



MFMA Supporting Materials

This is the third circular in respect to the MFMA following the successful consultation workshops held in each province during May and June. This circular aims to update municipalities on supporting materials, information and regulations being finalised and planned for release progressively throughout the remainder of the year. Detailed information on each of the areas covered below will be contained in subsequent communication. As information is released it will be sent to each municipality and available on the National Treasury website

Municipalities are again reminded to be cautious of training courses offered in relation to the MFMA from other organisations, businesses and institutions. The National Treasury is holding meetings with potential providers before 31 October 2004, to ensure that all potential providers are fully aware of the training needs required for implementing the MFMA. Such providers are invited to submit their course content for review to the National Treasury. Those reviewed and recommended will be published on a regular basis on the NT website. At this stage, no supporting materials or training programmes have been reviewed or recommended by the National Treasury. If you receive materials or offers of training from any organisation other than directly from the National Treasury, please bring this to our attention.

To assist with your planning and implementation of the MFMA the National Treasury will be releasing the following supporting information, in the very near future:

1. Urgent implementation priorities

Consistent with the folder issued at the MFMA consultation workshops in May/June (*Modernising Financial Governance*) where various urgent steps were discussed, an updated checklist will be issued to assist municipalities in completing the most urgent implementation priorities. Progress in achieving these priorities is to be reported back to National Treasury by 31 October 2004 and will include information on all municipal entities, PPP's and long-term contracts. For ease of response, please find separate return forms on NT website.

2. MFMA implementation plan template

A template providing a comprehensive step-by-step plan to implement the MFMA. It will include critical dates, responsibilities, delegations and references to the legislation. The template will be available as an Excel spreadsheet for high, medium and low capacity municipalities and can be adopted and adapted to suit the individual needs of each municipality.

3. Forbidden activities

This circular will address many questions raised by municipalities on section 164(1), relating to loans to officials, councillors, directors of entities and the public. Topics to be covered include study bursaries, housing schemes, motor vehicles, employee rights, guarantees and more.

4. 2005/06 budget process

This circular will assist municipalities to prepare for the 2005/06 budget. It will provide guidance on the mayor's coordination role and includes examples of documentation related to council reports. It also provides a *budget evaluation checklist* to assist the municipality in reviewing their previous budget process and to identify areas for improvement ensuring compliance with the MFMA. A small team has been established to assist municipalities requiring support and further information on this will be released soon.

5. Training on municipal budgets

National Treasury will provide training on municipal budgeting. This training, which will take place at various venues commencing in October 2004, is aimed at assisting municipal officials and interns give effect to the provisions of chapter four of the MFMA. Further information on actual dates and venues will be communicated to municipalities in due course.

6. Service delivery and budget implementation plan (SDBIP)

A guide to the development of the SDBIP explaining the concept envisaged by the MFMA and providing example formats is at an advanced stage.

7. Guideline on preparing the 2003/04 annual report

This circular will assist municipalities to prepare their annual reports in compliance with the reporting requirements contained in the Division of Revenue Act, No 5 of 2004, particularly Section 18 of that Act; Chapter 12 of the MFMA and Section 46 of the Municipal Systems Act, No 32 of 2000.

8. Regulations and Guides

Further regulations on the MFMA will be issued over the next 4 months, and will include:

- Supply Chain Management
- Public Private Partnerships
- Entities
- Investments
- Borrowing
- Budget format

Guides for regulations on the above matters will also be issued with the regulations. The process will begin with the publication of draft regulations, for public comment for a period of 21 days, and thereafter gazetted as regulations. Some of the guides will be published with the draft regulations, where possible.

9. Training video

For those who were unable to attend the workshops in May and June and for new finance staff and councillors an MFMA training video (and CD) is being finalised. This will contain key messages on implementation, policy interpretation, updated reforms, priorities and will be distributed to all municipalities.

10. Frequently asked questions

A list of questions submitted by participants at the MFMA workshops, and subsequent enquiries and frequently asked questions is being compiled along with answers. These will shortly be finalized and distributed.

Electronic Documentation

In order to ensure the most rapid distribution of supporting documentation and to assist in keeping costs to a minimum, all documentation will be distributed to municipalities electronically. The following protocols will be followed:

- Documentation will be emailed to the contact person(s) for each municipality. This includes the municipal manager, head of finance and any other municipal officials previously advised to the National Treasury.
- The municipal manager (accounting officer) is responsible for the implementation of the MFMA and should ensure that all communication is distributed appropriately within the municipality.
- Please send advice of new or changed email addresses to mfma@treasury.gov.za.
- Where email contact fails or is not available, a hard copy of the supporting documentation will be faxed or posted to the municipal manager. National Treasury will ensure that all emails to the municipal manager are followed up if errors are received.
- All documentation will be available on the National Treasury web site at www.treasury.gov.za/mfma

Contact

All questions relating to the MFMA should be directed to the dedicated email address (or fax) listed below.



National Treasury

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Phone: 012 315 5850

Facsimile: 012 315 5230

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