



provincial treasury

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Nokuthula Simelane Building, No. 7 Government Boulevard, Riverside Park Extension 2, Mbombela, 1200

Private Bag X 11205 Mbombela 1200

013 766 8682 Int: +27 13 766 8682

SigcinaMafa SesiFundza

UmNyango weeMali ZesiFunda

Provinsiale Tesourie

Enquiries : Mr IDP Strauss

Ref : MPT 12/1/1/6

PROVINCIAL TREASURY CIRCULAR NO. 12 OF 2023

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR J NGOBENI)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR X MABILA)
THE MUNICIPAL MANAGER: CITY OF MBOMBELA (MR W KHUMALO)
THE ACTING MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR M MANKGA)
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (DR NP MAHLALELA)
THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR M MNGUNI)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MR T MASHABELA)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR D MAHLANGU)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MS MM MATHEBELA)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MR W SHABANGU)
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR H MAISELA)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKOSANA)
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR ME THABETHE)
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR L CINDI)
THE ACTING MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY (MR MA NGCOBO)
THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MR EN MASEKO)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR M LAMOLA)
THE ACTING MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR MA DLAMINI)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR MM KUNENE)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)

THE DIRECTOR-GENERAL: OFFICE OF THE PREMIER (MR M MAMPURU)
THE HEAD: CO - OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR S NGUBANE)
THE ACTING PROVINCIAL CHIEF EXECUTIVE OFFICER: SALGA (MS D MATUMBA)

THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT
THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT

2023/24 TABLED MTREF ENGAGEMENTS AND MUNICIPAL BENCHMARKING EXERCISE

Section 23 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) requires that the Municipal Council must consider the views of the National Treasury, the relevant Provincial Treasury and relevant provincial and national organs of state on the tabled annual budget. In order to give effect to the Provincial Treasury's legislated monitoring and oversight responsibilities, this formal engagement has been institutionalised over the past years.

The purpose of the budget and benchmark engagement is to review your Municipality's tabled 2023/24 Medium-term Revenue and Expenditure Framework as informed by the broader municipal planning and development and to ensure that the tabled budgets meets the following criteria:

- a) Credibility
- b) Relevance
- c) Sustainability
- d) Compliance with mSCOA Budgeting requirements
- e) Progress on the Audit Action Plan
- f) Progress on Provincial Revenue Management Action Plan
- g) Progress on municipal reconciliation of the billing system, valuation roll and Deeds Property Register
- h) Progress report on the implementation of the Financial Recovery Plan and an Impact Assessment Plan

To ensure a robust and meaningful engagement, it is imperative that your delegation be represented by at least the following officials:

- a) Municipal Manager;
- b) Chief Financial Officer;
- c) All section 57 Managers, Town planning manager, Electrical and Water Managers;
- d) IDP Manager, Chief Audit Executive and Risk Manager
- e) Budget Manager and relevant officials.

You are more than welcome to expand on the delegation should you wish, but it is imperative that the delegation be represented by at least the abovementioned officials.

The engagement also provides a platform to discuss challenges with and obtain guidance from various units within the Provincial Treasury and relevant sector departments.

The following departments/organisations will also be invited to attend and provide comments on your tabled plans and budgets:

- a) Department of Co-operative Governance and Traditional Affairs (CoGTA)
- b) Department of Water and Sanitation
- c) National Energy Regulator of South Africa (NERSA)
- d) The South African Local Government Association (SALGA)
- e) Eskom
- f) Department of Economic Development and Tourism
- g) Department of Human Settlement
- h) Department, monitoring and Evaluation in the President's Office
- i) Office of the Premier in the Province

These engagements have been scheduled in such a manner that any comments and views emanating from the engagements should subsequently be considered during the finalisation of the 2023/24 MTREF and planning documents prior to approval by the Municipal Council.

PROVINCIAL TREASURY CIRCULAR NO. 12 OF 2023

The meetings are scheduled as follows:

PROPOSED DATES FOR THE 2023/24 MTREF TABLED BUDGET BENCHMARK EXERCISE			
MUNICIPALITY	PROPOSED DATE	TIME	SUGGESTED VENUE
Ehlanzeni District Municipalities			
Thaba Chweu LM	08 May 2023	10:00	Thaba Chweu Council Chamber
Nkomazi LM	10 May 2023	09:00	Nkomazi Council Chamber
Ehlanzeni District	12 May 2023	09:00	Ehlanzeni District Council Chamber
Bushbuckridge LM	15 May 2023	10:00	Bushbuckridge Council Chamber
Nkangala District Municipalities			
Emalahleni LM	08 May 2023	10:00	Emalahleni Council Chamber
Thembisile Hani LM	09 May 2023	10:00	Thembisile Hani Council Chamber
Dr JS Moroka LM	10 May 2023	10:00	Dr JS Moroka Council Chamber
Steve Tshwete LM	11 May 2023	09:00	Steve Tshwete Council Chamber
Nkangala District	11 May 2023	13:00	Nkangala District Council Chamber
Victor Khanye LM	12 May 2023	10:00	Victor Khanye Council Chamber
Emakhazeni LM	15 May 2023	10:00	Emakhazeni Council Chamber
Gert Sibande District Municipalities			
Lekwa LM	25 April 2023	10:00	Msukaligwa Council Chamber
Gert Sibande District	08 May 2023	10:00	Gert Sibande District Chamber
Msukaligwa LM	09 May 2023	10:00	Msukaligwa Council Chamber
Govan Mbeki LM	10 May 2023	10:00	Govan Mbeki Council Chamber
Dipaleseng LM	11 May 2023	10:00	Dipaleseng Council Chamber
Chief Albert Luthuli LM	12 May 2023	10:00	Chief Albert Luthuli Council Chamber
Dr Pixley Ka Isaka Seme LM	15 May 2023	10:00	Dr Pixley Ka Isaka Seme Council Chamber
Mkhondo LM	16 May 2023	10:00	Mkhondo Council Chamber

The Municipal Budget and Reporting Regulations

Schedule A-Version to be used for the 2023/24 MTREF

National Treasury has released Version 6.7 of the Schedule A1 (the Excel Formats) which is aligned to Version 6.7 of the mSCOA classification framework and must be used when compiling the 2023/24 MTREF Budget.

All municipalities must prepare their 2023/24 MTREF budgets in their financial systems and produce the Schedule A1 directly from their financial system. Municipalities must start early enough to capture their tabled budget (and later the adopted budget) in the budget module in the financial system and must ensure that they produce their Schedule A1 directly out of the budget module. **Manual capturing on the A1 schedule version 6.7 is not allowed** in terms of the mSCOA Regulations.

National Treasury has protected the A1 schedule version 6.7 in order to ensure that the Schedule A1 generated directly from the financial system and not populated manually. The budget, adjustments budget and Section 71 monthly reporting Schedules that have been regulated in terms of MBRR have also been aligned to the mSCOA chart version 6.7. The revised

PROVINCIAL TREASURY CIRCULAR NO. 12 OF 2023

MBRR Schedules for the 2023/24 MTREF and its linkages to the financial and non-financial data strings are available on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20Reporting%20Regulations/Pages/default.aspx>

Submitting budget documentation and schedules for 2023/24 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, Accounting Officers are reminded that:

- a) Section 22(b)(i) of the MFMA requires that, **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in electronic formats. If the annual budget is tabled to council on **31 March 2023**, the final date of submission of the electronic budget documents and corresponding *m*SCOA data strings is **Monday, 03 April 2023**; and
- b) Section 24(3) of the MFMA, read together with regulation 20(1) of the MBRR, requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. However, given that municipalities are generating the annual budgets directly from the financial system as required by the *m*SCOA Regulations and that the budgets must be verified before it is locked on the financial system and transacted against, municipalities must submit the approved budget to the National Treasury and the relevant provincial treasury in electronic formats **immediately** after approval by the municipal council. Therefore, if the annual budget is tabled to council on **31 May 2023**, the final date of submission of the electronic budget documents and corresponding *m*SCOA data strings is **Wednesday, 01 June 2023**.

Expected submissions for 2023/24 MTREF

The following information should be submitted for the 2022/23 MTREF:

- a) The budget documentation as set out in the MBRR. The budget document must include the main A1 Schedule Tables (A1 - A10);
- b) The non-financial supporting tables (A10, SA9, SA11, SA12, SA13, SA22, SA23, SA24 etc. and any other information not contained in the financial data string) in the A1 schedule must be submitted in the prescribed mSCOA data string in the format published with Version 6.6 of the A1 schedule;
- c) The draft and final service delivery and budget implementation plan (SDBIP) in electronic PDF format;
- d) The draft and final IDP;
- e) The council resolution for the tabled and adopted budgets;
- f) Signed Quality Certificate as prescribed in the MBRR for the tabled and adopted budgets;
- g) D Schedules specific for the entities; and
- h) A budget locking certificate immediately at the start of the new municipal financial year on 1 July.
- i) The National or Provincial input to the tabled budget must be included as an Annexure to the to the adopted budget together with the municipality's explanation of how such was addressed in the adopted budget. if not, the explanation should provide reasons; and
- j) The bulk water and electricity invoices for the 3 months immediately preceding respectively the tabled and adopted budgets, must be included as an annexure to the tabled and adopted budgets as part of supporting the municipalities provision for and calculations of payments to bulk suppliers over the 2023/24 MTREF

Portals for the submission of information

Municipalities must ensure that the documents are submitted to the correct portals/ mailboxes. These portals/ mailboxes are:

https://lg.treasury.gov.za/ibi_apps/signin (GoMuni Upload Portal) – All documents required in terms of legislation, including:

- a) mSCOA Data Strings by approved registered users;
- b) Budget-related and in-year documents and schedules (A, B and C) by approved registered users; and
- c) Reconciliation of the valuation roll to the financial system (as per MFMA Circular No. 93).

Budget related documents and schedules must be uploaded by approved registered users using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin. The GoMuni Upload Portal does not have the same size restrictions encountered with lgdocuments@treasury.gov.za, but requires all documents to:

- a) Be in PDF format only; and
- b) Each PDF file must NOT contain multiple document e.g. council resolution and quality certificate within the budget document. Each document type must be identified clearly and uploaded separately. Municipalities may only send electronic versions of the above documents to lgdocuments@treasury.gov.za when experiencing problems with the GoMuni

Upload Portal

lgdataqueries@treasury.gov.za – Database related and submission queries and the grant rollover templates.

lgdocuments@treasury.gov.za – Any additional information required by National Treasury that is not listed under the GoMuni Upload portal such as the documents meeting the criteria to release Equitable Share and the contact list information.

FMCM and Audit Action plans – using the web-enabled systems and as articulated in MFMA Circulars No. 113 and 114.

Please do not submit the same document to ALL the platforms listed above as it means that our Database Team must register the same documents three times which slows down the process. **Any document/ queries that are submitted to the incorrect portal/ mailbox will be deleted and not processed.**

NERSA reporting

Municipalities are reminded to complete the D-Forms that the National Energy Regulator of South Africa (NERSA) requires.

The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending.

Municipalities must ensure that they render basic services, maintain their assets and clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in reduced unemployment. Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:

- a) Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and
- b) Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

It should be noted that it is easier for consumers to pay for services if they are reliable and when the environment is well maintained.

Your Municipality is further reminded of the Budget Forum Resolution of 08 June 2015, which obligates all Municipalities to table and adopt funded budgets.

PROVINCIAL TREASURY CIRCULAR NO. 12 OF 2023

The Provincial Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***they will be required to go back to the Municipal Council and table a complete budget document aligned to the requirements of the Municipal Budget and Reporting Regulations.***

In an instance where a Municipality is unable to correct the budget to be funded in a financial year due to financial challenges, such a Municipality must, together with their 2022/23 MTREF budgets, table a Budget funding plan in the municipal Council on how and by when the budget will improve from an unfunded to a funded budget.

The Provincial Treasury will assess the budget together with the plans and support the Municipality accordingly.

We look forward to a constructive engagement with your Municipality.

Your co-operation in this regard is appreciated.

Regards



MS G MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 08/03 /2023