



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

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Our Ref: 11/6/13/3
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**To: MUNICIPAL MANAGERS
CHIEF FINANCIAL OFFICERS
KWAZULU-NATAL (KZN) MUNICIPALITIES**

PROVINCIAL TREASURY CIRCULAR PT/MF 05 OF 2021/22

SUBMISSION OF THE MONTHLY BUDGET STATEMENTS (DATA STRINGS) AS PER SECTION 71 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, ACT 56 OF 2003 (MFMA)

Purpose

- To remind municipalities to ensure compliance with Section 71(1) of the MFMA by uploading their monthly data strings timeously to the National Treasury (NT) Local Government (LG) Upload Portal;
- To ensure that there is alignment between the monthly Schedule C submitted to the Mayor and the data strings uploaded to the NT LG Upload Portal; and
- To communicate the cut-off date for the information to be used by Provincial Treasury for the purpose of quarterly reporting in terms of Section 71(7) of the MFMA.

Legislative Background

In terms of Section 5(4)(a) of the MFMA, a Provincial Treasury must monitor, amongst others:

- (i) compliance with the MFMA by municipalities in the province;
- (ii) the preparation by municipalities in the province of their budgets; and
- (iii) the monthly outcomes of those budgets.

Section 71(1) of the MFMA requires that *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.*



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Furthermore, Section 71(7) of the MFMA requires that *the provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.*

Submission of Section 71 Report by Municipalities

Provincial Treasury would like to remind all municipalities about the legislated deadline of “no later than 10 working days” for the submission of their monthly reports. Such reports include, but are not limited to the In-year monthly report (M), Debtors report (DB) and Creditors report (CR). Furthermore, the municipalities are reminded that at the end of each quarter, quarterly reports on the status of Investments and Borrowings are also due within 10 working days after the end of the quarter.

The National Treasury (NT) Local Government (LG) Database is the primary source of information used for publications by both National and Provincial Treasuries. In previous years, Provincial Treasury noted several instances of non-compliance by municipalities with the submission deadline of the ‘10 working days after month end’. In addition, some municipalities submit their financial information with significant errors including differences between the monthly data strings uploaded to the NT LG Upload Portal and the Schedule C submitted to the Mayor, thereby reducing the credibility of the available information.

Municipalities are therefore urged to institute and/or strengthen internal controls that promote accurate reporting on an ongoing basis to avoid significant errors and misstatements in their monthly and quarterly figures and to ensure alignment between the Schedule C submitted to the Mayors and the data strings uploaded to the NT LG Upload Portal. Municipalities are also reminded to correct errors in their reports highlighted by the Provincial Treasury Budget Analysts on a monthly basis to ensure accurate figures are reported.

Quarterly publication of consolidated state of municipal budgets

Section 71(7) of the MFMA requires Provincial Treasury to publish a consolidated statement of the state of municipalities budgets within 30 days after the end of each quarter. **KZN Provincial Treasury will be strictly drawing reports of the figures reported by municipalities two working days after the legislated deadline of 10 working days for the submission of the MFMA Section 71(1) report.** Therefore, municipalities are required to submit accurate MFMA Section 71(1) reports by the legislated deadline as the information contained therein will be published by Provincial Treasury on a quarterly basis.

Your noting of and adherence to the deadlines will be appreciated.

(A) HEAD OF DEPARTMENT: KZN PROVINCIAL TREASURY

CC Mayor
Mr. J. Hattingh – National Treasury
Mr. T.V. Pillay – National Treasury
Administrator