



PROVINCIAL TREASURY CIRCULAR NO. 2 OF 2026

TO:

**ALL MUNICIPAL MANAGERS AND CHIEF FINANCIAL OFFICERS (CFOS) –
MPUMALANGA PROVINCE**

**SUBJECT: IMPLEMENTATION OF THE MUNICIPAL ASSET MANAGEMENT STRATEGY
AND SUBMISSION OF PROGRESS REPORT BY 15 FEBRUARY 2026**

1. PURPOSE

The purpose of this circular is to provide municipalities with a draft Municipal Asset Management Strategy (the “Strategy”) that serves as a guiding framework to strengthen asset management governance, improve asset register integrity, safeguard municipal assets and promote clean audit outcomes.

Municipalities are required to adopt, implement and customise this Strategy to suit their unique operational environment, asset base, capacity and risk profile, in line with their Integrated Development Plan (IDP), Budget and Service Delivery and Budget Implementation Plan (SDBIP).

2. BACKGROUND

The Provincial Treasury continues to observe recurring audit findings and internal control weaknesses across municipalities relating to municipal asset management. These weaknesses result in material misstatements, audit qualifications and recurring non-compliance with legislative and reporting requirements. The Strategy has been structured to address these recurring findings and to guide municipalities in implementing minimum asset management controls aligned with the Municipal Finance Management Act, 2003 (MFMA), the Municipal Systems Act, 2000 (MSA), Standards of GRAP, the mSCOA Regulations, the Municipal Asset Transfer Regulations and relevant National Treasury norms and guidelines.

3. DISCUSSION

3.1 KEY ASSET MANAGEMENT FINDINGS IDENTIFIED ACROSS MUNICIPALITIES

Municipalities are hereby reminded that the Strategy addresses the following common audit and control findings, among others:

3.1.1 Fixed Asset Register (FAR) Integrity and Supporting Documentation

- Incomplete and inaccurate FAR records

- Unsupported asset balances
- Incorrect classification and missing asset attributes
- Lack of monthly reconciliation between FAR and General Ledger

3.1.2 Weak Safeguarding and Verification Controls (MFMA section 63)

- Insufficient asset verification programmes and lack of barcoding
- Weak custodianship records and poor asset control at user level
- Unresolved missing and damaged assets

3.1.3 Disposal Governance Weaknesses (MFMA section 14)

- Disposal of capital assets without appropriate Council approval
- Incomplete disposal files and failure to update FAR and financial records timeously

3.1.4 Useful Life Reviews and Impairment Assessments (GRAP Compliance)

- Failure to review and update useful lives annually (GRAP 17)
- Impairment indicators not assessed and impairments not processed where applicable (GRAP 21/26)

3.1.5 Work-in-Progress (WIP) and Capitalisation Controls

- Incomplete WIP registers
- Delays in capitalisation of completed projects
- Lack of completion certificates, as-built drawings and supporting documentation for capitalization

3.1.6 Land and Property Asset Governance

- Incomplete land registers and title deed record weaknesses
- Failure to reconcile valuation rolls with FAR
- Inaccurate property attributes and incomplete property audit evidence

4. GUIDANCE ON IMPLEMENTATION OF THE STRATEGY

Municipalities shall ensure that implementation of the Strategy is supported by:

4.1 Governance and Accountability

- Establishment of an Asset Steering Committee chaired by the Accounting Officer (or delegated senior official).
- Clear reporting lines and accountability for asset management deliverables.
- Alignment of asset management performance indicators with the SDBIP.

4.2 Minimum SOP Requirements: Municipalities shall maintain and implement minimum Standard Operating Procedures (SOPs), including:

- FAR maintenance and updating
- Monthly FAR vs GL reconciliation
- Annual verification and barcoding
- Useful life review and impairment assessment
- Disposal management (MFMA section 14 compliance)
- WIP close-out and capitalisation procedures
- Land and property governance procedures
- Audit readiness and evidence management procedures

4.3 Clear Implementation Plan

Municipalities shall develop an Implementation Plan that includes:

- clear actions and milestones
- responsible officials
- reasonable and measurable deadlines
- evidence requirements for audit support
- monitoring and reporting mechanisms

Municipalities are reminded that clear deadlines and responsible employees support accountability and reduce the risk of repeated findings.

5. CUSTOMISATION OF THE STRATEGY TO MUNICIPAL CONTEXT

This Strategy is issued as a draft guide and does not replace the municipality's responsibility to develop a Strategy that addresses:

- the municipality's asset profile, size and complexity
- infrastructure condition and renewal needs

- internal capacity and organisational structure
- local risks (e.g., theft, vandalism, project delays, informal settlements)

Municipalities shall therefore review, adopt and adapt the Strategy to ensure suitability for their needs and operating environment.

6. SUBMISSION REQUIREMENT: PROGRESS REPORT DUE BY 15 FEBRUARY 2026

All municipalities are required to submit a progress report to Provincial Treasury no later than 15 February 2026, confirming:

- whether the Strategy has been adopted and customised;
- implementation progress against the Implementation Plan;
- challenges and support requirements; and
- corrective actions planned to address gaps and audit risks.

7. SUPPORT REQUESTS

Municipalities requiring Provincial Treasury support shall submit a formal written request which shall include:

- the nature and scope of the required support;
- proposed dates; and
- confirmation that a meeting has already been scheduled (including platform/venue and participants).

Requests shall be directed to the relevant Provincial Treasury officials allocated to each municipality (refer to Section 8 below).

8. CONTACT PERSONS AND MUNICIPAL ALLOCATIONS

For enquiries or technical support, municipalities may contact:

Director: Physical Asset Management: Ms C Ruthven at 013 766 4213 or choon@mpg.gov.za

Municipalities may also contact the allocated officials below:

Ms MM Ramushu: 013 766 4447 or mramushu@mpg.gov.za

- DrJSMoroka–Physical
- Emakhazeni–Physical
- Nkomazi–Virtual

- ThembisileHani–Virtual
- SteveTshwete–Physical

Mr RA Maunye : 013 766 4343 or maunyera@mpg.gov.za

- Dipaleseng–Physical
- Mkhondo–Physical
- Bushbuckridge–Virtual
- EhlanzeniDistrictOffice–Virtual

Mr. JN Nendauni: 013 766 4383 or njnendauni@mpg.gov.za

- Lekwa–Physical
- EmalahleniLocalMunicipality–Physical
- ThabaChweu–Physical
- NkangalaDistrictOffice–Virtual
- EhlanzeniDistrictOffice–Virtual
- GovanMbeki–Virtual

Ms Z Hlope: 013 766 4535 or zama@mpg.gov.za

- PixleyKaSeme–Physical
- VictorKhanye–Physical
- Msukaligwa–Physical
- GertSibandeDistrictOffice–Virtual
- ChiefAlbertLuthuli–Virtual

9. CONCLUSION

Municipalities are urged to prioritise the implementation of this Strategy as a key mechanism to improve asset management governance, strengthen internal controls, ensure compliance with GRAP and MFMA requirements, and promote clean audit outcomes.

Your cooperation and timely submission of progress reports by 15 February 2026 are appreciated.



MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 15-01-2026