



treasury

Department
Treasury
PROVINCE OF KWAZULU-NATAL

Natalia Building
330 Langalibalele Street
Pietermaritzburg 3201
P O Box 3613
Pietermaritzburg 3200
Tel: +27 (0) 33 846 6800
Fax: +27 (0) 33 846 6801/2
Internet: www.kzntreasury.gov.za

OFFICE OF THE MEC FOR FINANCE

Our reference: M-3/2/1/66 Circulars
Inkomba yethu:
Ons verwysing:

Date: 13 August 2019
Usuku:
Datum:

Please quote our reference on all correspondence

To: MAYORS
MUNICIPAL MANAGERS
CHIEF FINANCIAL OFFICERS
KWAZULUNATAL MUNICIPALITIES

PROVINCIAL TREASURY CIRCULAR PT/MF 02 OF 2019/20

NON-COMPLIANCE WITH THE MFMA REPORTING REQUIREMENTS

Provincial Treasury issues circulars to Mayors to highlight non-compliance with the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) and the Division of Revenue Act, Act No. 1 of 2018 (DoRA) reporting requirements. Despite the issuing of non-compliance circulars in previous years by my office, it is of serious concern that a number of municipalities in KwaZulu-Natal are still not fully complying with all the reporting requirements of the MFMA and DoRA.

Following the reports submitted for the fourth quarter of the 2018/19 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 and/or are submitting reports for compliance purposes only without ensuring accuracy of the information submitted.

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

- Section A: 2018/19 MFMA Implementation Plan;
- Section B: 2018/19 Budget Returns (Appendix B) and Annual Returns;
- Section C: 2018/19 Section 71 Monthly Returns;
- Section D: 2018/19 Quarterly Returns;
- Section E: 2018/19 Conditional Grants Return Forms;
- Section F: 2018/19 Verification of Figures for Quarter 4;
- Section G: 2018/19 Mid-Year Budget and Performance Assessment;
- Section H: 2018/19 Adjustments Budget Process;
- Section I: Publication of MFMA Section 75 Information on Municipal Websites;
- Section J: Financial Management Grant (FMG) Conditions/Appointment of Municipal Interns;

- Section K: Tabling of the Time schedules outlining key deadlines for the 2019/20 budget preparation process;
- Section L: 2019/20 Tabled Budget Process;
- Section M: 2019/20 Approved Budget Process; and
- Section N: 2019/20 Funding Position.
- Section O: mSCOA Data String Submissions

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 by the municipalities.

Support provided to municipalities includes, but is not limited to the following: sending the exception reports drawn from National Treasury's Database reflecting the status of compliance by all the delegated municipalities on a weekly basis; discussing the status of compliance with the municipalities during various Bilateral engagements as well as frequent reminders to municipalities to submit outstanding documents through telephonic and email correspondence. Provincial Treasury also provided technical support when requested by the municipalities.

Provincial Treasury will consider the following steps, should the non-compliance by municipalities persist going forward:

1. Notify the Auditor-General of the municipality's failure to comply with relevant MFMA and DoRA reporting requirements;
2. Recommend to the concerned municipality's Council to consider 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 the relevant MFMA reporting requirements;
3. 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 Regulation 19 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings where the municipality fails to investigate allegation of financial misconduct in terms of Section 171(4) of the MFMA; and
4. Explore options to stop all transfers to the municipality for breach of their reporting obligations.

During the 2018/19 financial year, Provincial Treasury reported non-compliance with both the MFMA and DoRA reporting requirements to the KwaZulu-Natal Provincial Legislature. 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.

KwaZulu-Natal Provincial Treasury therefore urges all municipalities to ensure full compliance with all the reporting requirements in terms of the MFMA and DoRA in the 2019/20 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 various Sections, 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 Management: Mr. Farhad Cassimjee on telephone number (033) 897 4321.

Yours sincerely



MR R PILLAY
MEC FOR FINANCE – KZN

cc: Jan Hattingh, National Treasury
TV Pillay, National Treasury
Simiso Magagula, HOD: KZN Provincial Treasury
Ntombifuthi Mhlongo, Business Executive (Auditor General)

Section A: 2018/19 MFMA Implementation Plan

National Treasury issued MFMA Circular No. 7 “MFMA Implementation Plan Template” on 23 September 2004. As per the circular, all municipalities are required to prepare and submit their MFMA Implementation Plan indicating how they will 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, their MFMA Implementation Plan. The MFMA Implementation Plan for the 2018/19 financial year was due on 31 October 2018.

As at 05 August 2019, the 24 municipalities shown in Table 1 below had still not submitted their 2018/19 MFMA Implementation Plans.

Table 1: List of municipalities that did not submit their MFMA Implementation Plan for the 2018/19 financial year

Non-Compliant Municipalities	Non-Compliant Municipalities	Non-Compliant Municipalities
Mpotana	uMshwathi	Maphumulo
uMgungundlovu DM	iNkosi Langalibalele	Okhahlamba
eMad'angeni	Big Five Hlabisa	uMvoti

Source: Local Government Database

Section B: 2018/19 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 the municipal financial performance. National Treasury further hosts the LG Database to which municipalities submit various other monthly, quarterly and annual returns, 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 had not uploaded/submitted their relevant return forms to the LG Database. The non-complying municipalities have been identified from the National Treasury database report dated 05 August 2019.

Table 2: List of municipalities that have not submitted the Appendix B Budget Returns Forms and Annual Returns as at 5 August 2019

Name of Return	Period	Non-Compliant Municipalities
IDP to Budget	2018/19	Harry Gwala DM, Nquthu, uPhongolo, uMshwathi
Age Debtors Audited	2017/18	Dannhauser

Source: Local Government Database

Section C: 2018/19 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, excluding expenditure on-
 - (i) its share of the local government equitable share; and
 - (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph.

As at 05 August 2019, the monthly returns shown in Table 3 had 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	January 2019	uPhongolo
	April 2019	Amajuba DM
	May 2019	Amajuba DM
	June 2019	Amajuba DM, Dannhauser, Harry Gwala DM, Ray Nkonyeni, uMuziwabantu, Richmond
Age Debtors	December 2018	Dannhauser
	January 2019	Dannhauser
	February 2019	Dannhauser, Abaqulusi
	March 2019	Dannhauser
	April 2019	Dannhauser
	May 2019	Dannhauser
	June 2019	Amajuba DM, Dannhauser, uSchlebezwe, uMlalazi, Ray Nkonyeni, Richmond
Financial Position	April 2019	Dannhauser
	May 2019	Dannhauser, uMlalazi, uMzumbhe, Nguthu, uThukela DM
	June 2019	Amajuba DM, Dannhauser, Ray Nkonyeni, Nguthu, uMvoti, Richmond
Financial Performance	May 2019	uMuziwabantu
	June 2019	Amajuba DM, Dannhauser, Ray Nkonyeni, Ugu DM, uMuziwabantu, Mpoana, Richmond
Capital Acquisitions Actuals	April 2019	Dannhauser, uMlalazi, uPhongolo
	May 2019	Dannhauser, uMlalazi, uPhongolo
	June 2019	Amajuba DM, Dannhauser, uMlalazi, Ray Nkonyeni, uThukela DM, uPhongolo, KwaDukuza, Richmond
Cash Flow Actuals	July 2018	uMdoni
	March 2019	Dannhauser
	May 2019	Ulundu
	June 2019	Dannhauser, Ray Nkonyeni, uPhongolo, Richmond
Repair and Maintenance Expenditure	February 2019	Jozini
	April 2019	Dannhauser
	June 2019	Amajuba DM, Dannhauser, Ray Nkonyeni, Nguthu, Mpoana, Richmond

Source: Local Government Database

Section D: 2018/19 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 quarterly returns for 2018/19 as at 05 August 2019.

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

Table 4: List of municipalities that did not submit the different quarterly returns for the 2018/19 financial year

Quarter	Borrowings Monitoring	MFMA Long Term Contracts	MFMA Municipal Entity	MFMA Implementation Priorities	Investment Monitoring
Quarter 1		Dannhauser	Big Five Hlabisa		
		Big Five Hlabisa			
		Jozini			
		uThukela DM			
Quarter 2		Jozini	Jozini	uMsinga	Nongoma
		Mtubatuba	Mpofana	iNkosi Langalibalele	
		uThukela DM			
		Mpofana			
Quarter 3	uPhongolo	Amajuba DM	Dannhauser	Dannhauser	Nkandla
		Dannhauser	uMhlabyalingana	Okhahlamba	uMsinga
		Mtubatuba	Mpofana	uPhongolo	uPhongolo
		uMhlabyalingana			
		uMkhanyakude DM			
		uMsinga			
		uThukela DM			
Quarter 4		Ugu DM	Ugu DM	Ray Nonyeni	
		uThukela DM		Ugu DM	
				uMsinga	

Source: Local Government Database

Section E: 2018/19 Conditional Grants Return Forms

In terms of Section 12(2) (b) of the 2018 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 officer.

Section 12(4) of the 2018 DoRA further specifies that a report for a municipality in terms of subsection (2)(b) must set out for the month in question and for the 2018/19 financial year up to the end of the month—

- the amount received by the municipality;*
- the amount of funds stopped or withheld in terms of section 18 or 19 and the reason for the stopping or withholding;*
- the extent of compliance with this Act and with the conditions of the allocation or part of the allocation provided for in its framework;*
- 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;*
- any matter or information that may be determined in the framework for the allocation; and*
- such other matters and information as the National Treasury may determine.*

As at 05 August 2019, the conditional grant returns shown in Table 5 had 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 2018/19 financial year

Name of Return	Period	Non-Compliant Municipalities
Energy Efficiency and Demand Mng Grant	June 2019	Ray Nkonyeni
Finance Management Grant	July 2018	uMsinga
	May 2019	Dannhauser, Nquthu
	June 2019	Amajuba DM, Dannhauser, Newcastle, Ray Nkonyeni, Richmond
Integr Nat Electrification Progr Grant	April 2019	uPhongolo
	June 2019	Ray Nkonyeni, eNdumeni, Mpoana, Richmond
Municipal Infrastructure Grant	February 2019	uPhongolo
	March 2019	uPhongolo
	April 2019	uPhongolo
	May 2019	uPhongolo
	June 2019	Amajuba DM, Dannhauser, Ray Nkonyeni, eNdumeni, Richmond
Expanded Public Works Programme Grant	May 2019	Nquthu
	June 2019	Amajuba DM, Dannhauser, Ray Nkonyeni, Richmond
Rural Roads Assets Mng Systems Grant	June 2019	Amajuba DM
Water Services Infrastructure Grant	June 2019	Amajuba DM

Source: Local Government Database

Section F: 2018/19 Verification of Figures for Quarter 4

Provincial Treasury is concerned about the reliability of the budget and expenditure figures published by National Treasury. It was noted in the past that there have 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 (MFMA Section 71 Verification);
- (b) Conditional Grants Actual Transfers and Expenditure Schedule (Grant Verification);
- (c) Borrowing Monitoring Schedule; and
- (d) Investment Monitoring Schedule.

Section G: 2018/19 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 completed and submitted to the Mayor of the municipality, National Treasury and the relevant Provincial Treasury by 25 January of each year as per Section 72(1)(b) of the MFMA.

The Provincial Treasury issued Circular PT/MF 8 of 2018/19 dated 13 December 2018 to all delegated municipalities, reminding municipalities on the date of submission, format and other necessary information regarding the preparation of the 2018/19 Mid-Year Budget and Performance Assessment Report.

Submission of the 2018/19 Mid-Year Budget and Performance Assessment Reports

Table 6 shows the two municipalities which did not submit their 2018/19 Mid-Year Budget and Performance Assessment Reports by the prescribed deadline of 25 January 2019 to Provincial Treasury.

Table 6: List of municipalities that did not submit their Mid-Year Budget and Performance Assessment Reports as at 25 January 2019

Non-Compliant Municipalities	Non-Compliant Municipalities
uMshwathi	uMkhanyakude DM

Source: KZN Provincial Treasury

Subsequent to Provincial Treasury issuing non-compliance letters, the uMshwathi Local Municipality and the uMkhanyakude District Municipality submitted their 2018/19 Mid-Year Budget and Performance Assessment Reports to Provincial Treasury on 29 January 2019 and 28 January 2019 respectively.

It was further noted that three municipalities did not submit their 2018/19 Mid-Year Budget and Performance Assessment Report to Provincial Treasury in the prescribed format as required in terms of Regulation 33 of the Municipal Budget and Reporting Regulations (MBRR) and did not include the required tables and supporting documentation as per the said regulation.

Table 7 shows the three municipalities which did not submit their 2018/19 Mid-Year Budget and Performance Assessment Reports to Provincial Treasury in the prescribed format as per Regulation 33 of the MBRR. Letters of non-compliance were issued on the 28 January 2019 for iMpendle Local Municipality and 29 January 2019 for uBuhlebezwe and Dr Nkosazana Dlamini-Zuma Local Municipalities. Subsequently, all three municipalities submitted the 2018/19 Mid-Year Budget and Performance Assessment reports in the prescribed format as per Regulation 33 of the MBRR.

Table 7: List of municipalities that did not submit their Mid-Year Budget and Performance Assessment Reports in the prescribed format

Non-Compliant Municipalities	Non-Compliant Municipalities
iMpendle	uBuhlebezwe
Dr. Nkosazana Dlamini Zuma	

Source: KZN Provincial Treasury

Alignment of the 2018/19 Mid-Year Budget and Performance Assessments Report figures to the figures reflected in MFMA Section 71 reports (Returns)

The Provincial Treasury issued Circular PT/MF 8 of 2018/19 dated 13 December 2018 which amongst others, emphasised the importance of ensuring perfect alignment between the figures reflected in the MFMA Section 71 Reports (Returns) for the first six months of the financial year and the figures reflected in the MFMA Section 72 Mid-Year Budget and Performance Assessment Report submitted to the Mayor, National Treasury and Provincial Treasury.

Despite this request, the Section 71 Reports (Returns) for the first 6 months of the financial year submitted by the 42 municipalities shown in Table 8 below were not fully aligned to the MFMA Section 72 Mid-Year Budget and Performance Assessment Reports submitted to the Mayor, National Treasury and Provincial Treasury.

Table 8: List of the municipalities with figures in their 2018/19 Mid-Year Budget and Performance Assessments Reports which do not fully align to the figures reflected in their Section 71 reports (returns)

Name of Municipality	Name of Municipality	Name of Municipality	Name of Municipality
uMdoni	Okhahlamba	eDumbe	Nkandla
uMzumbe	iNkosi Langalibalele	uPhongolo	Mandeni
uMuziwabantu	Alfred Duma	AbaQulusi	Maphumulo
Ray Nkonyeni	eNdumeni	Nongoma	Greater Kokstad
uMshwathi	Nquthu	Ulundi	uBuhlebezwe
Mpofana	uMsinga	uMhlabuyalingana	Dr. Nkosazana Dlamini Zuma
iMpendle	uMvoti	uMzimkhulu	Harry Gwala DM
Mkhambathini	uMzinyathi DM	uMkhanyakude DM	Zululand DM
Richmond	eMadlangeni	uMfolozi	uThukela DM
uMgungundlovu DM	Amajuba DM	Mthonjaneni	

Source: KZN Provincial Treasury

Tabling of the 2018/19 Mid-Year Budget and Performance Assessment Reports

All delegated municipalities tabled their 2018/19 Mid-Year Budget and Performance Assessments to Council by 31 January 2019 as required by Section 54(1)(f) of the MFMA.

Uploading of the 2018/19 Mid-Year Budget and Performance Assessment Reports to the municipal websites

The four municipalities shown in Table 9 did not upload their 2018/19 Mid-Year Budget and Performance Assessments Reports on their municipal websites within five working days of 25 January 2019 thereby contravening Regulation 34(1) of the MBRR read together with Section 75(2) of the MFMA.

Table 9: List of the municipalities which did not upload their Tabled Mid-Year Budget and Performance Assessments Reports onto their websites within 5 working days of 25 January 2019

Non-Compliant Municipalities	Non-Compliant Municipalities
uMshwathi	Mpofana
uMfolozi	Nkandla

Source: KZN Provincial Treasury

Section H: 2017/18 Adjustments Budget Process

When an annual budget has been adjusted, the municipality is required to table their Adjustments Budget to Council at any time after the Mid-Year Budget and Performance Assessment 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 2018/19 Adjustments Budget

As at 28 February 2019, 48 of the 51 delegated municipalities had tabled their 2018/19 Adjustments Budgets in Council. Table 10 shows the three municipalities which did not table their 2018/19 Adjustments Budget by 28 February 2019.

Table 10: List of the municipalities which did not table their 2018/19 Adjustments Budget by 28 February 2019

Non-Compliant Municipalities	Non-Compliant Municipalities
Mtubatuba	eDumbe
uMkhanyakude DM	

Source: KZN Provincial Treasury

The Mtubatuba Local Municipality, the eDumbe Local Municipality and the uMkhanyakude District Municipality subsequently tabled their 2018/19 Adjustments Budgets on 04 March 2019, 14 March 2019 and 07 March 2019 respectively.

Submission of the 2018/19 Adjustments Budget

All 51 delegated municipalities submitted their 2018/19 Adjustments Budgets to Provincial Treasury within the legislated timeframe.

Assessment of the 2018/19 Adjustments Budget

The Adjustments Budgets for the 22 municipalities shown in Table 11 were assessed by Provincial Treasury to be Unfunded.

Table 11: Unfunded 2018/19 Adjustments Budgets

Name of municipality	Name of municipality	Name of municipality
Ugu DM	uMvoti	Ulundi
Mpofana	uMzinyathi DM	Zululand DM
iMpendle	New castle	uMkhanyakude DM
uMgungundlovu DM	Dannhauser	Mthonjaneni
iNkosi Langalibalele	Amajuba DM	Nkandla
uThukela DM	eDumbe	Harry Gwala DM
eNdumeni	uPhongolo	
uMsinga	AbaQulusi	

Source: KZN Provincial Treasury

Section I: Publication of MFMA 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:

- The annual and adjustments budgets and all budget-related documents;*
- all budget-related policies;*
- the annual report;*
- all performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act;*
- all service delivery agreements;*
- all long-term borrowing contracts;*
- all supply chain management contracts above a prescribed value;*
- 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;*
- contracts to which subsection (1) of Section 33 apply, subject to Subsection (3) of that Section;*
- public-private partnership agreements referred to in Section 120;*
- all quarterly reports tabled in the council in terms of Section 52(d); and*
- 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 05 August 2019, the 9 municipalities shown in Table 12 had not placed the majority of the required documents on their websites:

Table 12: List of the municipalities that did not place majority of the required documents on their websites

Non-Compliant Municipalities	Non-Compliant Municipalities
eMadiangeni	Nquthu
Mpotana	eDumbe
uMuziwabantu	INkosi Langalibalele
Dannhauser	Nkandla
Greater Kokstad	uMfolozi

Source: Municipal Websites

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

In terms of the Financial Management Grant (FMG) conditions published in the 2018 DoRA, the grant may be utilised for amongst others, appointing at least five interns in local municipalities and three interns in metropolitan and district municipalities over a multi-year period.

As at 05 August 2019, the Richmond Local Municipality was the only local municipality out of the 41 KZN delegated local municipalities which had not appointed five interns. All 10 delegated district municipalities had appointed at least three interns within the province.

Section K: Tabling of the Time schedules outlining key deadlines for the 2019/20 budget preparation process

Section 21(1)(b) of the MFMA requires the Mayor of a municipality to table in the municipal Council at least 10 months before the start of the budget year, a *Time schedule outlining key deadlines* for the budget process. One of the objectives of this section is to ensure that the budget preparation process commences timeously and complies with all the legislative requirements.

In this regard, 46 of the 51 delegated municipalities timeously tabled their *Time schedule outlining key deadlines* by 31 August 2018 as per the requirements of the MFMA. Table 13 shows the five municipalities who did not table their *Time schedule outlining key deadlines* by the prescribed deadline of 31 August 2018. The eNdumeni Local Municipality applied for an extension before 31 August 2018 and thus was not issued with a non-compliance letter. The Dannhauser Local Municipality did not respond to various requests from Provincial Treasury requesting confirmation that the municipality had approved their 2019/20 *Time schedule outlining key deadlines*. The Mayor was notified of the non-compliance as part of the High Level Assessment of the 2019/20 *Time schedule outlining key deadlines* letter sent to the municipality. The eMadiangeni and Dr. Nkosazana Dlamini Zuma Local Municipalities as well as the Zululand District Municipality were all issued with non-compliance letters.

Table 13: Municipalities which did not table their 2019/20 Time schedules outlining key deadlines by 31 August 2018

Non-Compliant Municipalities	Non-Compliant Municipalities
eMadiangeni	Zululand DM
Dannhauser	Dr. Nkosazana Dlamini Zuma
eNdumeni	

Source: KZN Provincial Treasury

All the municipalities shown in Table 13 subsequently tabled their *Time schedule outlining key deadlines* in Council.

Municipalities are reminded to ensure that their 2020/21 *Time schedules outlining key deadlines* for the budget process are tabled in Council by 31 August 2019 in terms of Section 21(1)(b) of the MFMA.

Section L: 2019/20 Tabled Budget Process

Section 16(2) of the MFMA states that *the Mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.*

The Mandeni Local Municipality is the only municipality in the province which did not table the 2019/20 Budget at least 90 days before the start of the budget year and was issued with a non-compliance letter by the MEC for Finance. The municipality subsequently tabled the 2019/20 Budget Process on 04 April 2019.

Submission of the 2019/20 Tabled Budget

Section 22(b)(i) of the MFMA requires that immediately after an annual budget is tabled in a municipal Council, the annual budget must be submitted to National and Provincial Treasury in both printed and electronic formats. As per MFMA Budget Circular No. 94, the date for the submission of the electronic copies was 03 April 2019 and 05 April 2019 for the printed copies if a municipality tabled on 29 March 2019.

Table 14 reflects 18 municipalities that did not submit one or more of the following required documents within the legislative requirements:

1. Electronic copy of the 2019/20 Tabled Budget;
2. Printed copy of the 2019/20 Table Budget;
3. Draft Service Delivery and Budget Implementation Plan (SDBIP); and
4. mSCOA data strings (TABB).

Non-compliance letters were issued to all 18 municipalities in this regard as shown in Table 14 below.

Table 14: Municipalities that did not submit electronic or printed copies of their 2019/20 Tabled Budgets, Draft SDBIPs and TABB timeously

Municipalities that did not submit electronic copies timely	Municipalities that did not submit printed copies timely	Municipalities that did not submit Draft SDBIP timely	Municipalities that did not submit mSCOA data strings (TABB) timely
Ugu DM	Amajuba DM	Ugu DM	uThukela DM
Nquthu	Nquthu	Amajuba DM	Amajuba DM
		Zululand DM	eNdumeni
		Harry Gwala DM	New castle
		uMdoni	iNkosi Langalibalele
		uMzambe	
		uMshwathi	
		Mpofana	
		eNdumeni	
		Nquthu	
		Dannhauser	
		Ulundi	

Source: KZN Provincial Treasury

Section M: 2019/20 Approved Budget Process

Section 24(1) of the MFMA states that the municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget, while Section 25(1) of the MFMA stipulates that if a municipal Council fails to approve an annual budget, including revenue-raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within seven days of the Council meeting that failed to approve the budget.

The Mpofana Local Municipality requested an extension for the consideration and approval of their 2019/20 budget. The AbaQulusi Local Municipality approved their 2019/20 budget on 03 June 2019 and the eDumbe Local Municipality approved their 2019/20 budget on 27 June 2019. All other delegated municipalities tabled their 2019/20 budgets for consideration within 30 days before the start of the budget year.

Section N: 2019/20 Funding Position

Table 15 shows the funding positions of the 2019/20 Tabled Budgets and Approved Budgets of all 51 delegated municipalities. The table shows that initially there were 27 Tabled Budgets which were funded, 20 were unfunded while the funding position for four municipalities could not be determined mainly due to incomplete information. Table 15 shows that 35 of the Approved Budgets were funded and 16 municipalities had unfunded budgets.

Table 15: Funding Position of 2019/20 Tabled and Approved Budgets as per Provincial Treasury's assessments

No.	Municipalities	Tabled budget	Approved budget
1	uMdoni	Funded	Funded
2	uMzumbi	Funded	Funded
3	uMuziwabantu	Funded	Funded
4	Ray Nkonyeni	Funded	Funded
5	Ugu DM	Unfunded	Unfunded
6	uMshwathi	Funded	Funded
7	uMngeni	Funded	Funded
8	Mpotana	Unfunded	Unfunded
9	iMpendle	Unfunded	Unfunded
10	Mkhambathini	Funded	Funded
11	Richmond	Funded	Funded
12	uMgungundlovu DM	Unfunded	Unfunded
13	Okhahlamba	Funded	Funded
14	iNkosi Langalibalele	Unfunded	Unfunded
15	Alfred Duma	Unfunded	Funded
16	uThukela DM	Unfunded	Unfunded
17	eNdumeni	Funded	Funded
18	Nquthu	Undetermined	Funded
19	uMsinga	Funded	Funded
20	uMvoti	Unfunded	Funded
21	uMzinyathi DM	Funded	Funded
22	Newcastle	Unfunded	Unfunded
23	eMadlangeni	Funded	Funded
24	Dannhauser	Unfunded	Funded
25	Amajuba DM	Undetermined	Unfunded
26	eDumbe	Unfunded	Unfunded
27	uPhongolo	Unfunded	Unfunded
28	AbaQulusi	Unfunded	Unfunded
29	Nongoma	Funded	Funded
30	Ulundi	Unfunded	Unfunded
31	Zululand DM	Unfunded	Unfunded
32	uMhlabyalingana	Funded	Funded
33	Jozini	Funded	Funded
34	Mtubatuba	Funded	Funded
35	Big Five Hlabisa	Funded	Funded
36	uMkhanyakude DM	Undetermined	Unfunded
37	uMblozi	Unfunded	Funded
38	uMlalazi	Funded	Funded
39	Mthonjaneni	Unfunded	Unfunded
40	Nkandla	Unfunded	Funded
41	King Cetshwayo DM	Funded	Funded
42	Mandeni	Funded	Funded
43	KwaDukuza	Funded	Funded
44	Ndwedwe	Funded	Funded
45	Maphumulo	Undetermined	Funded
46	iLembe DM	Funded	Funded
47	Greater Kokstad	Unfunded	Funded
48	uBuhlebezwe	Funded	Funded
49	uMzimkhulu	Funded	Funded
50	Dr Nkosazana Dlamini Zuma	Funded	Funded
51	Harry Gwala DM	Unfunded	Unfunded

Source: KZN Provincial Treasury

Section O: mSCOA data string submissions

As per the requirements of the MFMA read together with the mSCOA Regulations, municipalities must submit the required mSCOA data string for budgeting and reporting processes relating to Pre-audited and Audited actuals, Original and Adjustments Budgets as well as the monthly performance reports. Table 16 shows the list of the municipalities which did not comply with the mSCOA reporting requirements described above as at the 30 June 2019.

Table 16: Outstanding mSCOA data strings or submitted with errors as at 30 June 2019

List of Returns as required by mSCOA Regulations	Non-Compliant Municipalities	Municipalities that have submitted with errors
Pre-Audited 2017/18	iNkosi Langalibalele uMsinga uMzinyathi DM	eNdumeni
Audited Actuals 2017/18	uMsinga uBuhlebezwe uPhongolo uMzinyathi DM	eNdumeni
Adjustment Budget 2018/19 (ADJB and PRAD)	uPhongolo (ADJB and PRAD)	New castle (ADJB) uMdoni (PRAD)
Tabled Budget 2019/20 (TABB and PRTA)	eNdumeni (PRTA) iNkosi Langalibalele (PRTA) uPhongolo (TABB and PRTA) KwaDukuza (PRTA)	
Adopted Budget 2019/20 (ORGB and PROR)	eNdumeni (PROR) iNkosi Langalibalele (PROR) Mpofana (PROR) uPhongolo (ORGB and PROR)	Big Five Hlabisa (PROR) Mpofana (ORGB) uMkhanyakude DM (PROR)
Monthly (M01-M11) Section 71 Reporting	Mpofana (M10-M11) Richmond (M11) uPhongolo (M05-M11)	

Source: Local Government Database