ubuhlebezwe and Umtshezi
	December 2009	eMadlangeni, Ezingolweni, Ubuhlebezwe, Umtshezi and Uthukela
Age Debtors	July 2009	Dannhauser and Ugu
	August 2009	Ugu
	September 2009	eMadlangeni, Ubuhlebezwe and Ugu
	October 2009	eMadlangeni, Ezingolweni and Ugu
November 2009	November 2009	Amajuba, eMadlangeni, Ezingolweni, Ubuhlebezwe, Ugu and Umtshezi
	December 2009	Dannhauser, eMadlangeni, Ezingolweni, Ubuhlebezwe and Uthukela

Name of Return	Period	Non Compliant Municipalities
Capital Acquisitions Actuals	July 2009	Umtshezi
	August 2009	Umtshezi
	September 2009	eDumbe, Imbabazane and Umtshezi
	October 2009	eDumbe, Ezingolweni, Ulundi, Umtshezi and Vulamehlo
Cash Flow Actuals	November 2009	eDumbe, Ezingolweni, Indaka, Ubuhlebezwe and Umtshezi
	December 2009	Hlabisa, Ubuhlebezwe, Umtshezi and Uthukela
	September 2009	Imbabazane and Ubuhlebezwe
	October 2009	Ezingolweni and Umtshezi
Financial Performance Actuals	November 2009	Ezingolweni, Ubuhlebezwe and Umtshezi
	December 2009	eMadlangeni, Ezingolweni, Sisonke, Ubuhlebezwe, Umdoni, Umtshezi and Uthukela
	July 2009	Mfologozi and Umkhanyakude
	August 2009	Mfologozi and Umkhanyakude
	September 2009	Indaka, Mfologozi and Umkhanyakude
	October 2009	Ezingolweni, Indaka, Jozini, Maphumulo, Mfologozi, Umkhanyakude, Umtshezi and Vulamehlo
	November 2009	eMadlangeni, Ezingolweni, Mfologozi, Ubuhlebezwe, uMkhanyakude and Umtshezi
	December 2009	eMadlangeni, Ezingolweni, Ubuhlebezwe, Ulundi, Umkhanyakude, Umtshezi and Uthukela

Source: Local Government Database

Conditional Grants Return Forms

Table 7: List of municipalities that did not submit the monthly conditional grants returns for the 2009/10 financial year

Name of Return	Period	Non Compliant Municipalities
Energy Efficiency and Demand Management Grant	July 2009	Emnambithi / Ladysmith
	August 2009	Emnambithi / Ladysmith
	September 2009	Emnambithi / Ladysmith
	October 2009	Emnambithi / Ladysmith
	November 2009	Emnambithi / Ladysmith
	December 2009	Emnambithi / Ladysmith
Finance Management Grant	July 2009	eDumbe and Umshezi
	August 2009	eDumbe, Okhahlamba and Ubuhlebezwe
	September 2009	eDumbe and Okhahlamba
	October 2009	eDumbe, Ezingolweni and Umshezi
	November 2009	eDumbe, Ezingolweni, Hlabisa, Ubuhlebezwe and Umshezi
	December 2009	eDumbe, Ezingolweni, Hlabisa, Indaka, KwSani, Ubuhlebezwe, Umshezi and Umzimkulu
Integrated Electrification Programme Grant	July 2009	Greater Kokstad and Ulundi
	August 2009	Greater Kokstad and Ulundi
	September 2009	Greater Kokstad and Ulundi
	October 2009	Greater Kokstad Ulundi
	November 2009	Greater Kokstad and Ulundi

Name of Return	Period	Non Compliant Municipalities
	December 2009	Greater Kokstad and Ulundi
Municipal Infrastructure Grant	July 2009	Emnambithi / Ladysmith, Endumeni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, Newcastle, Okhahlamba, Ulundi, Umtshezi and Uthukela
	August 2009	Emnambithi / Ladysmith, Endumeni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, Newcastle, Okhahlamba, Ulundi, Umtshezi and Uthukela
	September 2009	Emnambithi / Ladysmith, Endumeni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, Newcastle, Okhahlamba, Ulundi, Umtshezi and Uthukela
	October 2009	eDumbe, Emnambithi / Ladysmith, Endumeni, Ezingolweni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, Newcastle, Okhahlamba, Ulundi, Umtshezi and Uthukela
	November 2009	eDumbe, Emnambithi / Ladysmith, Endumeni, Ezingolweni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, Newcastle, Okhahlamba, Ubulbezeze, Ulundi, Umtshezi, Umzinkulu and Uthukela
	December 2009	eDumbe, eMadiangeni, Emnambithi / Ladysmith, Endumeni, Ezingolweni, Greater Kokstad, Hlabisa, Imbabazane, Indaka, KwaSani, Ndwedwe, Newcastle, Okhahlamba, Ubulbezeze, Ugu, Ulundi, Umtshezi, Umzinkulu, Uthukela and Uthungulu.
Municipal Systems Improvement Programme Grant	July 2009	Emnambithi / Ladysmith, Imbabazane, Indaka, Newcastle, Ulundi, Uthukela and Uthungulu
	August 2009	Emnambithi / Ladysmith, Imbabazane, Indaka, Newcastle, Ulundi, Uthukela and Uthungulu
	September 2009	Emnambithi / Ladysmith, Imbabazane, Indaka, Newcastle, Ulundi, Uthukela and Uthungulu
	October 2009	eDumbe, Emnambithi / Ladysmith, Ezingolweni, Imbabazane, Indaka, Newcastle, Ulundi, Uthukela and Uthungulu
	November 2009	eDumbe, Emnambithi / Ladysmith, Ezingolweni, Imbabazane, Indaka, Newcastle, Ulundi, Umtshezi, uMuziwabantu, Uthukela and Uthungulu
	December 2009	eDumbe, Emnambithi / Ladysmith, Ezingolweni, Hlabisa, Imbabazane, Indaka, KwaSani, Ndwedwe, Newcastle, Ulundi, Umtshezi, Umzinkulu, Uthukela and Uthungulu

Name of Return	Period	Non Compliant Municipalities
Neighbourhood Development Partnership Grant	July 2009	Newcastle and Umtshezi
	August 2009	Newcastle and Umtshezi
	September 2009	Newcastle and Umtshezi
	October 2009	Newcastle and Umtshezi
	November 2009	Newcastle and Umtshezi
	December 2009	Newcastle and Umtshezi
Water Services Operating Subsidy Grant	July 2009	Newcastle, Uthukela and Uthungulu
	August 2009	Newcastle, Uthukela and Uthungulu
	September 2009	Newcastle, Uthukela and Uthungulu
	October 2009	Newcastle, Uthukela and Uthungulu
	November 2009	Newcastle, Uthukela and Uthungulu
	December 2009	Newcastle, Ugu, Uthukela and Uthungulu

Source: Local Government Database

The non-complying municipalities are urged to upload all the outstanding monthly returns as well as the conditional grants returns on the lgdatabase@treasury.gov.za by 3 February 2010 (12:00) and send a copy to the Provincial Treasury.

Annexure G: 2009/10 Quarterly Returns

Section 74 (1) of the MFMA states that *the accounting officer of a municipality must submit to the National Treasury, 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.* Section 104 (1)(b) requires the same from the accounting officer of a municipal entity.

Towards this end, National Treasury has prescribed that the quarterly returns must be submitted on borrowing, long term contracts, municipal entities and the implementation of the MFMA priorities (as specified in MFMA Circular No. 38). Table 8 provides the list of municipalities that did not submit the required quarterly returns as at 31 January 2010 pertaining to quarter one.

Table 8: List of municipalities that did not submit the different quarterly returns pertaining to quarter one of the 2009/10 financial year

Borrowing Monitoring	MFMA Long Term Contracts	MFMA Municipal Entity	MFMA Implementation Priorities
Hibiscus Coast	Ntambanana	Ntambanana	Indaka
Ntambanana	Okhahlamba	Okhahlamba	Ingwe
Sisonke	Umshezi	Ubuhlebezwe	Newcastle
Ubuhlebezwe	Uthungulu	KwaSani	Ntambanana
Uthukela		Uthungulu	Okhahlamba
Uthungulu			Uthungulu

Source: Local Government Database

Municipalities are **urgently required to submit** all outstanding quarterly returns pertaining to quarter one.

Municipalities are also reminded that the quarterly returns pertaining to quarter two were due at the end of January 2010 and should be uploaded to the lgdatabase@treasury.gov.za by **3 February 2010 (12:00)** and send a copy to the Provincial Treasury.

Annexure H: 2009/10 Quarterly Verification Process

Over a period of time, Provincial Treasury has been emphasising to municipalities the importance of submitting accurate information. However, it has been noted with greatest concern that municipalities continue to submit M/FMA returns to both Provincial and National Treasuries for compliance purposes only and not with the accuracy and credibility required for both Treasuries to effectively play their advisory, monitoring and oversight roles.

Attempts by the National and Provincial Treasuries to ensure the submission of accurate information included the requirements for the Municipal Managers and Chief Financial Officers' to verify and sign off on their quarterly financial information and conditional grant reports submitted to the Local Government Data Base. It has been a real challenge at the end of every quarter to ensure compliance by all municipalities to the verifications process.

Table 9: Lists the municipalities that did not submit verified and signed Section 71 figures and Conditional Grants for quarter one of the 2009/10 financial year.

Section 71 Verified and signed figures	Conditional Grants figures		
Dannhauser	Ubuhlebezwe	Amajuba	Richmond
eDumbe	Ugu	Dannhauser	Sisonke
eMadlangeni	Umdoni	eMadlangeni	Ubuhlebezwe
Ezingolweni	Umgungundlovu	Emnambithi / Ladysmith	Ulundi
Greater Kokstad	Umkhanyakude	Ezingolweni	Umdoni
Hibiscus Coast	uMuziwabantu	Greater Kokstad	Umgungundlovu
Hlabisa	Umkhanyakude	Hlabisa	Umkhanyakude
Imbabazane	Uthukela	Imbabazane	Umslwathi
Impendle	Vulamehlo	Impendle	uMuziwabantu
Ingwe		Ingwe	Umkhanyakude
Jozini		Jozini	Uthukela
Mkhambathini		KwaDukuza	Uthungulu
Mubamba		Mfolozi	Vulamehlo
Okhahlamba		Mkhambathini	Zululand
Richmond		Mpofana	
Sisonke		Newcastle	
The Big Five False Bay		Nongoma	

Source: National Treasury & Annex D: List of Non-compliance to Section 71 of the MFMA

Municipalities are reminded that the verification process for quarter two has already been initiated by National Treasury and municipalities are required to faxed their signed verified Section 71 and Conditional Grants reports to National Treasury (012 – 395 6553) by **Friday, 5 February 2010 at 09:00** and send a copy of the Provincial Treasury.