



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

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**TO: MUNICIPAL MANAGERS
CHIEF EXECUTIVE OFFICERS
CHIEF FINANCIAL OFFICERS
KWAZULU-NATAL (KZN) MUNICIPALITIES**

PROVINCIAL TREASURY CIRCULAR PT/MF 08 OF 2025/26

NON-COMPLIANCE WITH THE MFMA REPORTING REQUIREMENTS

In terms of Section 5(4)(a)(i) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), Provincial Treasury is required to monitor compliance with the MFMA by all delegated municipalities. As part of the monitoring framework established by Provincial Treasury in order to fulfil its mandate in terms of Section 5(4)(a)(i) of the MFMA, guidelines and circulars were issued to municipalities to promote compliance with the MFMA and the Division of Revenue Act (DoRA) and support was provided to municipalities to prevent non-compliance with the MFMA and the DoRA. A crucial aspect of the monitoring framework involved the issuing of non-compliance letters to municipalities that did not adhere to the requirements of the MFMA and DoRA during the various processes over the course of the year.

The purpose of the Provincial Treasury non-compliance circular is to:

- Provide a status of the non-compliance with the MFMA and the DoRA by the 51 delegated municipalities for some of the key processes and reporting requirements in the first half of the 2025/26 financial year;
- Highlight the main areas of non-compliance to enable municipalities to develop and implement relevant procedures and internal controls within their monitoring and reporting processes to avoid any future contravention of the MFMA and the DoRA. For example, ensure that reports and documents are reviewed by senior municipal officials for accuracy and completeness prior to their submission to National and Provincial Treasuries; and
- List the municipalities that did not comply with the MFMA and the DoRA to enable the leadership of the non-compliant municipalities to implement consequence management in instances of persistent non-compliance with the provisions of the MFMA and the DoRA.

It has been noted, after considering the reports submitted for the first half of the 2025/26 financial year, 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 the DoRA and/or are submitting reports for compliance purposes only without ensuring the accuracy of the information submitted.



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Despite all the support provided as detailed below and notifying municipalities of the areas of non-compliance via the issuing of non-compliance letters and non-compliance circulars in previous years, it is of serious concern that a number of municipalities in KZN are still not fully complying with all the reporting requirements of the MFMA and the DoRA.

During the 2025/26 financial year, Provincial Treasury reported non-compliance with both the MFMA and the DoRA reporting requirements to the KZN Provincial Legislature. It is the intention of Provincial Treasury to continue to submit a list of those municipalities that are persistently not complying with the MFMA and the DoRA reporting requirements to the Provincial Legislature for their consideration.

Provincial Treasury therefore urges all municipalities to ensure full compliance with all the reporting requirements in terms of the MFMA and the DoRA during the remaining months of the 2025/26 financial year. The officials from Provincial Treasury will continue to assist and support their designated municipalities to enforce full compliance by all municipalities and will continue to notify municipalities of the areas of non-compliance via the issuing of non-compliance letters in terms of our mandate in Section 5(4)(a)(i) of the MFMA.

It should also be noted that our source of information is the National Treasury GoMuni Portal. Should your municipality dispute any of the information reflected in the various sections, please provide both the National and Provincial Treasuries with the evidence to confirm any discrepancy.

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: 2025/26 MFMA Section 71 Monthly data strings;
- Section B: 2025/26 Quarterly data strings;
- Section C: 2025/26 Verification of figures for Quarters one and two of the 2025/26 financial year;
- Section D: Publication of information on Municipal websites in terms of Section 75 of the MFMA; and
- Section E: Financial Management Grant (FMG) Conditions/Appointment of Municipal Interns.

In order to avoid any future contravention of the MFMA and the DoRA, you are required to ensure that your municipality develops and implements relevant processes and internal controls to ensure that your monthly, quarterly and annual data strings are timeously uploaded to the National Treasury GoMuni Upload Portal. It is vital that these data strings are reviewed by senior municipal officials to ensure the accuracy of the data strings uploaded to the National Treasury GoMuni Upload Portal.

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 the National Treasury GoMuni Upload Portal reflecting the status of compliance by all the delegated municipalities on a weekly basis; engaging on 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.



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In a bid to enforce compliance by municipalities, Provincial Treasury will continue to:

1. Report non-compliance with the MFMA and the DoRA to the KZN Provincial Legislature for their consideration and further action via the quarterly MFMA Section 71(7) Reports;
2. Report non-compliance with the MFMA and the DoRA to National Treasury for their consideration in invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's Equitable share transfer if the municipality commits a serious breach of the measures established in terms of Section 216(1) of the Constitution which includes reporting obligations set out in the MFMA; and
3. Notify the Auditor-General of the municipality's failure to comply with relevant MFMA and DoRA reporting requirements.

Provincial Treasury may 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 and the DoRA reporting requirements in order to promote consequence management.

Kind regards

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

CC Mayors

Mr. F. A. Rodgers - KZN MEC for Finance
Mr. J. Hattingh - National Treasury
Mr. W. McComans - National Treasury
Ms. N. Mkhize - KZN Business Unit Leader (Auditor - General)
Ministerial Representatives



Section A: 2025/26 MFMA Section 71 Monthly data strings

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.*

It should be noted that a municipality that submitted their data string with errors is regarded as non-submission as the municipality would not have successfully uploaded their data string to the National Treasury GoMuni Upload Portal.

During the first half of the financial year under review, the following municipalities listed in Table 1 did not fully comply with the MFMA Section 71 reporting requirements and non-compliance letters were issued to the respective municipalities:

Table 1: List of municipalities that did not fully comply with Section 71 of the MFMA

No.	Name of Municipality	Non-submission	Submission with errors	Period
1	uMzumbhe	N/A	Yes	July 2025
2	uMgungundlovu DM	N/A	Yes	
3	uMvoti	N/A	Yes	
4	uMkhanyakude DM	N/A	Yes	
5	Ndwedwe	N/A	Yes	
6	Maphumulo	N/A	Yes	
7	iMpendle	Yes	N/A	September 2025
8	iMpendle	Yes	N/A	October 2025
9	iMpendle	N/A	Yes	November 2025
10	eDumbe	Yes	N/A	

Source: National Treasury GoMuni Upload Portal

Section B: 2025/26 Quarterly data strings

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 prescribed that quarterly Borrowing and Investment information in the form of datastrings must be uploaded to the National Treasury GoMuni Upload Portal.

It should be noted that a municipality that submitted its data string with errors is regarded as non-submission as the municipality would not have successfully uploaded its data string to the National Treasury GoMuni Upload Portal.

During the first half of the 2025/26 financial year, the municipalities listed in Table 2 either did not submit their quarterly data strings for Quarter 1 and Quarter 2 or submitted data strings with errors. These



submissions for Quarter 1 and Quarter 2 were due on 14 October 2025 and 15 January 2026, respectively. It should be noted that the Nongoma Local Municipality subsequently submitted their Quarter 1 data strings on 31 October 2025.

Table 2: List of municipalities that did not submit quarterly data strings

Quarter	Borrowing Monitoring	Investment Monitoring
Quarter 1 - Submitted with errors	Nongoma	
Quarter 2 - Non Submission	iMpendle	iMpendle

Source: National Treasury GoMuni Upload Portal

Section C: 2025/26 Verification of figures for Quarters one and two of the 2025/26 financial year

The Provincial Treasury is concerned about the reliability of the budget and expenditure figures published by the National Treasury. It was noted in the past that there have been discrepancies in the data submitted to the National Treasury GoMuni Upload Portal by municipalities. To ensure that figures published by the National Treasury are reliable, it is imperative that municipalities scrutinise, verify, and sign off the verification schedules that are sent to them by the National Treasury on a quarterly basis.

There are four quarterly verification schedules, namely:

- (a) Statement of Capital and Operating Expenditure (Monthly In-Year Monitoring);
- (b) Conditional Grants Transfers by the National Treasury and Actual Payments made by the municipality;
- (c) Borrowing Monitoring Schedule; and
- (d) Investment Monitoring Schedule.

All municipalities submitted their 2025/26 verification of figures for Quarter 1. As noted in Section B above, the iMpendle Local Municipality did not submit its Quarter 2 quarterly data strings, which are the source of information for the verification schedule. Provincial Treasury was therefore unable to verify the figures for that quarter, as shown in Table 3.

Table 3: List of municipalities that did not verify figures for Quarter two of the 2025/26 financial year

Documents	Municipality	Period
Monthly In Year Monitoring	iMpendle	Quarter 2
Conditional Grant Monitoring	iMpendle	Quarter 2
Borrowing Monitoring	iMpendle	Quarter 2
Investment Monitoring	iMpendle	Quarter 2

Source: National Treasury GoMuni Upload Portal

Section D: Publication of information on Municipal websites in terms of Section 75 of the MFMA

In terms of Section 75(1) of the MFMA, municipalities are required to place the following documents on their municipal websites:

- a) *The annual and adjustments budgets and all budget-related documents;*
- b) *all budget-related policies;*
- c) *the annual report;*
- d) *all performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act;*
- e) *all service delivery agreements;*
- f) *all long-term borrowing contracts;*
- g) *all supply chain management contracts above a prescribed value;*
- h) *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;*
- i) *contracts to which subsection (1) of Section 33 apply, subject to Subsection (3) of that Section;*



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- j) public-private partnership agreements referred to in Section 120;
- k) all quarterly reports tabled in the council in terms of Section 52(d); and
- l) 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 days after its tabling in Council or on the date on which it must be made public, whichever occurs first.*

As at 03 March 2026, the three (3) municipalities shown in Table 4 had not placed the majority of the required documents as per Section 75(1)(a) to (l) of the MFMA on their websites within five days.

Table 4: List of the municipalities that did not place majority of the required documents on their websites

Documents	Name of municipality		
	uMzambe	iNkosi Langalibalele	Zululand DM
2024/25 Final Annual Report prior year	x	x	
2024/25 Oversight report of prior year	x	x	x
Most recent signed Performance Agreements as per s57(1)b of MSA	x		x
All active service delivery agreements	x		
All active long-term borrowing contracts		x	x
All active SCM contracts above a prescribed value.	x	x	x
Active PPP agreements			x
MFMA Sec 52(d) report for 31 December 2025)	x		
All active long term contracts extending beyond three years.		x	
List of disposed assets in terms of MFMA sec 14(2)			x

Source: Municipal websites

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

In terms of the conditions for the Financial Management Grant (FMG) published in the 2025 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 06 March 2026, the nine (9) delegated municipalities shown in Table 5 had not appointed the required number of interns.

Table 5: List of municipalities which did not appoint the required number of interns

No.	Name of Municipality	No.	Name of Municipality
1	uMzambe	6	Jozini
2	iNkosi Langalibalele	7	Big Five Hlabisa
3	Dannhauser	8	Mthonjaneni
4	uMhlabuyalingana	9	Greater Kokstad
5	KwaDukuza		

Source: KZN Provincial Treasury