



## **KWAZULU-NATAL PROVINCE**

TREASURY  
REPUBLIC OF SOUTH AFRICA

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Our Ref: 11/6/13/6  
Enquiries: Mr. F. Cassimjee  
Date: 14 April 2025

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

### **PROVINCIAL TREASURY CIRCULAR PT/MF 10 OF 2024/25**

#### **PREPARATION AND SUBMISSION OF THE FINANCIAL MANAGEMENT GRANT (FMG) SUPPORT PLANS AND THE SIGNED FMG PERIODIC RETURNS FOR THE 2025/26 FINANCIAL YEAR**

The objectives of this Circular are to draw the attention of the Accounting Officers to:

- The requirements regarding the preparation of the 2025/26 FMG Support plans and the various activities that can be included in the 2025/26 FMG Support plans;
- The reporting requirements to be adhered to for the 2025/26 FMG signed annual, quarterly and monthly returns; and
- The urgent requirement to submit the outstanding 2024/25 FMG signed quarterly and monthly returns.

#### **FMG Support plans**

Section 12(1) of the Division of Revenue Bill of 2025 (DoRB) requires the receiving officer of a Schedule 5 allocation (all FMG allocations are classified as Schedule 5 allocations) to ensure compliance with the FMG framework. The FMG framework included in the 2025 DoRB specifies that:

- The FMG Support plan identify weaknesses in financial management which are planned to be addressed through the grant allocation; and
- The FMG Support plan be submitted timeously to the relevant Provincial Treasury and National Treasury.

Each municipality is reminded that even though the FMG framework specifies that a portion of the FMG funding be used for remunerating at least five interns in a local municipality or three interns in a district or metropolitan municipality who must be appointed over a multi-year period, this however, is not the only purpose for which the FMG allocation may be used. In the past it was noted that very few



municipalities have considered funding the following purposes which are included in the FMG framework:

- Strengthen capacity and up-skilling officials in the Budget and Treasury Office (BTO), Internal Audit and Audit Committees;
- Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans (SDBIP), Annual Financial Statements (AFS), annual reports and automated financial management practices;
- Support the training of municipal financial management officials working towards attaining the minimum competencies, as regulated in Government Gazette No. 29967 of June 2007 amended through Gazette No. 41996 of October 2018; and
- Technical support to municipalities that must include the transfer of skills to municipal officials.

The activities included in the aforementioned bullet points are catered for in the Support plan template (Annexure A). A municipality can therefore formulate a plan to address audit or Financial Management Capability Maturity Model (FMCMM) findings and choose to fund the activities in the plan from the FMG allocation by specifying the activities in the 2025/26 FMG Support plan.

**National Treasury has requested all municipalities to submit their 2025/26 FMG Support plans by 25 April 2024** as per the correspondence dated 27 March 2025 sent to municipalities. It is advisable that municipalities review their plan to determine how they can best utilise the FMG funding to address their most vital needs in line with the conditions included in the FMG framework.

Municipalities have benefited from the FMG for more than 10 years and it is expected that during this period, municipalities' institutional capacity, capability and competencies in financial management would be systematically addressed in line with the strategic outcome of building a capable state. All municipalities should make use of the web enabled FMCMM assessment tool provided for in MFMA Circular No. 114 to address any shortcomings or gaps identified in financial management as a matter of urgency. Each municipality should submit all required reports in line with the timetable for completion of modules included in MFMA Circular No. 114.

The Auditor-General raised concerns with the practice of municipalities appointing consultants to perform key financial activities, such as the compilation of the AFS, undertaking reconciliations, preparing audit files and other financial management tasks. The Auditor-General has questioned the value for money achieved with appointing consultants for a number of financial management tasks since many weaknesses and gaps persist in the municipality's own financial management. The municipality should improve the capacity of their employees by making use of all support measures provided by the National and Provincial Treasuries such as the training explained in MFMA Circular No. 84 on GRAP e-Learning in order to improve the capabilities of employees in the Budget and Treasury Office.

### **Annual, Quarterly and Monthly report requirements**

It has been noted that many municipalities fail to submit their signed FMG reports to Provincial Treasury even though they might have submitted the reports to National Treasury. Section 12 of the 2025 DoRB specifies the following reporting requirements for all municipalities:

- Section 12(2)(b) states that *a municipality, as part of the report required no later than 10 working days after the end of each month in terms of Section 71 of the Municipal Finance Management Act, report on the matters referred to in subsection (4)* [which specifies the format of the grant



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report] and submit a copy of that report to the relevant Provincial Treasury, the National Treasury and the relevant transferring officer; and

- Section 12(2)(c) states that a province or municipality, submit a quarterly non-financial performance report within 30 days after the end of each quarter [to the transferring officer, the relevant Provincial Treasury and National Treasury].
- Section 12(5) states that the receiving officer must evaluate the financial and non-financial performance of the provincial department or municipality, as the case may be, in respect of programmes partially or fully funded by a Schedule 5 allocation and submit such evaluation to the transferring officer and the relevant Provincial Treasury within two months after the end of the 2024/25 financial year applicable to a provincial department or a municipality, as the case may be.

In terms of the above, **all municipalities must submit all monthly, quarterly and annual FMG performance evaluation reports to Provincial Treasury in addition to submitting these reports to National Treasury.**

### Outstanding 2024/25 FMG reports

It is concerning that out of a total of 594 documents which should have been submitted to National Treasury as at the end of February 2025 (8 months of the 2024/25 financial year), less than 20 percent of the required documents were submitted to Provincial Treasury. Table 1 shows the outstanding FMG reports.

**Table 1: Outstanding FMG reports**

	Reports due per municipality	No. of KZN Municipalities	Total reports required	Total No. of reports which have been submitted to Provincial Treasury	Percent submitted
Monthly	8	54	432	53	12.27
Quarterly	2	54	108	14	12.96
Annual	1	54	54	14	25.93
Total			<b>594</b>	<b>81</b>	<b>13.64</b>

Continuous non-compliance with the required monthly, quarterly and annual submission requirements to both the National and Provincial Treasuries could result in future FMG allocations being withheld.

Municipalities are kindly requested to comply with the legislative requirements stated above for the 2024/25 financial year. All municipalities are thus requested to **immediately** submit all outstanding 2024/25 monthly, quarterly and annual signed reports to both the Provincial and National Treasuries. Furthermore, municipalities must **submit the 2025/26 FMG signed monthly reports, 2025/26 FMG signed Quarterly reports and their 2025/26 FMG signed Annual performance evaluation reports to Provincial Treasury** in addition to submitting these reports to National Treasury for future periods.



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### **Conclusion**

Municipalities must seek to remedy any non-compliance by submitting any outstanding FMG Support plans or reports to [fmq@treasury.gov.za](mailto:fmq@treasury.gov.za) as well as the relevant Provincial Treasury Budget Analyst by **Friday 25 April 2025**.

**National Treasury has indicated that failure to submit the 2025/26 FMG Support plan and any outstanding 2024/25 FMG reports will result in the indefinite withholding of the municipality's 2025/26 FMG allocation or reallocation of the funds to another municipality in need of the FMG allocation and who have also complied with all the requirements.**

Yours faithfully

A handwritten signature in black ink, appearing to read 'C. Coetzee'.

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**Ms. C. Coetzee**  
**Head of Department**  
**KwaZulu-Natal (KZN) Provincial Treasury**

CC Mayors  
Mr. J. Hattingh – National Treasury  
Mr. W. McComans – National Treasury  
Ms. N. Mkhize – Auditor-General

**Financial Management Grant (FMG) Support Plan**



2025/26 Financial Year

<b>Strengthen capacity and upskill officials in the Budget and Treasury Office (BTO), Internal Audit and Audit Committees</b>		
<i>Activities</i>	<i>Completion date</i>	<i>Amount</i>
<b>Total</b>		<b>R0</b>

<b>A total of five interns in local municipalities and three interns in metropolitan and district municipalities must be appointed over a multi-year period. Municipalities must submit a plan for the retention of skills developed through the internship programme</b>		
<i>Activities</i>	<i>Completion date</i>	<i>Amount</i>
<b>Total</b>		<b>R0</b>

<b>Acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices</b>		
<i>Activities</i>	<i>Completion date</i>	<i>Amount</i>
<b>Total</b>		<b>R0</b>

<b>Support the training of municipal officials in financial management towards attaining the minimum competencies</b>		
<i>Activities</i>	<i>Completion date</i>	<i>Amount</i>
<b>Total</b>		<b>R0</b>

Allocation as per DoRA		R0
Total as per Support Plan		R0
Difference		R0

\_\_\_\_\_  
 Municipal Manager

\_\_\_\_\_  
 Date



**national treasury**  
 Department:  
 National Treasury  
 REPUBLIC OF SOUTH AFRICA

**FINANCIAL MANAGEMENT GRANT CASH FLOW PROJECTION**

FOR THE FINANCIAL PERIOD: 1 JULY 2025 TO 30 JUNE 2026

ACTIVITIES	2025						2026						TOTAL
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	
Strengthen capacity and up skill officials in the Budget and Treasury Office (BTO), Internal Audit and Audit Committees													R0
A total of five interns in local municipalities and three interns in metropolitan and district municipalities must be appointed over a multi-year period. Municipalities must submit a plan for the retention of skills developed through the internship programme													R0
Acquisition, upgrade and maintenance of financial management systems to produce multi- year budgets, in-year reports, Service Delivery and Budget Implementation Plans, Annual Financial Statements, annual reports and automated financial management practices													R0
Support the training of municipal officials in financial management towards attaining the minimum competencies													R0
<b>TOTAL</b>	<b>R0</b>												

I \_\_\_\_\_, the Municipal Manager of \_\_\_\_\_ Municipality certify that the content of this support plan is to my knowledge a true representation of the intended utilisation of the Financial Management Grant for the 2025/26 financial year.

\_\_\_\_\_  
 Municipal Manager

\_\_\_\_\_  
 Date: