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PROVINCIAL TREASURY CIRCULAR NO. 70 OF 2024

**TO:
THE MUNICIPAL MANAGERS**

SUBJECT: MID YEAR REVIEWS FOR THE 2024/25 FINANCIAL YEAR

1. BACKGROUND

2024/25 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT VISITS

Section 72(1)(a) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) requires the accounting officer to assess the municipality's performance for the first six months of the financial year by 25 January of each year. This assessment should directly inform the preparation of the municipality's adjustments budget in terms of section 28 of the MFMA. The outcome of the assessment must be submitted via a report, in the format prescribed as per the Municipal Budget and Reporting Regulations, to the Mayor of the Municipality, the National Treasury and the relevant Provincial Treasury.

To give effect to the constitutional monitoring and oversight responsibilities of National Treasury, a process to comprehensively assess the mid-year performance of municipalities was institutionalized by the National Treasury seven years ago. This process, referred to as the "Mid-year Budget and Performance Assessment Visit" is one of two annual strategic engagements undertaken by National and Provincial Treasuries to strengthen the quality and oversight of municipal budgeting and performance.

The Department of Cooperative Governance and Traditional Affairs, South African Local Government Association (SALGA), Eskom and the National Energy Regulator of South Africa (NERSA) will also be invited to participate in these engagements.

While the purpose is primarily to review the municipality's mid-year performance, the following issues also constitute key focus areas of the engagement:

- a) Auditor-General's reports for 2021/22, 2022/23 and 2023/24 to be used as trend to determine the key achievements and challenges during this period;
- b) The actual mid-year results for the 2024/25 financial year, financial and non-financial, as measured against priorities in the Integrated Development Plan (IDP) and the targets set in the Service Delivery and Budget Implementation Plan (SDBIP);
- c) Infrastructure delivery achievements against the Infrastructure Plan of the municipality;
- d) Performance and spending of all national and provincial conditional grants and progress made in achieving the grant conditions;

- e) The preparation of the 2024/25 adjustments budget and inputs thereto; and
- f) The 2024/25 budget schedule and progress made in achieving the milestones and timelines specified in the schedule in the compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF).
- g) Progress on the implementation of the Municipal Support Plans (Funded by Provincial Treasury and impact on the Revenue)
- h) Progress on the implementation of the Budget Funding Plan and Revenue Enhancements
- i) Progress on the implementation of the UIFW Strategy
- j) Compliance with Municipal Debt Relief conditions in terms of MFMA Circular 124
- k) Progress in resolving the problems identified in the past year's annual report in terms of Section 72 (1), (a) (iii) of the MFMA

The engagement will take place for a day focusing on the municipality's budget and performance. Please note that the agenda is structured to facilitate comprehensive discussions and ensure the standardization of presentations across all the 19 delegated municipalities. Hence, no changes to the structure of the agenda will be accommodated.

2. DISCUSSION

The discussions for the day have been divided into four sessions as follows:

- Session 1: **Institutional Arrangement**
- Session 2: **Financial Health**
- Session 3: **Financial Governance**
- Session 4: **Service Delivery**

As the assessment is a municipal-wide responsibility, it is expected that the Municipal Manager, CFO and the municipality's relevant Heads of Departments and other Section 57 Managers will avail themselves to participate.

The municipality may invite at its discretion the MMC for Finance or the Finance Committee Chairperson; however, this is not mandatory.

Based on previous experience, the engagement should be well represented by senior management of the municipality, in many instances the proceedings were delegated to lower level officials. This has proven to be limiting as lower level staff are not always in a position to provide clarity and adequately answer questions.

Below is the schedule of dates confirmed:

MUNICIPALITY	PROPOSED DATE	TIME	PROPOSED VENUE
Ehlanzeni District Municipalities			

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Nkomazi LM	05 February 2025	09:00	Nkomazi Council Chamber
Ehlanzeni District	06 February 2025	09:00	Ehlanzeni District Council Chamber
Thaba Chweu LM	07 February 2025	10:00	Thaba Chweu Council Chamber
Bushbuckridge LM	11 February 2025	10:00	Bushbuckridge Council Chamber
Nkangala District Municipalities			
Emalahleni LM	03 February 2025	10:00	Emalahleni Council Chamber
Steve Tshwete LM	04 February 2025	09:00	Steve Tshwete Council Chamber
Nkangala District	04 February 2025	13:00	Nkangala District Council Chamber
Victor Khanye LM	05 February 2025	10:00	Victor Khanye Council Chamber
Thembisile Hani LM	06 February 2025	10:00	Thembisile Hani Council Chamber
Dr JS Moroka LM	07 February 2025	10:00	Dr JS Moroka Council Chamber
Emakhazeni LM	10 February 2025	09:00	Emakhazeni Council Chamber
Gert Sibande District Municipalities			
Chief Albert Luthuli LM	03 February 2025	10:00	Chief Albert Luthuli Council Chamber
Gert Sibande District	04 February 2025	10:00	Gert Sibande District Council Chamber
Msukaligwa LM	05 February 2025	10:00	Msukaligwa Council Chamber
Dr Pixley Ka Isaka Seme LM	06 February 2025	10:00	Dr Pixley Ka Isaka Seme Council Chamber

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Mkhondo LM	07 February 2025	10h00	Mkhondo Council Chamber
Lekwa LM	10 February 2025	10:00	Lekwa Council Chamber
Dipaleseng LM	11 February 2025	10:00	Dipaleseng Council Chamber
Govan Mbeki LM	12 February 2025	10:00	Govan Mbeki Council Chamber

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

Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective presentations, they should direct their enquiries to their respective District Managers or to the following Provincial Treasury officials:

District	Responsible Managers	Cellphone Numbers	Email Addresses
Ehlanzeni District	Ms Lungile Mokoena	082 330 7318	ismokoena@mpg.gov.za
Ehlanzeni District	Ms Nontsikelelo Mahlakoane	073 073 1517	nmahlakoane@mpg.gov.za
Nkangala District	Mr Fanie Robberts	082 372 5463	frobberts@mpg.gov.za
Nkangala District	Mr Shadrack Masombuka	083 992 7436	ssmasombuka@mpg.gov.za
Gert Sibande District	Mr Nimrod Hlabane	082 566 6523	nhlabane@mpg.gov.za
Gert Sibande District	Mr Clarence Sago	082 415 6284	csago@mpg.gov.za



MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 04-12-2024