



2.9 Legislation Compliance Status

The promulgation of the Municipal Finance Management Act (The Act) has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2012/13- 2014/15 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with.

Compliance with MFMA implementation requirements have been substantially adhered to through the following activities:

a) In- year reporting

The City's electronic reporting to National Treasury has also been complied with and has also improved over time. The monthly and quarterly returns to NT have been submitted on time.

b) MFMA training

The City of Johannesburg, in its strides to comply with the act, has in its plan of compliance instructed departments to train all finance and non-finance officials on MFMA from 2005. This has resulted in mass training programme for officials in all sectors including the municipal entities. This massive training schedule was also boosted by the on line training provided by National Treasury. Compliance on all critical elements of the MFMA is enhanced due the fact that most officials are aware of the Act.

c) Accounting standards

The reform agenda set out through the Act includes new accounting standards, which includes national standards such as Generally Recognised Accounting Practice (GRAP) and Generally Accepted Municipal Accounting Practice (GAMAP). These above mentioned accounting practices have been adhered to during the development of the budget.

The City's consolidated financial statements were prepared to comply with GAMAP since the 2004/05 financial year. The municipal entities financial statements were also prepared in line with GAAP.

d) Municipal Budget and Reporting Regulations

Budgeting in the COJ is also done in accordance with the MFMA: Municipal Budget and Reporting Regulations promulgated in 2009. Other directives from the National Treasury, for example in the form of budget circulars, are also taken into cognizance.

e) Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

f) Audit Committee

An Audit Committee has been established and is fully functional.

g) Annual Report

Annual report is compiled in terms of the MFMA and NT requirements.

h) SDBIP

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2012/13 budget directly aligned and informed by the 2012/13 budget.

i) Budget Steering Committee

A Budget Steering Committee has been established in accordance with MBRR and is fully functional.

j) Alignment of budget with development priorities

There is clear linkage between the budget and the IDP. In turn, the IDP is developed from the GDS and Mayoral priorities. The City is implementing programme budgeting to ensure that the development programmes identified in the IDP are appropriately funded.

k) Public participation

In accordance with the Act, the City's draft budget is made public immediately after tabling to allow for the public to comment on it. The budget has a strong political oversight.