



PROVINCIAL TREASURY CIRCULAR NO. 3 OF 2026

TO:
ALL MUNICIPAL MANAGERS

**SUBJECT: 2025/26 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT
ENGAGEMENTS**

1. BACKGROUND

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.

2. DISCUSSION

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 institutionalised by the **National Treasury**. 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:

- **Auditor-General's reports for 2022/23, 2023/24 and 2024/25 to be used as trend to determine the key achievements and challenges during this period;**
- **The actual mid-year results for the 2025/26 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);**

- Performance and spending of all national and provincial conditional grants and progress made in achieving the grant conditions;
- The preparation of the 2025/26 adjustments budget and inputs thereto; and
- The 2025/26 budget schedule and progress made in achieving the milestones and timelines specified in the schedule in the compilation of the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF);
- **Progress on the implementation of the Municipal Support Plans (Funded by Provincial Treasury and impact on the Revenue);**
- **Progress on the implementation of the Budget Funding Plan and Revenue Enhancement Strategies (Municipalities adopted Unfunded Budgets) Clearly demonstrate how these plans will improve the unfunded budgets. (List expenditure items that will be reduced and indicate movement from original budget. List revenue items to improve and indicate improvement from original budget. Show both billed improvement and actual collection improvement on those items.);**
- Progress on the implementation of the UIFW Strategy;
- Compliance with Municipal Debt Relief conditions in terms of MFMA Circular 124;
- Progress in resolving the problems identified in the past year's annual report in terms of Section 72 (1), (a) (iii) of the MFMA;
- **Presentation on the Municipal Bank Account balances as at 31 January 2026.**

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

- Session 1: Review of performance for the 2024/25 and 2025/26 financial year (including the high-level performance of the municipality and each department/vote);
- Session 2: Review of the in-year performance of the municipality against the 2025/26 budget;
- Session 3: Financial management issues; and Risk Management

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			
Nkomazi LM	09 February 2026	09:00	Nkomazi Council Chamber
Ehlanzeni District	10 February 2026	09:00	Ehlanzeni District Council Chamber
Thaba Chweu LM	11 February 2026	10:00	Thaba Chweu Council Chamber
Bushbuckridge LM	13 February 2026	09:00	Bushbuckridge Council Chamber
Nkangala District Municipalities			
Emalahleni LM	09 February 2026	09:00	Emalahleni Council Chamber
Steve Tshwete LM	10 February 2026	09:00	Steve Tshwete Council Chamber
Nkangala District	10 February 2026	13:00	Nkangala District Council Chamber
Victor Khanye LM	11 February 2026	09:00	Victor Khanye Council Chamber
Thembisile Hani LM	12 February 2026	09:00	Thembisile Hani Council Chamber
Dr JS Moroka LM	13 February 2026	10:00	Dr JS Moroka Council Chamber
Emakhazeni LM	16 February 2026	09:00	Emakhazeni Council Chamber
Gert Sibande District Municipalities			
Chief Albert Luthuli LM	09 February 2026	09:00	Chief Albert Luthuli Council Chamber
Gert Sibande District	10 February 2026	09:00	Gert Sibande District Council Chamber
Msukaligwa LM	10 February 2026	11:00	Msukaligwa Council Chamber
Dr Pixley Ka Isaka Seme LM	11 February 2026	10:00	Dr Pixley Ka Isaka Seme Council Chamber

PROVINCIAL TREASURY CIRCULAR NO. 3 OF 2026

Mkhondo LM	12 February 2026	10:00	Mkhondo Council Chamber
Lekwa LM	13 February 2026	10:00	Lekwa Council Chamber
Dipaleseng LM	16 February 2026	10:00	Dipaleseng Council Chamber
Govan Mbeki LM	17 February 2026	10:00	Govan Mbeki Council Chamber

Please forward presentations five working days (05) days before the engagement as per the attached "Annexure A" of the Mid-Year Budget Assessment Circular circulated by Provincial Treasury.

Your co-operation is always appreciated.



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