



Delegations

Since the Municipal Finance Management Act, No 56 of 2003, (MFMA) came into effect on 1 July 2004, the National Treasury has performed the majority of monitoring and capacity raising functions in terms of the Act. It was announced during the launch and subsequent communications that the differences in capacity required the MFMA to be phased-in progressively, both in terms of municipal and provincial government responsibilities.

The MFMA phase-in strategy includes a requirement to delegate additional responsibilities to the respective MEC for Finance and Provincial Treasuries. A recent capacity audit in each Provincial Treasury confirmed that sufficient capacity exists, although to varying degrees, to take on new responsibilities in terms of the MFMA. In order for the effective and holistic operation of the MFMA, the Minister of Finance recently delegated certain responsibilities to the MECs for Finance in all provinces, relating to support, oversight and administrative procedures in respect to municipalities within their respective provinces.

The National Treasury will retain the monitoring and administrative oversight role in relation to the largest municipalities in each province until further notice.

The municipalities delegated to the provinces are contained in the **attachment**. Municipalities not delegated will remain the direct responsibility of the National Treasury until other arrangements are concluded.

In the spirit of cooperative governance and to build on the co-ordinated whole-of-government effort in support of the MFMA implementation, the National Treasury is committed to continue its efforts to host regular meetings with Provincial Treasuries, Local Government Departments, SALGA, municipalities and other stakeholders as the need arise. Issues of commonality and policy matters relating to the MFMA will be addressed through these meetings and other regular communication.

Roles and responsibilities of the provincial treasuries

Any requests for policy advice should continue to be directed to the National Treasury while the provincial treasuries will perform all oversight and administrative roles. These range from rendering advice and support, training and issuing guidelines, developing processes and procedures, responding to enquiries and monitoring and implementing the MFMA. Specific roles include:

- quarterly reviews of MFMA implementation plans, the 12 urgent implementation priority checklist and other returns;
- ensuring ongoing compliance with MFMA reforms and monitoring progress against planned outputs;
- consultations and visits to municipalities;

- evaluation of content and quality of budget reporting required from municipalities;
- monitoring the linking of budgets with IDP, SDBIP and performance contracts of senior managers;
- monitoring publications on municipal websites;
- ensuring that Budget Return forms are submitted accurately and on a timely basis;
- consolidating and publishing required in-year reporting, monthly and quarterly reports;
- receiving copies of the annual financial statements submitted to the Auditor-General for auditing;
- consulting with municipalities on the quality and content of the annual financial statements and annual reports;
- monitoring and assisting with training and support in implementing the Supply Chain Management system, PPPs, new GRAP standards, internal controls and audits; and
- other related activities in terms of the MFMA.

Roles and responsibilities of National Treasury

The Minister of Finance is still responsible for administering the MFMA in its totality. The National Treasury will continue to ensure that these responsibilities are discharged in an effective and efficient manner, and perform the policy advisory role to all municipalities. This also means that those municipalities not delegated to the Provincial Treasury will continue to be the responsibility of the National Treasury for the implementation of the Act. Moreover, where there is inadequate capacity in the provinces, the National Treasury will continue to support and monitor municipalities and to perform delegated functions.

Policy related and interpretation queries

It is important to note the list of municipalities in the attachment that are now the direct responsibility of the provincial treasuries for purposes of monitoring and administrative oversight. Policy related enquiries, however, should continue be directed to the National Treasury.

All policy related enquiries should be emailed to mfma@treasury.gov.za.

MFMA Co-ordinator

We are glad to announce that each Provincial Treasury has appointed an MFMA Coordinator who will be the contact person for municipalities that have been delegated to that Province. All MFMA related correspondence should be directed to the MFMA Coordinator to ensure that matters are appropriately addressed in the Province since a number of officials have been appointed to deal with different areas of the Act. The co-ordinator, in as far as MFMA issues are concerned, is also responsible to ensure that other role-players in the province that impact on the successful implementation of the MFMA, (eg local government departments and supply chain units) are addressing implementation in a coordinated manner.

Refer to the attachment for the contact details of the MFMA Co-ordinator for your province.

Conclusion

This circular is designed to promote a seamless transition of certain roles and responsibilities in terms of the MFMA from the National Treasury to Provincial Treasuries. However, as in any new system, unintended duplication may occur in the initial development stage. Please report any form of duplication to the National Treasury's email address stated.

Contact



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