

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
CHAPTER 1						
INTERPRETATION, OBJECT, APPLICATION AND AMENDMENT OF ACT						
Definitions		Effective 1.7.2004				
1. (1) In <i>this Act</i> , unless the context indicates otherwise -						
“accounting officer”-						
(a) in relation to a <i>municipality</i> , means the municipal <i>official</i> referred to in section 60; or	Maintain a shared database	Effective 1.7.2004	DLG			
(b) in relation to a <i>municipal entity</i> , means the <i>official</i> of the entity referred to in section 93,	Maintain a shared database	Effective 1.7.2004	DLG			
and includes a person acting as the <i>accounting officer</i> ;	Who appoints an acting AO? Who should be informed?	Effective 1.7.2004	PT: NFM		What procedure must be followed to appoint an acting accounting officer (specifically who does the appointment)?	Clarity required from National Treasury (NT).
“allocation” , in relation to a <i>municipality</i> , means -	No action					
(a) a <i>municipality’s</i> share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;	Evaluate equitable share formula	Effective 1.7.2004	PT: RA			
(b) an <i>allocation</i> of money to a <i>municipality</i> in terms of section 214(1)(c) of the Constitution;	Evaluate national grants	Effective 1.7.2004	PT: RA			
(c) an <i>allocation</i> of money to a <i>municipality</i> in terms of a provincial budget; or	Co-ordinate, gazette and monitor municipal budgets	Effective 1.7.2004	PT: PF			

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(d) any other <i>allocation</i> of money to a <i>municipality</i> by an organ of state, including by another <i>municipality</i> , otherwise than in compliance with a commercial or other business transaction;	Monitor municipal budgets	See relevant sections	PT: PF			
“ annual Division of Revenue Act ” means the Act of Parliament which must be enacted annually in terms of section 214(1) of the Constitution;	See DORA provisions					
“ annual report ”, in relation to a <i>municipality</i> or <i>municipal entity</i> . means an <i>annual report</i> contemplated in section 121;	See relevant sections					
“ approved budget ” means an annual budget -	See relevant sections					
(a) approved by a <i>municipal council</i> ; or	See relevant sections					
(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution,	See relevant legislation					
and includes such an annual budget as a revised by an adjustments budget in terms of section 28;	See relevant sections					
“ Auditor-General ” means the person appointed as <i>Auditor-General</i> in terms of section 193 of the Constitution, and includes a person -						
(a) acting as <i>Auditor-General</i> ;	See relevant legislation					
(b) acting in terms of a <i>delegation</i> by the <i>Auditor-General</i> ; or	See relevant legislation					
(c) designated by the <i>Auditor-General</i> to exercise a power or perform a duty of the <i>Auditor-General</i> ;	See relevant legislation					

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“ basic municipal service ” means a <i>municipal service</i> that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;	Definition of <i>basic municipal service</i> : Assess, monitor and advise	Effective 1.7.2004	DLG			
	Capacity building to deliver basic services	Effective 1.7.2004	DLG			
	Socio-economic indicators: Assess, monitor and advise	Effective 1.7.2004	PT: MEA			
“ board of directors ”, in relation to a <i>municipal entity</i> , has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation					
“ Budget Forum ” has the meaning assigned in section 1 of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997);	See relevant legislation					
“ budget-related policy ” means a policy of a <i>municipality</i> affecting or affected by the annual budget of the <i>municipality</i> , including -	See relevant sections					
(a) the tariffs policy which the <i>municipality</i> must adopt in terms of section 74 of the <i>Municipal Systems Act</i> ;	See relevant legislation					
(b) the rates policy which the <i>municipality</i> must adopt in terms of legislation regulating municipal property rates; or	See relevant sections					
(c) the credit control and <i>debt</i> collection policy which the <i>municipality</i> must adopt in terms of section 96 of the <i>Municipal Systems Act</i> ;	See relevant legislation					
“ budget year ” means the <i>financial year</i> for which an annual budget is to be approved in terms of section 16(1);	Noted					

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“ category ”, in relation to <i>municipalities</i> , means a <i>category A, B or C municipality</i> referred to in section 155(1) of the Constitution;	See relevant legislation					
“ chief financial officer ” means a person designated in terms of section 80(2)(a);	Maintain a shared database	Effective 1.7.2004	DLG			
“ councillor ” means a member of a <i>municipal council</i> ;	Maintain a shared database	Effective 1.7.2004	DLG			
“ creditor ”, in relation to a <i>municipality</i> , means a person to whom money is owing by the <i>municipality</i> ;	See relevant sections					
“ current year ” means the <i>financial year</i> which has already commenced, but not yet ended;	Noted					
“ debt ” means -						
(a) a monetary liability or obligation created by a <i>financing agreement</i> , note, debenture, bond or overdraft, or by the issuance of municipal <i>debt</i> instruments; or	See relevant sections					
(b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;	See relevant sections					
“ delegation ”, in relation to a duty, includes an instruction or request to perform or 60 to assist in performing the duty;	See relevant sections					
“ district municipality ” means a <i>municipality</i> that has municipal executive and legislative authority in an area that includes more than one <i>municipality</i> , and which is described in section 155(1) of the Constitution as a <i>category C municipality</i> ;	See relevant legislation					

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“financial recovery plan” means a plan prepared in terms of section 141;	See relevant sections					
“financial statements”, in relation to <i>municipality</i> or <i>municipal entity</i> . means statements consisting of at least -						
(a) a statement of financial position;	See relevant sections					
(b) a statement of financial performance;	See relevant sections					
(c) a cash-flow statement;	See relevant sections					
(d) any other statements that may be <i>prescribed</i> ; and	See relevant sections					
(e) any notes to these statements;	See relevant sections					
“financial year” means a year ending on 30 June;	See relevant sections					
“financing agreement” includes any loan agreement, lease, instalment purchase contract or hire purchase arrangement under which a <i>municipality</i> undertakes to repay a long-term of time;	See relevant sections					
“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;	See section 32					
“Head”, in relation to the Municipal Finance Recovery Service, means a person -	See relevant sections					
(a) appointed in terms of section 159 as the <i>Head</i> of the Service; or	See relevant sections					
(b) acting as the <i>Head</i> of the Service;	NT must clarify who does the appointment	Effective 1.7.2004	PT: NFM			

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“irregular expenditure”, in relation to a <i>municipality</i> or <i>municipal entity</i> , means -	See section 32					
(a) expenditure incurred by a <i>municipality</i> or <i>municipal entity</i> in contravention of, or that is not in accordance with, a requirement of <i>this Act</i> , and which has not been condoned in of section 170;	See section 32					
(b) expenditure incurred by a <i>municipality</i> or <i>municipal entity</i> in Contravention of, or that is not in accordance with, a requirement of the <i>Municipal Systems Act</i> , and which has not been condoned in terms of that Act;	See section 32					
(c) expenditure incurred by a <i>municipality</i> in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or	See section 32					
(d) expenditure incurred by a <i>municipality</i> or <i>municipal entity</i> in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the <i>municipality</i> or entity or any of the <i>municipality's</i> by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,	See section 32					
but excludes expenditure by a <i>municipality</i> which falls within the definition of “ <i>unauthorised expenditure</i> ”;	See section 32					
“investment”, in relation to funds of a <i>municipality</i> , means -	See relevant sections					
(a) the placing on deposit of funds of a <i>municipality</i> with a financial institution; or	See relevant sections					
(b) the acquisition of assets with funds of a <i>municipality</i> not immediately required, with	See relevant sections					

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the primary aim of preserving those funds;						
“ lender ”, in relation to a <i>municipality</i> , means a person who provides <i>debt</i> finance to a <i>municipality</i> ;	See relevant sections					
“ local community ” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation					
“ local municipality ” means a <i>municipality</i> that shares municipal executive and legislative authority in its area with a <i>district municipality</i> within whose area it falls, and which is described in section 155(1) of the Constitution as a <i>category B municipality</i> ;	See relevant legislation and Structures Act					
“ long-term debt ” means <i>debt</i> repayable over a period exceeding one year;	See relevant sections					
“ mayor ”, in relation to -						
(a) a <i>municipality</i> with an executive <i>mayor</i> , means the <i>councillor</i> elected as the executive <i>mayor</i> of the <i>municipality</i> in terms of section 55 of the <i>Municipal Structures Act</i> ; or	Maintain a shared database	Effective 1.7.2004	DLG			
(b) a <i>municipality</i> with an executive committee, means the <i>councillor</i> elected as the <i>mayor</i> of the <i>municipality</i> in terms of section 48 of that Act;	Maintain a shared database	Effective 1.7.2004	DLG			
“ MEC for finance ” means the member of the Executive <i>Council</i> of a province who is responsible for finance in the province;	Maintain a shared database	Effective 1.7.2004	PT			

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“ MEC for local government ” means the member of the Executive <i>Council</i> of a province who is responsible for local government in that province;	Maintain a shared database	Effective 1.7.2004	DLG		No provision is made for the MEC for Local Government to delegate any of his/her powers or duties to officials within his/her department. This may lead to operational inefficiencies, especially with reference to Annual Reports and Interventions.	Clarity required from NT.
“ Minister ” means the Cabinet member responsible for finance;	Maintain a shared database	Effective 1.7.2004	PT			
“ month ” means one of the 12 <i>months</i> of a calendar year;	Noted					
“ multi-jurisdictional service utility ” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation					
“ municipal council ” or “ council ” means the <i>council</i> of a <i>municipality</i> referred to in section 18 of the <i>Municipal Structures Act</i> ;	Maintain a shared database	Effective 1.7.2004	DLG			
“ municipal debt instrument ” means any note, bond, debenture or other evidence of indebtedness issued by a <i>municipality</i> , including dematerialised or electronic evidence of indebtedness intended to be used in trade;	See relevant sections					

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“municipal entity” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation and sections				<p>Uncertainty in application of definition contained in Systems Act (as amended), e.g. will established section 21 companies to render municipal services or LED-projects be regarded as municipal entities?</p> <p>Is the establishment of section 21 companies still allowed, or must it be converted to municipal entities?</p> <p>If section 21 companies are permissible, may councilors and officials be members of board of directors eg. West Coast Business Development Centre (Saldanha Bay) where both the Mayor and Municipal Manager serve on the board?</p>	<p>Clarity required from NT.</p> <p>Obtain legal opinion requested by Mossel Bay (should be available by end of July).</p>
	Maintain a shared database	Effective 1.7.2004	DLG			

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“ Municipal Financial Recovery Service ” means the <i>Municipal Financial Recovery Service</i> established by section 157;	Maintain a shared database	Effective 1.7.2004	PT			
“ municipality ” -	Maintain a shared database	Effective 1.7.2004	DLG			
(a) when referred to as a corporate body, means a <i>municipality</i> as described in section 2 of the <i>Municipal Systems Act</i> ; or	See relevant legislation and sections					
(b) when referred to as a geographic: area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998):	See relevant legislation					
“ municipal manager ” means a person appointed in terms of section 82(1)(a) or (b) of the <i>Municipal Structures Act</i> ;	Maintain a shared database	Effective 1.7.2004	DLG			
“ municipal service ” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation				The definition in the Systems Act seems to be too wide and results in an interpretation problem as to which services are intended.	Clarity required from NT.
“ Municipal Structures Act ” means the Local Government: <i>Municipal Structures Act</i> , 1998 (Act No. 117 of 1998);	See relevant legislation					
“ Municipal Systems Act ” means the Local Government: <i>Municipal Systems Act</i> 2000 (Act No. 32 of 2000):	See relevant legislation					
“ municipal tariff ” means a tariff for services which a <i>municipality</i> may set for the provision of a service to the <i>local community</i> , and includes a surcharge on such tariff;	See relevant section					

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“municipal tax” means property rates or other taxes, levies or duties that a <i>municipality</i> may impose;	See relevant legislation and section (Property Rates Bill and Ordinances)					
“National Treasury” means the <i>National Treasury</i> established by section 5 of the <i>Public Finance Management Act</i> ;	See relevant legislation					
	Maintain a shared database of contact persons and areas of responsibility	Effective 1.7.2004	PT: PF (LG)			
“official”, in relation to a <i>municipality</i> or <i>municipal entity</i> , means -						
(a) an employee of a <i>municipality</i> or <i>municipal entity</i> ;	See relevant sections					
(b) a person seconded to a <i>municipality</i> or <i>municipal entity</i> to work as a member of the staff of the <i>municipality</i> or <i>municipal entity</i> ; or	See relevant sections					
(c) a person contracted by a <i>municipality</i> or <i>municipal entity</i> to work as a member of the staff of the <i>municipality</i> or <i>municipal entity</i> otherwise than as an employee;	See relevant sections				The interpretation of ‘contracted persons’ and who it includes should be clarified, e.g. does it include persons contracted through a procurement process (SCM) or only persons appointed in terms of the Systems or Structures Act?	Clarity required from NT.

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					<p>What is the status of 'officials' appointed by the executive mayor in his/her office and their participation in tender committees and other financial management issues?</p> <p><i>Note: There are no guidelines on ideal establishment for the executive mayor and executive committees.</i></p>	<p>Clarity required from NT.</p> <p>DLG to take up with DPLG</p>
<p>“organised local government” means an organisation recognised in terms of section 2(1) of the <i>Organised local government Act, 1997</i> (Act No. 52 of 1997), to represent local government nationally or provincially;</p>	<p>See relevant legislation SALGA, WECLOGO Intergovernmental Fiscal Relations Act</p>					
	<p>Maintain a shared database</p>	<p>Effective 1.7.2004</p>	<p>DLG</p>			
<p>“overspending”-</p>						
<p>(a) in relation to the budget of a <i>municipality</i>, means causing the operational capital expenditure incurred by the <i>municipality</i> during a <i>financial year</i> to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;</p>	<p>See relevant sections</p>					

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(b) in relation to a <i>vote</i> , means causing expenditure under the <i>vote</i> to exceed the amount appropriated for that <i>vote</i> ; or	See relevant sections					
(c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;	See relevant sections					
“ parent municipality ” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	See relevant legislation and sections					
	Maintain a shared database	Effective 1.7.2004	DLG			
“ past financial year ” means the <i>financial year</i> preceding the <i>current year</i> ;	No action					
“ political office-bearer ” in relation to a <i>municipality</i> , means -						
(a) the speaker, executive <i>mayor</i> , deputy executive <i>mayor</i> , <i>mayor</i> , deputy <i>mayor</i> or a member of the executive or mayoral committee of a <i>municipality</i> elected, designated or appointed in terms of a specific provision of the <i>Municipal Structures Act</i> ; or	See relevant legislation					
	Maintain a shared database	Effective 1.7.2004	DLG			
(b) a <i>councillor</i> referred to in section 57(1) of <i>this Act</i> ;	See relevant section					
	Maintain a shared database	Effective 1.7.2004	DLG			
“ political structure ”, in relation to a <i>municipality</i> means -						
(a) the <i>council</i> of a <i>municipality</i> ; or	See relevant legislation					

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(b) any committee or other collective structure of a <i>municipality</i> elected, designated or appointed in terms of a specific provision of the <i>Municipal Structures Act</i> .	See relevant legislation					
	Maintain a shared database	Effective 1.7.2004	DLG			
“ prescribe ” means <i>prescribe</i> by regulation in terms of section 168;	Formulate regulations	Effective 1.7.2004	NT		Concern was raised on the regulations that must still be prescribed in terms of the Act, and how the lack of such would hold operational implications for municipalities.	NT to note concerns.
	Provide inputs for regulations	Effective 1.7.2004	PT: NFM			
	Provide inputs for regulations	Effective 1.7.2004	DLG			
“ primary bank account ” means a bank account referred to in section 8(1);	See relevant sections					
“ private company ” means a company referred to in sections 19 and 20 of the Companies Act, 1973 (Act No. 61 of 1973);	See relevant legislation					
“ provincial department ” means a department listed in Schedule 2 of the Public Service Act, 1994 (Proclamation No. 103 of 1994). which falls within a provincial administration listed in Schedule 1 to that Act;	See relevant legislation				Does “ <i>provincial department</i> ” include provincial treasuries?	Clarity required from NT.
“ provincial treasury ” means a treasury established in terms of section 17 of the <i>Public Finance Management Act</i> ;	Maintain a shared database with contact details and areas of	Effective 1.7.2004	PT: FG (check general list)			

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	responsibility					
“Public Finance Management Act” means the <i>Public Finance Management Act, 1999</i> (Act No. 1 of 1999):	See relevant legislation					
“quarter” means any of the following periods in a <i>financial year</i> :						
(a) 1 July to 30 September;	See relevant sections					
(b) 1 October to 31 December;	See relevant sections					
(c) 1 January to 31 March; or	See relevant sections					
(d) 1 April to 30 June	See relevant sections					
“senior manager” -						
(a) in relation to a <i>municipality</i> , means a manager referred to in section 56 of the <i>Municipal Systems Act</i> ; or	Maintain a shared database	Effective 1.7.2004	DLG			
(b) in relation to a <i>municipal entity</i> , means a manager directly accountable to the chief executive officer of the entity;	Maintain a shared database	Effective 1.7.2004	DLG			
“security” means any mechanism intended to secure the interest of a <i>lender</i> or investor; and includes any of the mechanisms mentioned in section 48(2);	See relevant sections					
“service delivery agreement” has the meaning assigned to it in section I of the <i>Municipal Systems Act</i> .	Maintain a shared database	Effective 1.7.2004	DLG			
“service delivery and budget implementation plan” means a detailed plan approved by the <i>mayor</i> of a <i>municipality</i> in terms of section 53(I)(c)(ii) for implementing the <i>municipality’s</i> delivery of <i>municipal services</i> and its annual budget, and which	See relevant sections					

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must indicate -						
(a) projections for each <i>month</i> of -	See relevant sections					
(i) revenue to be collected, by source; and	See relevant sections					
(ii) operational and capital expenditure, by <i>vote</i> ;	See relevant sections					
(b) service delivery targets and performance indicators for each <i>quarter</i> ; and	See relevant sections					
(c) any other matters that may be <i>prescribed</i> ,	See relevant sections					
and includes any revisions of such plan by the <i>mayor</i> in terms of section 54(1)(c).	See relevant sections					
“ service utility ” has the meaning assigned to it in section 1 of the <i>Municipal Systems Act</i> ;	Maintain a shared database	Effective 1.7.2004	DLG			
“ shared control ”, in relation to a <i>municipal entity</i> , means the rights and powers a <i>municipality</i> has over a <i>municipal entity</i> which is -	See relevant sections and legislations					
(a) a <i>private company</i> in which effective control as defined in section 1 of the <i>Municipal Systems Act</i> is vested in that <i>municipality</i> and one or more other <i>municipalities</i> collectively; or						
	Maintain a shared database	Effective 1.7.2004	DLG			
(b) a <i>multi-jurisdictional service utility</i> in which that <i>municipality</i> participates:						
	Maintain a shared database	Effective 1.7.2004	DLG			
“ short-term debt ” means <i>debt</i> repayable over a period not exceeding one year;	See relevant sections					

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“sole control”, in relation to a <i>municipal entity</i> , means the rights and powers a <i>municipality</i> has over a <i>municipal entity</i> which is -	Maintain a shared database	Effective 1.7.2004	DLG			
(a) a <i>private company</i> in which effective control as defined in section 1 of the <i>Municipal Systems Act</i> is vested in that <i>municipality</i> alone; or	Maintain a shared database	Effective 1.7.2004	DLG			
(b) a <i>service utility</i> established by the <i>municipality</i> ;	Maintain a shared database	Effective 1.7.2004	DLG			
“standards of generally recognised accounting practice” means an accounting practice complying with standards applicable to <i>municipalities</i> or <i>municipal entities</i> and issued in terms of Chapter 11 of the <i>Public Finance Management Act</i> ;	See relevant sections and ASB standards					
“this Act” includes regulations made in terms of section 168 or 175;	Formulate regulations	Effective 1.7.2004	NT			
	Provide inputs for regulations	Effective 1.7.2004	PT: NFM			
	Provide inputs for regulations	Effective 1.7.2004	DLG			
“unauthorised expenditure”, in relation to a <i>municipality</i> , means any expenditure incurred by a <i>municipality</i> otherwise than in accordance with section 15 or 11(3), and includes -	See relevant sections					
(a) <i>overspending</i> of the total amount appropriated in the <i>municipality’s approved budget</i> ;	See relevant sections					
(b) <i>overspending</i> of the total amount appropriated for a <i>vote</i> in the <i>approved</i>	See relevant sections					

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<i>budget;</i>						
(c) expenditure from a <i>vote</i> unrelated to the department or functional area covered by the <i>vote</i> ;	See relevant sections					
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;	See relevant sections					
(e) spending of an <i>allocation</i> referred to in paragraph (b), (c) or (d) of the definition of " <i>allocation</i> " otherwise than in accordance with any conditions of the <i>allocation</i> ; or	See relevant sections				See relevant sections	
(f) a grant by the <i>municipality</i> otherwise than in accordance with <i>this Act</i> ;	See relevant sections					
" vote " means -	Maintain a shared database of votes and <i>vote</i> managers per <i>municipality</i>	Effective 1.7.2004	PT: PF		<p>Apparent wide interpretation (municipalities have departments, functional areas and cost centers. In some instances the capital budget is also separate from the operational budget).</p> <p>It is the intention that capital and operational spending should be included in one 'Vote', however the Act is not clear in this regard.</p>	<p>Clarity required from NT.</p> <p>GAMAP and subsequent NT reporting requirements (budget reforms) can give a guideline of what is included in a 'Vote', unfortunately not all municipalities have access to this information.</p> <p>Draft designation letters for vote, programme and sub-programme managers for Province to be</p>

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
						forwarded by PT to municipalities for discretionary use.
	Formulate guidelines to appoint <i>vote</i> managers	Effective 1.7.2004	PT: NFM			
(a) one of the main segments into which a budget of a <i>municipality</i> is divided for the appropriation of money for the different departments or functional areas of the <i>municipality</i> ; and						
(b) which specifies, the total amount that is appropriated for the purposes of the department or functional area concerned.						
(2) In <i>this Act</i> , a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.						
General					Omission of a definition of a " <i>Tender Committee</i> " (Chapter 11). Perceived ambiguity of the term " <i>committee</i> " with section 79 and 80 of Structures Act.	Clarity required from NT. Inform NT of perceived ambiguity. SCM was further discussed in Chapter 11.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
					Omission of definition of “ <i>unsolicited bid</i> ” (in Afrikaans it is referred to as “ongevraagde aansoek” – which is translated as a ‘request’ and not a ‘bid’) [refer to section 113].	Take up with NT – Afrikaans wording should be “ongevraagde aanbod”.
					Define “ <i>loans</i> ”, does it include advances, bursaries, motor vehicle subsidies, etc.(refer to S66 and S164).	Clarity required from NT.
					Define “ <i>advance</i> ”.	Clarity required from NT.
Object of Act		Effective 1.7.2004				
2. The object of <i>this Act</i> is to secure sound and sustainable management of the fiscal and financial affairs of <i>municipalities</i> and <i>municipal entities</i> by establishing norms and standards and other requirements for -	All actions must be consistent with the objects of the Act					
(a) ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of <i>municipalities</i> and <i>municipal entities</i> ;	All actions must be consistent with the objects of the Act					
(b) the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;	All actions must be consistent with the objects of the Act					

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(c) budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;	All actions must be consistent with the objects of the Act					
(d) borrowing;	All actions must be consistent with the objects of the Act					
(e) the handling of financial problems in <i>municipalities</i> ;	All actions must be consistent with the objects of the Act					
(f) supply chain management; and	All actions must be consistent with the objects of the Act					
(g) other financial matters.	All actions must be consistent with the objects of the Act					
Institutions to which Act applies		Effective 1.7.2004				
3. (1) This Act applies to -						
(a) all <i>municipalities</i> ;	Maintain shared database		DLG			
(b) all <i>municipal entities</i> ; and	Maintain shared database		DLG			
(c) national and provincial organs of state to the extent of their financial dealings with <i>municipalities</i> .	Maintain shared database		PT			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) In the event of any inconsistency between a provision of <i>this Act</i> and any other legislation in force when <i>this Act</i> takes effect and which regulates any aspect of the fiscal and financial affairs of <i>municipalities</i> or <i>municipal entities</i> , the provision of <i>this Act</i> prevails.					Legal confusion on applicability of existing prescripts (i.e. Ordinance 20 of 1974).	Revision of ordinances for repeal being done by DLG, gaps in Act needs to be first identified. This is regarded as a high priority matter. Good faith required by municipal officials to apply the MFMA as the first point of departure and where there are gaps, to then refer to other prescripts.
	Record, co-ordinate and respond to inconsistencies	Effective 1.7.2004	PT: NFM			
	Obtain legal opinion on prevalence of different acts (e.g. Structures Act, Systems Act and PFMA)	Effective 1.7.2004	PT: NFM			
Amendments to Act		Effective 1.7.2004				
4. Draft national legislation directly or indirectly amending <i>this Act</i> , or providing for the enactment of subordinate legislation that may conflict with <i>this Act</i> , may be introduced in Parliament only after the <i>Minister</i> and the Financial and Fiscal Commission have been consulted in writing on the contents of the draft legislation, and have responded in	Co-ordinate and respond through established mechanisms	Ad hoc	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
writing.						
	Coordinate and initiate amendments through established mechanisms	Ad hoc	PT: NFM (coordinate and initiate) PT: All (initiate)			
CHAPTER 2						
SUPERVISION OVER LOCAL GOVERNMENT FINANCE MANAGEMENT						
General functions of <i>National Treasury</i> and provincial treasuries						
5. (1) The <i>National Treasury</i> must -		Effective 1.7.2004				
(a) fulfil its responsibilities in terms of Chapter 13 of the Constitution and <i>this Act</i> ;	Noted		NT			
(b) promote the object of <i>this Act</i> as stated in section 2 -	Noted		NT			
(i) within the framework of co-operative government set out in Chapter 3 of the Constitution; and	Noted		NT			
(ii) when coordinating intergovernmental financial and fiscal relations in terms of the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), the <i>annual Division of Revenue Act</i> and the <i>Public Finance Management Act</i> ; and	Noted		NT			
(c) enforce compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of <i>this Act</i> .	Noted		NT			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) To the extent necessary to comply with subsection (1), the <i>National Treasury</i> may -	Noted	Effective 1.7.2004	NT			
(a) monitor the budgets of <i>municipalities</i> to establish whether they -	Noted		NT			
(i) are consistent with the national government's fiscal and macro-economic; and	Noted		NT			
(ii) comply with Chapter 4;	Noted		NT			
(b) promote good budget and fiscal management by <i>municipalities</i> , and for this purpose monitor the implementation of municipal budgets, including their expenditure, revenue collection and borrowing;	Noted		NT			
(c) monitor and assess compliance by <i>municipalities</i> and <i>municipal entities</i> with -	Noted		NT			
(i) <i>this Act</i> ; and	Noted		NT			
(ii) any applicable <i>standards of generally recognised accounting practice</i> and uniform expenditure and revenue classification systems;	Noted		NT			
(d) investigate any system of financial management and internal control in any <i>municipality</i> or <i>municipal entity</i> and recommend improvements;	Noted		NT			
(e) take appropriate steps if a <i>municipality</i> or <i>municipal entity</i> commits a breach of <i>this Act</i> , including the stopping of funds to a <i>municipality</i> in terms of section 216(2) of the Constitution if the <i>municipality</i> , or a <i>municipal entity</i> under the sole or <i>shared control</i> of that <i>municipality</i> , commits a serious or persistent material breach of any measures referred to	See section 6(2)		NT		Confirm that "breach" is equivalent to non-compliance with the Act.	Confirmation required from NT.

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
in that section; and						
(f) take any other appropriate steps necessary to perform its functions effectively.	Noted		NT			
(3) A <i>provincial treasury</i> must in accordance with a prescribed framework –	Obtain framework from NT See section 5(4)	Effective 1.7.2005	PT: NFM			
(a) fulfil its responsibilities in terms of <i>this Act</i> ;	Pro-actively participate in framework development process	Effective 1.7.2005	PT: NFM			
(b) promote the object of <i>this Act</i> as stated in section 2 within the framework of co-operative government set out in Chapter 3 of the Constitution; and	Pro-actively participate in framework development process	Effective 1.7.2005	PT: NFM			
(c) assist the <i>National Treasury</i> in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of <i>this Act</i> .	Pro-actively participate in framework development process	Effective 1.7.2005	PT: NFM			
(4) To the extent necessary to comply with subsection (3), a <i>provincial treasury</i> -	See section 5(3)					
(a) must monitor -						
(i) compliance with <i>this Act</i> by <i>municipalities</i> and <i>municipal entities</i> in the province;	Develop and implement a monitoring mechanism See section 5(8) for inclusion	Effective 1.7.2005	PT: NFM			
(ii) the preparation by <i>municipalities</i> in the province of their budgets;	See sections 7, 8, 9, 85(1), 87(1), 88(1), 89, 90(1), 91, 101(1), 102(1), 103(1), 104(1), 107, 116(2) and (3)					
(iii) the monthly outcome of those budgets; and						

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(iv) the submission of reports by <i>municipalities</i> in the province as required in terms of <i>this Act</i> ;	107, 116(2) and (3), 120, 163(1)					
(b) may assist <i>municipalities</i> in the province in the preparation of their budgets;						
(c) may exercise any powers and must perform any duties delegated to it by the <i>National Treasury</i> in terms of <i>this Act</i> ; and	Obtain <i>delegations</i> from NT	Effective 1.7.2005	MFMA unit			
	Pro-actively participate in <i>delegations</i> formulation process	Effective 1.7.2005	MFMA unit			
(d) may take appropriate steps if a <i>municipality</i> or <i>municipal entity</i> in the province commits a breach of <i>this Act</i> .	Identify possible breaches and appropriate steps	Effective 1.7.2005	PT: NFM			
	Obtain clarity on the difference between breach and compliance See section 133(1)(e) and (f)	Effective 1.7.2005	PT: NFM			
(5) The functions assigned to the <i>National Treasury</i> or a <i>provincial treasury</i> in terms of <i>this Act</i> are additional to those assigned to the <i>National Treasury</i> or a <i>provincial treasury</i> in terms of the <i>Public Finance Management Act</i> .	Determine links between MFMA and PFMA	Effective 1.7.2004	PT: NFM			
(6) The <i>Minister</i> , as the <i>Head of the National Treasury</i> , takes all decisions of the <i>National Treasury</i> in terms of <i>this Act</i> , except those decisions taken as a result of a <i>delegation</i> in terms of section 6(1).	Obtain NT <i>delegations</i> in respect of all delegates	Effective 1.7.2004	MFMA unit			
(7) The <i>MEC for finance</i> in a province, as the <i>Head of the provincial treasury</i> , takes all decisions of the <i>provincial treasury</i> in terms of <i>this Act</i> , except those decisions taken as a	Formulate MEC:F <i>delegations</i>	Effective 1.7.2004	MFMA unit			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
result of a <i>delegation</i> in terms of section 6(4).						
(8) A <i>provincial treasury</i> must submit all information submitted to it in terms of <i>this Act</i> to the <i>National Treasury</i> on a quarterly basis, or when requested.	See section 4(a)(i) Include as part of monitoring mechanism See section 38(4)	Effective 1.7.2004	PT: NFM			
Delegations by National Treasury						
6. (1) The <i>Minister</i> may delegate any of the powers or duties assigned to the <i>National Treasury</i> in terms of <i>this Act</i> to -	See section 5(6) See subsection (3)	Effective 1.7.2004				
(a) the Director-General of the <i>National Treasury</i> ; or	Noted					
(b) the MEC responsible for a provincial department , as the <i>Minister</i> and the MEC may agree.	Advise responsible MEC on acceptance of delegations		PT: PF			
	Advise responsible MEC on acceptance of delegations		DLG			
	Maintain a database of agreed delegations		PT: NFM			
	Obtain pro-forma agreement and process from NT		PT: NFM			
	Obtain clarity from NT on its powers to delegate powers and duties to a PT (or is it included in section 6(1)(b)) See section 6(3)(b) and (c)(i)		PT: NFM			
(2) The <i>Minister</i> may not delegate the	Obtain clarity on what	Effective 1.7.2004	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>National Treasury's</i> power to stop funds to a <i>municipality</i> in terms of section 5(2)(e).	funds the NT has the power to stop. Who must be informed???					
(3) A <i>delegation</i> in terms of subsection (1) -						
(a) must be in writing;	Noted					
(b) is subject to any limitations or conditions which the <i>Minister</i> may impose;	As per section 6(1)(b)					
(c) may, subject to any such limitations or conditions, authorise -						
(i) the Director-General of the <i>National Treasury</i> to sub-delegate a delegated power or duty to a staff member of the <i>National Treasury</i> ; and	Noted					
(ii) the MEC responsible for the relevant <i>provincial department</i> to sub-delegate a delegated power or duty to a staff member of that department; and	As per section 6(1)(b)					
(d) does not divest the <i>National Treasury</i> of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.	Noted					
(4) The <i>MEC for finance</i> in a province may delegate any of the powers or duties assigned to a <i>provincial treasury</i> in terms of <i>this Act</i> to the <i>Head</i> of the relevant <i>provincial department</i> of which the <i>provincial treasury</i> forms part.	Formulate MEC:F <i>delegations</i> See section 5(7)	Effective 1.7.2004	MFMA unit			
(5) A <i>delegation</i> in terms of subsection (4) -						
(a) must be in writing;	Noted					
(b) is subject to any limitations or conditions	Formulate and advise	Effective 1.7.2004	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
which the <i>MEC for finance</i> in the province may impose;	on limitations and conditions					
(c) may, subject to any such limitations or conditions, authorise the relevant <i>Head of the provincial department</i> to sub-delegate a delegated power or duty to a staff member of that treasury; and	Formulate and advise on sub-delegations	Effective 1.7.2004	PT: NFM			
(d) does not divest the <i>provincial treasury</i> of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.	Noted					
(6) The <i>Minister or MEC for finance</i> in a province, as may be appropriate, may confirm, vary or revoke any decision taken in consequence of a <i>delegation</i> or <i>sub-delegation</i> in terms of this section, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.	Advise the MEC:F	Ad hoc	PT (applicable area of responsibility)			

CHAPTER 3

MUNICIPAL REVENUE

Part 1: Municipal bank accounts

Opening of bank accounts						
7. (1) Every <i>municipality</i> must open and maintain at least one bank account in the name of the <i>municipality</i> .	As per section 5(4)(a) See section 12(2) See section 10(1)(c)	Effective 1.7.2004	PT: NFM			
(2) All money received by a <i>municipality</i> must be paid into its bank account or accounts, and this must be done promptly and in accordance with this Chapter and any	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
requirements that may be <i>prescribed</i> .						
(3) A <i>municipality</i> may not open a bank account -	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(a) abroad;	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(b) with an institution not registered as a bank in terms of the Banks Act, 1990 (Act No. 94 of 1990); or	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(c) otherwise than in the name of the <i>municipality</i> .	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(4) Money may be withdrawn from a municipal bank account only in terms of section 11(1).	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
Primary bank account	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
8. (1) A <i>municipality</i> must have a <i>primary bank account</i> . If a <i>municipality</i> -	As per section 5(4)(a) See section 10(1)(c)	Effective 1.7.2004	PT: NFM		What should be done in cases where there are separate bank accounts for operational and capital purposes? Which account should be regarded as the primary bank account?	All municipalities will designate one account as primary bank account. Take up with National Treasury intention of primary bank account versus municipal revenue fund referred to in initial MFMA Bill. Consult GAMAP/ GRAP prescripts that refers to other bank accounts.
	Website? (NT request)				How will information	PT will determine

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					on receipt by the Provincial and National Treasury be co-ordinated?	procedure to inform all provincial departments of the relevant information and will request NT to embark on a similar process with regard to national departments.
(a) has only one bank account, that account is its <i>primary bank account</i> ; or	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(b) has more than one bank account, it must designate one of those bank accounts as its <i>primary bank account</i> .	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(2) The following moneys must be paid into a <i>municipality's primary bank account</i> :	As per section 5(4)(a) See section 48(2)(b) See subsection (3) and (4)	Effective 1.7.2004	PT: NFM		No provision was made for monies received from debtors and whether it should be deposited in primary bank account or any other account?	Clarity required from NT.
(a) All <i>allocations</i> to the <i>municipality</i> , including those made to the <i>municipality</i> for transmission to a <i>municipal entity</i> or other external mechanism assisting the <i>municipality</i> in the performance of its functions;	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(b) all income received by the <i>municipality</i> on its <i>investments</i> ;	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(c) all income received by the <i>municipality</i> in connection with its interest in any <i>municipal entity</i> , including dividends;	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(d) all money collected by a <i>municipal entity</i> or other external mechanism on behalf of the	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
<i>municipality</i> ; and						
(e) any other moneys as may be <i>prescribed</i> .	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(3) A <i>municipality</i> must take all reasonable steps to ensure that all moneys referred to in subsection (2) are paid into its <i>primary bank account</i> .	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
(4) No organ of state in the national, provincial or local sphere of government may transfer an <i>allocation</i> of money referred to in subsection (2) to a <i>municipality</i> except through the <i>municipality's primary bank account</i> . All <i>allocations</i> due by an organ of state to a <i>municipal entity</i> must be made through the parent <i>municipality</i> , or if there are more than one parent <i>municipality</i> , any of those parent <i>municipalities</i> as may be agreed between the parent <i>municipalities</i> .	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM		Concern was expressed that there is no clear indication for which purpose or from whom funds are received, if all funds are paid into one account and because inadequate reference numbers/ details are used.	PT and DLG will look into matter and make proposals to address it.
					Concern was expressed re Province's requirements for separate bank accounts before processing transfer payments.	PT to consider addressing in Provincial Transfer Payment policy.
(5) The <i>accounting officer</i> of a <i>municipality</i> must submit to the <i>National Treasury</i> , the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> , in writing, the name of the bank where the <i>primary bank account</i> of the <i>municipality</i> is held, and the type and number of the account. If a <i>municipality</i> wants to change its <i>primary bank account</i> , it may do so only after the <i>accounting officer</i> has informed the <i>National Treasury</i> and the <i>Auditor-</i>	Maintain a database of <i>primary bank accounts</i> See DORA section 5(7)(b)	Effective 1.7.2004 Provisions delayed until 2005 (DORA 2004)	PT: FAM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>General</i> , in writing, at least 30 days before effecting the change.						
	As per section 5(4)(a)	Effective 1.7.2004	PT: NFM			
Bank account details to be submitted to provincial treasuries and Auditor-General						
9. The <i>accounting officer</i> of a <i>municipality</i> must submit to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> , in writing -	See section 13(3)					
(a) within 90 days after the <i>municipality</i> has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and	Maintain a database of <i>primary bank accounts</i>	Effective 1.4.2005 (Refer to DORA for interim period – 1.4.2004 to 31.03.2005)	PT: FAM			
	As per section 5(4)(a)	Effective 1.7.2005	PT: NFM			
(b) annually before the start of a <i>financial year</i> , the name of each bank where the <i>municipality</i> holds a bank account, and the type and number of each account.	Maintain a database of <i>primary bank accounts</i>	Effective 1.7.2004	PT: FAM		In which format is information required?	PT will develop format.
	As per section 5(4)(a)	Effective 1.7.2005	PT: NFM			
Control of municipal bank accounts			M			
10. (1) The <i>accounting officer</i> of a <i>municipality</i> -		Effective 1.7.2004	M		How is the banker selected, by whom and for which term?	Banking services are regarded as a service and the SCM process should be followed.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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					With reference to the proposed amendments to the NTR's, in terms of the PFMA it is intended that the term for banking services would be 5 years. A concern was expressed that in smaller municipalities the banking services purchased by it keeps the banking sector in that area viable. A 5 year term may therefore not be constructive.	Sensitise NT of possible impact on the local economy.
(a) must administer all the <i>municipality's</i> bank accounts, including a bank account referred to in section 12 or 48(2)(d);			M			
(b) is accountable to the <i>municipal council</i> for the <i>municipality's</i> bank accounts; and			M			
(c) must enforce compliance with sections 7, 8 and 11.	See subsection (2)		M			
(2) The <i>accounting officer</i> may delegate the duties referred to in subsection (1)(c) to the <i>municipality's chief financial officer</i> only.		Effective 1.7.2004	M		How is an acting CFO appointed to specifically address short term absences of CFO?	PT and DLG to consider and advise municipalities.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Withdrawals from municipal bank accounts						
11. (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> . may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -	See section 10(1)(c) See section 173(5)(c) See subsection (2)	Effective 1.7.2004	M		Confusion re interpretation of “senior financial official” as the size of CFO offices would differ. A possible recommendation could be to either define “senior financial official” or to replace “senior” with “responsible/ designated”.	Clarity required from NT.
					The use of the term “any” includes the primary bank account and it may be argued that it is in contradiction to section 11(2)	Clarity required from NT.
(a) to defray expenditure appropriated in terms of an <i>approved budget</i> ;			M			
(b) to defray expenditure authorised in terms of section 26(4);	See subsection (3) and (4)(a)		M			
(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	See subsection (3) and (4)(a)		M			
(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	See subsection (3) and (4)(a)		M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	See subsection (3) and (4)(a)		M			
(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or			M			
(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;			M			
(f) to refund money incorrectly paid into a bank account;	See subsection (3) and (4)(a)		M			
(g) to refund guarantees, sureties and <i>security</i> deposits;	See subsection (3) and (4)(a)		M			
(h) for cash management and <i>investment</i> purposes in accordance with section 13;	See subsection (3) and (4)(a)		M			
(i) to defray increased expenditure in terms of section 31; or	See subsection (3) and (4)(a)		M			
(j) for such other purposes as may be <i>prescribed</i> .	See subsection (3) and (4)(a)		????			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) Any authorisation in terms of subsection (1) to a senior financial <i>official</i> to withdraw money or to authorise the withdrawal of money from a bank account must be in accordance with a framework as may be <i>prescribed</i> . The <i>accounting officer</i> may not authorise any <i>official</i> other than the <i>chief financial officer</i> to withdraw money or to authorise the withdrawal of money from the <i>municipality's primary bank account</i> if the <i>municipality</i> has a <i>primary bank account</i> which is separate from its other bank accounts.	Obtain prescripts	Effective 1.7.2004	??????		Ambiguity with term "withdrawal" and operational implications thereof especially with reference to subsection 1 above. Is it the intention to only restrict these 'withdrawals' from primary bank account to other municipal bank accounts? If so, what is the position in cases where there is just one bank account?	Obtain clarity from National Treasury. <i>Depending on content of prescribed framework, an accounting policy/internal financial procedure policy must be adopted by council.</i>
(3) Money may be withdrawn from a bank account in terms of subsection (1)(b) to (j) without appropriation in terms of an <i>approved budget</i> .		Effective 1.7.2004	M			
(4) The <i>accounting officer</i> must within 30 days after the end of each <i>quarter</i> -		Effective 1.7.2004				
(a) table in the <i>municipal council</i> a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that <i>quarter</i> ; and			M		"consolidated report" is defined as per S11(1)(b) – (j): in which format should such reporting be done?	PT must develop and clarify a proposed reporting format with municipalities, Auditor-General and NT.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) submit a copy of the report to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> .	Maintain a database of each consolidated report (including narrative assessments reports below)	Effective 1.7.2004	PT: FAM			
	Compile narrative assessment reports	Within 14 days after the <i>prescribed</i> submission date	PT: FAM			
	Develop uniform reporting formats		PT: FAM			
Relief, charitable, trust or other funds					Concern was expressed on the flow of money as some funds are budgeted and others obtained via donations.	Guidelines required by NT.
12. (1) No <i>political structure</i> or office-bearer of a <i>municipality</i> may set up a relief, charitable, trust or other fund of whatever description except in the name of the <i>municipality</i> . Only the <i>municipal manager</i> may be the <i>accounting officer</i> of any such fund.	See section 10(1)(a) and 11(1)(d) See section 62(2)(a)	Effective 1.7.2004	M		Does this include a 'mayor's fund' prescribed by ordinance and subsequent WECLOGO guidelines? Also confirm situation with funds such as 'deputy mayor' and 'speaker' funds. It was confirmed that taxpayer money is used and not always donations and forms part of a municipality's budget.	NT guidelines/ directive required for discretionary funds (roles of mayors and officials).

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
					Is discretionary funds seen as a donation (ex a municipality)? Breede Valley municipality stated that it has adopted a policy that all donations allowed must be aligned with a municipality's functions.	NT guidelines/ directive required for "donations" (give and receive).
					Can a section 21 company be established to manage relief or charitable funds?	Clarity required from NT.
(2) A <i>municipality</i> may in terms of section 7 open a separate bank account in the name of the <i>municipality</i> for the purpose of a relief, charitable, trust or other fund.	See subsection (3) and (4)	Effective 1.7.2004	M			
(3) Money received by the <i>municipality</i> for the purpose of a relief, charitable, trust or other fund must be paid into a bank account of the <i>municipality</i> . or if a separate bank account has been opened in terms of subsection (2), into that account.		Effective 1.7.2004	M			
(4) Money in a separate account opened in terms of subsection (2) may be withdrawn from the account without appropriation in terms of an <i>approved budget</i> , but only -	See section 11(1)(d)	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(a) by or on the written authority of the <i>accounting officer</i> acting in accordance with decisions of the <i>municipal council</i> , and			M			
(b) for the purposes for which, and subject to any conditions on which, the fund was established or the money in the fund was donated.			M			
Part 2: Cash, investment and asset management						
Cash management and investments	Systems Act link S60(2)					
13. (1) The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government, may <i>prescribe</i> a framework within which <i>municipalities</i> must -	See section 11(1)(h) See subsection (2)					
(a) conduct their cash management and <i>investments</i> ; and	Obtain framework from NT	Effective 1.7.2004	PT: FAM			
(b) invest money not immediately required.	Obtain framework from NT	Effective 1.7.2004	PT: FAM			
(2) A <i>municipality</i> must establish an appropriate and effective cash management and <i>investment</i> policy in accordance with any framework that may be <i>prescribed</i> in terms of subsection (1).	Obtain <i>prescribed</i> framework	Effective 1.7.2004	PT:FAM			
	Obtain policy from <i>municipality</i>	Effective 1.7.2004	PT: FAM			
	Develop a guideline policy document to promote uniformity	Effective 1.7.2004	PT: FAM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(3) A bank where a <i>municipality</i> at the end of a <i>financial year</i> holds a bank account, or held a bank account at any time during a <i>financial year</i> , must -	PT covered under section 9	Effective 1.7.2004	Financial institutions			
(a) within 30 days after the end of that <i>financial year</i> notify the <i>Auditor-General</i> , in writing, of such bank account, including -			Financial institutions			
(i) the type and number of the account; and			Financial institutions			
(ii) the opening and closing balances of that bank account in that <i>financial year</i> ; and			Financial institutions			
(b) promptly disclose information regarding the account when so requested by the <i>National Treasury</i> or the <i>Auditor-General</i> .			Financial institutions			
(4) A bank, insurance company or other financial institution which at the end of a <i>financial year</i> holds, or at any time during a <i>financial year</i> held, an <i>investment</i> for a <i>municipality</i> , must -		Effective 1.7.2004	Financial institutions			
(a) within 30 days after the end of that <i>financial year</i> , notify the <i>Auditor-General</i> , in writing, of that <i>investment</i> , including the opening and closing balances of that <i>investment</i> in that <i>financial year</i> ; and			Financial institutions			
(b) promptly disclose information regarding the <i>investment</i> when so requested by the <i>National Treasury</i> or the <i>Auditor-General</i> .			Financial institutions			
Disposal of capital assets						
14. (1) A <i>municipality</i> may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the	See subsection (2) See section 110(3)	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
minimum level of <i>basic municipal services</i> .						
(2) A <i>municipality</i> may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the <i>municipal council</i> , in a meeting open to the public -	See subsection (4) See subsection (5) See section 75(1)(h)	Effective 1.7.2004	M		Uncertainty related to definition of “council” if it is intended to mean full council.	Clarity required from NT. Noted that CCT obtained a legal opinion in respect of when a full council is intended and when not.
(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of <i>basic municipal services</i> ; and			M			
(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.			M		How do you measure and quantify “community value”?	Clarity required from NT.
(3) A decision by a <i>municipal council</i> that a specific capital asset is not needed to provide the minimum level of <i>basic municipal services</i> , may not be reversed by the <i>municipality</i> after that asset has been sold, transferred or otherwise disposed of.		Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(4) A <i>municipal council</i> may delegate to the <i>accounting officer</i> of the <i>municipality</i> its power to make the determinations referred to in subsection (2)(a) and (b) in respect of movable capital assets below a value determined by the <i>council</i> .	See subsection (5) See section 75(1)(h)	Effective 1.7.2004	M		Latter part of section not clear. Interpreted that the Council can for instance determine that movable assets below a value, i.e. R 500 should be managed by the Accounting Officer. Such process must then still be managed as prescribed by section 14(2)(a) and (b)	NT to confirm interpretation, as the actual implications might be operationally impractical.
(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the <i>municipality</i> must have and maintain in terms of section 111.		Effective 1.7.2004	M		What happens where section 111 has been delayed (refer to Chapter 11)?	Repeal of LGTA extended until 1 July 2005. Use existing SCM policies in interim.
					Define “capital asset”?	Clarity required from NT.
(6) This section does not apply to the transfer of a capital asset to another <i>municipality</i> or to a <i>municipal entity</i> or to a national or provincial organ of state in circumstances and in respect of <i>categories</i> of assets approved by the <i>National Treasury</i> , provided that such transfers are in accordance with a <i>prescribed</i> framework.	Obtain framework from NT	Effective 1.7.2004	PT: PAM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
CHAPTER 4						
MUNICIPAL BUDGETS						
Appropriation of funds for expenditure						
15. A <i>municipality</i> may, except where otherwise provided in <i>this Act</i> , incur expenditure only -		Effective 2004/05 budget	M			
(a) in terms of an <i>approved budget</i> ; and			M			
(b) within the limits of the amounts appropriated for the different votes in an <i>approved budget</i> .		Exempted for 2004/05 financial year	M			
Annual budgets			M			
16. (1) The <i>council</i> of a <i>municipality</i> must for each <i>financial year</i> approve an annual budget for the <i>municipality</i> before the start of that <i>financial year</i> .	See subsection (2) and (3) See section 27(2)	Effective 2004/05 budget	M			
(2) In order for a <i>municipality</i> to comply with subsection (1), the <i>mayor</i> of the <i>municipality</i> must table the annual budget at a <i>council</i> meeting at least 90 days before the start of the <i>budget year</i> .	See section 17(3)	Exempted for 2004/05 financial year	M			
(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three <i>financial years</i> , provided a separate appropriation is made for each of those <i>financial years</i> .	See section 30 and 31	Effective 2004/05 budget	M			
Contents of annual budgets and supporting documents						
17. (1) An annual budget of a <i>municipality</i> must be a schedule in the <i>prescribed</i> format -	Obtain <i>prescribed</i> formats from NT	Effective 2005/06 budget	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
	See section 86(5)(e)					
(a) setting out realistically anticipated revenue for the <i>budget year</i> from each revenue source;		Exempted for 2004/05 financial year				
(b) appropriating expenditure for the <i>budget year</i> under the different votes of the <i>municipality</i> ;		Exempted for 2004/05 financial year				
(c) setting out indicative revenue per revenue source and projected expenditure by <i>vote</i> for the two <i>financial years</i> following the <i>budget year</i> ;		Effective High : 2005/06 budget Medium: Implemen- tation delayed until 30 June 2005 (Exempted for 2005/06 budget) Low : Implemen- tation delayed until 30 June 2006 (Exempted for 2006/07 budget)				
(d) setting out -						
(i) estimated revenue and expenditure by <i>vote</i> for the <i>current year</i> ; and		Exempted for 2004/05 financial year				
(ii) actual revenue and expenditure by <i>vote</i> for the <i>financial year</i> preceding the <i>current year</i> ; and		Effective High : Exempted for 2004/05 financial year Medium: Implemen- tation delayed until 30 June 2005 (Exempted for 2005/06 budget) Low : Implemen- tation delayed until 30 June				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
		2006 (Exempted for 2006/07 budget)				
(e) a statement containing any other information required by section 215(3) of the Constitution or as may be <i>prescribed</i> .	Obtain prescript from NT		PT: PF			
(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be <i>prescribed</i> .	Obtain prescript from NT See section 18(1)(c) and 19(1)(a) See section 46(6) See section 86(5)(e)	Exempted for 2004/05 financial year	PT: PF			
(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:	See section 22(a)(i)		M			
(a) Draft resolutions -		Exempted for 2004/05 financial year	M			
(i) approving the budget of the <i>municipality</i> ;	See section 24(2)(b)		M			
(ii) imposing any <i>municipal tax</i> and setting any <i>municipal tariffs</i> as may be required for the <i>budget year</i> , and			M			
(iii) approving any other matter that may be <i>prescribed</i> ;	???????					
(b) measurable performance objectives for revenue from each source and for each <i>vote</i> in the budget, taking into account the <i>municipality's</i> integrated development plan;	See section 121(3)(f)	Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2005 (Exempted for 2005/06 budget) Low : Implemen- tation delayed	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
		until 30 June 2006 (Exempted for 2006/07 budget)				
(c) a projection of cash flow for the <i>budget year</i> by revenue source, broken down per <i>month</i> ;		Exempted for 2004/05 financial year	M			
(d) any proposed amendments to the <i>municipality's</i> integrated development plan following the annual review of the integrated development plan in terms of section 34 of the <i>Municipal Systems Act</i> ;		Exempted for 2004/05 financial year	M			
(e) any proposed amendments to the <i>budget-related policies</i> of the <i>municipality</i> ;		Exempted for 2004/05 financial year	M			
(f) particulars of the <i>municipality's investments</i> ;		Exempted for 2004/05 financial year	M			
(g) any <i>prescribed</i> budget information on <i>municipal entities</i> under the sole or <i>shared control</i> of the <i>municipality</i> ;	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: PF			
(h) particulars of all proposed new <i>municipal entities</i> which the <i>municipality</i> intends to establish or in which the <i>municipality</i> intends to participate;		Exempted for 2004/05 financial year	M			
(i) particulars of any proposed <i>service delivery agreements</i> , including material amendments to existing <i>service delivery agreements</i> ;		Exempted for 2004/05 financial year	M			
(j) particulars of any proposed <i>allocations</i> or grants by the <i>municipality</i> to -		Exempted for 2004/05 financial year	M			
(i) other <i>municipalities</i> ;		Exempted for 2004/05 financial	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
		year				
(ii) any <i>municipal entities</i> and other external mechanisms assisting the <i>municipality</i> in the exercise of its functions or powers:		Exempted for 2004/05 financial year	M			
(iii) any other organs of state;		Exempted for 2004/05 financial year	M			
(iv) any organisations or bodies referred to in section 67(1):		Exempted for 2004/05 financial year	M			
(k) the proposed cost to the <i>municipality</i> for the <i>budget year</i> of the salary, allowances and benefits of -	See section 167(3)(b)	Exempted for 2004/05 financial year	M			
(i) each <i>political office-bearer</i> of the <i>municipality</i> ;		Exempted for 2004/05 financial year	M			
(ii) <i>councillors</i> of the <i>municipality</i> ; and	See section 167(3)(b)	Exempted for 2004/05 financial year	M			
(iii) the <i>municipal manager</i> , the <i>chief financial officer</i> . each <i>senior manager</i> of the <i>municipality</i> and any other <i>official</i> of the <i>municipality</i> having a remuneration package greater than or equal to that of a <i>senior manager</i> .		Exempted for 2004/05 financial year	M			
(l) the proposed cost for the <i>budget year</i> to a <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> of the salary, allowances and benefits of -		Exempted for 2004/05 financial year	M			
(i) each member of the entity's <i>board of directors</i> ; and		Exempted for 2004/05 financial year	M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) the chief executive officer and each <i>senior manager</i> of the entity; and		Exempted for 2004/05 financial year	M			
(m) any other supporting documentation as may be <i>prescribed</i> .	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: PF			
Funding of expenditure						
18. (1) An annual budget may only be funded from -		Exempted for 2004/05 financial year	M			
(a) realistically anticipated revenues to be collected;			M			
(b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and			M			
(c) borrowed funds, but only for the capital budget referred to in section 17(2).			M			
(2) Revenue projections in the budget must be realistic, taking into account -		Exempted for 2004/05 financial year	M			
(a) projected revenue for the <i>current year</i> based on collection levels to date; and			M			
(b) actual revenue collected in previous <i>financial years</i> .			M			
Capital projects						
19. (1) A <i>municipality</i> may spend money on a capital project only if -		Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2005 (Exempted for	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
		2005/06 budget) Low : Implemen- tation delayed until 30 June 2006 (Exempted for 2006/07 budget)				
(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the <i>municipality</i> , has been appropriated in the capital budget referred to in section 17(2);	See section 46(1)		M			
(b) the project, including the total cost, has been approved by the <i>council</i> ;	See subsection (2) and (3)		M			
(c) section 33 has been complied with, to the extent that that section may be applicable to the project; and			M			
(d) the sources of funding have been considered, are available and have not been committed for other purposes.			M			
(2) Before approving a capital project in terms of subsection (1)(b), the <i>council</i> of a <i>municipality</i> must consider -		Effective 2005/06 budget High 2006/07 budget Medium 2007/08 budget Low	M			
(a) the projected cost covering all <i>financial years</i> until the project is operational; and			M			
(b) the future operational costs and revenue on the project, including <i>municipal tax</i> and tariff implications.			M			
(3) A <i>municipal council</i> may in terms of subsection (1)(b) approve capital projects below a <i>prescribed</i> value either individually or as part of a consolidated capital programme.	Obtain <i>prescribed</i> value	Effective 2005/06 budget High 2006/07 budget Medium 2007/08 budget Low	???????			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Matters to be prescribed		Effective 2005/06 budget				
20. (1) The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government -		Effective 2005/06 budget				
(a) must <i>prescribe</i> the form of the annual budget of <i>municipalities</i> ; and	Obtain <i>prescribed</i> format from NT	Effective 2005/06 budget	PT: PF			
(b) may <i>prescribe</i> -	Obtain prescripts from NT	Effective 2005/06 budget	PT: PF			
(i) the form of resolutions and supporting documentation relating to the annual budget;			M			
(ii) the number of years preceding and following the <i>budget year</i> for which revenue and expenditure history or projections must be shown in the supporting documentation;			M			
(iii) inflation projections to be used with regard to the budget;			M			
(iv) uniform norms and standards concerning the setting of <i>municipal tariffs</i> , financial risks and other matters where a <i>municipality</i> uses a <i>municipal entity</i> or other external mechanism for the performance of a <i>municipal service</i> or other function;			M			
(v) uniform norms and standards concerning the budgets of <i>municipal entities</i> ; or			M			
(vi) any other uniform norms and standards aimed at promoting transparency and expenditure control.			M			
(2) The <i>Minister</i> may take appropriate steps to ensure that a <i>municipality</i> in the exercise of its fiscal powers in terms of section 229 of the Constitution does not materially and	Noted	Effective 2005/06 budget	NT			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
unreasonably prejudice -						
(a) national economic policies, particularly those on inflation, administered pricing and equity;			M			
(b) economic activities across municipal boundaries; and			M			
(c) the national mobility of goods, services, capital or labour.			M			
Budget preparation process						
21. (1) The <i>mayor of a municipality</i> must -	Develop a budget process framework See section 23(3), 35(c)(ii) and 53	Exempted for 2004/05 financial year	PT: BO			
(a) co-ordinate the processes for preparing the annual budget and for reviewing the <i>municipality's</i> integrated development plan and <i>budget-related policies</i> to ensure that the tabled budget and any revisions of the integrated development plan and <i>budget-related policies</i> are mutually consistent and credible;						
(b) at least 10 <i>months</i> before the start of the <i>budget year</i> , table in the <i>municipal council</i> a time schedule outlining key deadlines for -	Obtain budget time schedules from <i>municipalities</i>	Exempted for 2004/05 financial year	PT: BO			
(i) the preparation, tabling and approval of the annual budget;			M			
(ii) the annual review of -			M			
(aa) the integrated development plan in terms of section 34 of the <i>Municipal Systems Act</i> ; and			M			
(bb) the <i>budget-related policies</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(iii) the tabling and adoption of any amendments to the integrated development plan and the <i>budget-related policies</i> ; and			M			
(iv) any consultative processes forming part of the processes referred to in subparagraphs (i), (ii) and (iii).			M			
(2) When preparing the annual budget, the <i>mayor of a municipality</i> must -	Include in budget process framework	Exempted for 2004/05 financial year	PT: BO		Cross-reference to section 68 (administrative support).	
					Obtain clarity on roles of accounting officer and mayor relating to the administration of the budget preparation process. Except for S68 provisions, there are no original powers to the Mayor to delegate these responsibilities to the Accounting Officer.	Clarity required from NT
(a) take into account the <i>municipality's</i> integrated development plan;			M			
(b) take all reasonable steps to ensure that the <i>municipality</i> revises the integrated development plan in terms of section 34 of the <i>Municipal Systems Act</i> , taking into account realistic revenue and expenditure projections for future years;			M			
(c) take into account the national budget, the relevant provincial budget, the national			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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government's fiscal and macro-economic policy, the <i>annual Division of Revenue Act</i> and any agreements reached in the <i>Budget Forum</i> ;						
(d) consult -	See section 35(c)(i) See DORA section 5(7)(b)	Provisions delayed until 2005 (DORA 2004)	M			
(i) the relevant <i>district municipality</i> and all other <i>local municipalities</i> within the area of the <i>district municipality</i> , if the <i>municipality</i> is a <i>local municipality</i> ;			M			
(ii) all <i>local municipalities</i> within its area, if the <i>municipality</i> is a <i>district municipality</i> ;						
(iii) the relevant <i>provincial treasury</i> , and when requested, the <i>National Treasury</i> ; and	Co-ordinate the <i>mayor's</i> consultation		PT: BO			
(iv) any national or provincial organs of state, as may be <i>prescribed</i> ; and	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: BO			
(e) provide, on request, any information relating to the budget -			M			
(i) to the <i>National Treasury</i> ; and						
(ii) subject to any limitations that may be <i>prescribed</i> , to -	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: BO			
(aa) the national departments responsible for water, sanitation, electricity and any other service as may be <i>prescribed</i> ;	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: BO			
(bb) any other national and provincial organ of states, as may be <i>prescribed</i> ; and	Obtain prescript from NT	Exempted for 2004/05 financial year	PT: BO			
(cc) another <i>municipality</i> affected by the						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
budget.						
Publication of annual budgets						
22. Immediately after an annual budget is tabled in a <i>municipal council</i> , the <i>accounting officer</i> of the <i>municipality</i> must -	Include in budget process framework	Exempted for 2004/05 financial year	PT: BO			
(a) in accordance with Chapter 4 of the <i>Municipal Systems Act</i> -			M			
(i) make public the annual budget and the documents referred to in section 17(3); and			M			
(ii) invite the <i>local community</i> to submit representations in connection with the budget; and			M			
(b) submit the annual budget -	See section 28(7) DORA section 5(7)(b)	Provisions delayed until 2005 (DORA 2004)				
(i) in both printed and electronic formats to the <i>National Treasury</i> and the relevant <i>provincial treasury</i> ; and	Co-ordinate receipt of tabled budgets	Exempted for 2004/05 financial year	PT: BO or PF ???			
(ii) in either format to any <i>prescribed</i> national or provincial organs of state and to other <i>municipalities</i> affected by the budget.	Obtain <i>prescribed</i> organs of state		?????????			
Consultations on tabled budgets						
23. (1) When the annual budget has been tabled, the <i>municipal council</i> must consider any views of -	Include in budget process framework See DORA section 5(7)(b)	Provisions delayed until 2005 (DORA 2004) Exempted for 2004/05 financial year	PT: BO			
(a) the <i>local community</i> ; and						
(b) the <i>National Treasury</i> , the relevant <i>provincial treasury</i> and any provincial or national organs of state or <i>municipalities</i>	Co-ordinate and submit views on tabled budgets	Six weeks after initial tabling of budget	PT: BO or PF ???			

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which made submissions on the budget.		budget				
(2) After considering all budget submissions, the <i>council</i> must give the <i>mayor</i> an opportunity -			M			
(a) to respond to the submissions; and			M			
(b) if necessary, to revise the budget and table amendments for consideration by the <i>council</i> .			M			
(3) The <i>National Treasury</i> may issue guidelines on the manner in which <i>municipal councils</i> should process their annual budgets, including guidelines on the formation of a committee of the <i>council</i> to consider the budget and to hold public hearings.	Obtain guidelines from NT Also refer to section 21 See subsection (4) See section 28(7)	Ad hoc	PT: BO			
(4) No guidelines issued in terms of subsection (3) are binding on a <i>municipal council</i> unless adopted by the <i>council</i> .	Maintain a database of adoption of guidelines	Ad hoc	PT: BO			
Approval of annual budgets						
24. (1) The <i>municipal council</i> must at least 30 days before the start of the <i>budget year</i> consider approval of the annual budget.	Include monitoring in budget process framework	Exempted for 2004/05 financial year	PT: BO			
(2) An annual budget -						
(a) must be approved before the start of the <i>budget year</i> ;	Monitor	Exempted for 2004/05 financial year	PT: BO			
(b) is approved by the adoption by the <i>council</i> of a resolution referred to in section 17(3)(a)(i); and	Monitor	Exempted for 2004/05 financial year	PT: BO			
(c) must be approved together with the adoption of resolutions as may be necessary -	Monitor	Exempted for 2004/05 financial year	PT: BO			
(i) imposing any <i>municipal tax</i> for the <i>budget</i>			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
<i>year;</i>						
(ii) setting any <i>municipal tariffs</i> for the <i>budget year</i> ;			M			
(iii) approving measurable performance objectives for revenue from each source and for each <i>vote</i> in the budget;		Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2005 (Exempted for 2005/06 budget) Low : Implemen- tation delayed until 30 June 2006 (Exempted for 2006/07 budget)	M			
(iv) approving any changes to the <i>municipality's</i> integrated development plan; and		Exempted for 2004/05 financial year	M			
(v) approving any changes to the <i>municipality's budget-related policies</i> .			M			
(3) The <i>accounting officer</i> of a <i>municipality</i> must submit the approved annual budget to the <i>National Treasury</i> and the relevant <i>provincial treasury</i> .	Co-ordinate receipt of <i>approved budgets</i> See section 28(7)	Effective 2005/06 budget	PT: BO			
Failure to approve budget before start of <i>budget year</i>						
25. (1) If a <i>municipal council</i> fails to approve an annual budget, including, revenue-raising measures necessary to give effect to the budget, the <i>council</i> must reconsider the budget and again <i>vote</i> on the budget, or on an amended version thereof, within seven days of the <i>council</i> meeting that failed to	Monitor and inform DLG See subsection (2)	Exempted for 2004/05 financial year	PT: BO			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
approve the budget.						
(2) The process provided for in subsection (1) must be repeated until a budget, including revenue-raising measures necessary to give effect to the budget, is approved.	Monitor and inform DLG	Exempted for 2004/05 financial year	PT: BO			
(3) If a <i>municipality</i> has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day of the <i>budget year</i> , the <i>mayor</i> must immediately comply with section 55.	Monitor and inform PT	Effective 2005/06 budget	DLG			
Consequences of failure to approve budget before start of budget year						
26. (1) If by the start of the <i>budget year</i> a <i>municipal council</i> has not approved an annual budget or any revenue-raising measures necessary to give effect to the budget, the provincial executive of the relevant province must intervene in the <i>municipality</i> in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget or those revenue-raising measures are approved, including dissolving the <i>council</i> and -	Consult PT and inform and advise provincial cabinet See subsection (4) See section 136(3)	Effective 2005/06 budget	DLG			
(a) appointing an administrator until a newly elected <i>council</i> has been declared elected; and	Consult PT and inform and advise provincial cabinet	Effective 2005/06 budget	DLG			
(b) approving a temporary budget or revenue-raising measures to provide for the continued functioning of the <i>municipality</i> .	Consult PT and inform and advise provincial cabinet See subsection (3)	Effective 2005/06 budget	DLG			
(2) Sections 34(3) and (4) and 35 of the <i>Municipal Structures Act</i> apply when a provincial executive dissolves a <i>municipal</i>	Consult PT and inform and advise provincial cabinet	Effective 2005/06 budget	DLG			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
<i>council.</i>	cabinet					
(3) When approving a temporary budget for a <i>municipality</i> in terms of subsection (1)(b), the provincial executive is not bound by any provision relating to the budget process applicable to a <i>municipality</i> in terms of <i>this Act</i> or other legislation. Such a budget must, after the intervention has ended, be replaced by a budget approved by the newly elected <i>council</i> , provided that the provisions of this Chapter relating to annual budgets are substantially complied with in line with any revised time frames approved by the <i>MEC for finance</i> in the province.	Consult PT and inform and advise provincial cabinet	Effective 2005/06 budget	DLG			
	Advise MECF on revised timeframes	Ad hoc	PT: BO			
(4) Until a budget for the <i>municipality</i> is approved in terms of subsection (1), funds for the requirements of the <i>municipality</i> may, with the approval of the <i>MEC for finance</i> in the province, be withdrawn from the <i>municipality's</i> bank accounts in accordance with subsection (5).	Advise MEC:F and inform DLG of approval See section 11(1)(b) See subsection (5) and (6)	Effective 2004/05 budget	PT:PF			
(5) Funds withdrawn from a <i>municipality's</i> bank accounts in terms of subsection (4) -	See subsection (4) and (6)	Effective 2004/05 budget				
(a) may be used only to defray current and capital expenditure in connection with votes for which funds were appropriated in the <i>approved budget</i> for the previous <i>financial year</i> , and	Monitor	Effective 2004/05 budget	PT: PF			
(b) may not -	Monitor	Effective 2004/05 budget	PT: PF			
(i) during any <i>month</i> , exceed eight per cent of the total amount appropriated in that <i>approved budget</i> for current expenditure,	Monitor	Effective 2004/05 budget	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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which percentage must be scaled down proportionately if revenue flows are not at least at the same level as the previous <i>financial year</i> ; and						
(ii) exceed the amount actually available.	Monitor	Effective 2004/05 budget	PT: PF			
(6) The funds provided for in subsection (4) are not additional to funds appropriated for the <i>budget year</i> , and any funds withdrawn in terms of subsection (5) must be regarded as forming part of the funds appropriated in a subsequently approved annual budget for the <i>budget year</i> .	Monitor	Effective 2004/05 budget	PT: PF			
Non-compliance with provisions of this Chapter						
27. (1) The <i>mayor</i> of a <i>municipality</i> must, upon becoming aware of any impending non-compliance by the <i>municipality</i> of any provisions of <i>this Act</i> or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes, inform the <i>MEC for finance</i> in the province, in writing, of such impending non-compliance.	Include monitoring in budget process framework	Effective 1.7.2004	PT: BO			
(2) If the impending non-compliance pertains to a time provision, except section 16(1), the <i>MEC for finance</i> may, on application by the <i>mayor</i> and on good cause shown, extend any time limit or deadline contained in that provision, provided that no such extension may compromise compliance with section 16(1). An <i>MEC for finance</i> must -	Advise MEC:F on application for time extension	Effective 1.7.2004	PT: BO			
(a) exercise the power contained in this subsection in accordance with a <i>prescribed</i>	Obtain <i>prescribed</i> framework from NT	Effective 1.7.2004	PT: BO			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
framework; and						
(b) promptly notify the <i>National Treasury</i> , in writing, of any extensions given in terms of this subsection, together with the name of the <i>municipality</i> and the reasons.	Notify NT and DLG	Effective 1.7.2004	PT: BO			
(3) The <i>mayor of a municipality</i> must, upon becoming aware of any actual non-compliance by the <i>municipality</i> of a provision of this Chapter, inform the <i>council</i> , the <i>MEC for finance</i> and the <i>National Treasury</i> , in writing, of -	Include monitoring in budget process framework	Effective 1.7.2004	PT: BO			
(a) such non-compliance; and						
(b) any remedial or corrective measures the <i>municipality</i> intends to implement to avoid a recurrence.	Advise on proposed remedial and corrective measures	Effective 1.7.2004	PT: BO			
(4) Non-compliance by a <i>municipality</i> with a provision of this Chapter relating to the budget process or a provision in any legislation relating to the approval of a <i>budget-related policy</i> , does not affect the validity of an annual or adjustments budget.	Noted					
(5) The provincial executive may intervene in terms of the appropriate provision section 139 of the Constitution if a <i>municipality</i> cannot or does not comply with a provision of this Chapter, including a provision relating to process.	Consult PT and inform and advise provincial cabinet	Effective 1.7.2004	DLG			
Municipal adjustments budgets						
28. (1) A <i>municipality</i> may revise an approved annual budget through an adjustments budgets.	Develop an adjustments budget process framework	Effective 2004/05 budget	PT: PF		The frequency of an adjustments budget must be clarified (refer to sub-section 4).	Delayed to 1 July 2005. To obtain clarity from National

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					What is linkage with processes prescribed in section 21 (also see section 29)? Refer to S69.	Treasury.
(2) An adjustments budget -					Adjustments will be submitted to council during the year for approval to be taken up in an adjustments budget after mid-year review. Can adjustments be submitted to Council during the year for approval, and be taken up in an adjustments budget after the mid-year review?	Clarity required from NT
(a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the <i>current year</i> ;						
(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;	See subsection (4)				Shifting of funds in multi-year projections – bringing funds forward.	Refer to section 31-execution must be reflected in the adjustments budget.
(c) may, within a <i>prescribed</i> framework,	Obtain <i>prescribed</i>	Effective 2004/05	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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authorise unforeseeable and unavoidable expenditure recommended by the <i>mayor</i> of the <i>municipality</i> ;	framework from NT	budget				
(d) may authorise the utilisation of projected savings in one <i>vote</i> towards spending under another <i>vote</i> ;	Obtain <i>prescribed</i> framework from NT				Virement rules? <ul style="list-style-type: none"> • Practical gaps (operational/ capital). • A gap between spending of expenditure authorized in the meantime by the council until it has been appropriated for in an adjustment s budget. • Authorisation arrangements. See also S15 (flexibility to virement within a vote).	Clarity required from NT.
(e) may authorise the spending of funds that were unspent at the end of the past <i>financial year</i> where the under-spending could not reasonably, have been foreseen at the time to include projected roll-overs when the annual	Obtain <i>prescribed</i> framework from NT					

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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budget for the <i>current year</i> by the <i>council</i> ;						
(f) may correct any errors in the annual budget; and	Obtain <i>prescribed</i> framework from NT				Define/explain 'errors', does it, for example, include shifts within a vote?	Clarity required from NT.
(g) may provide for any other expenditure within a <i>prescribed</i> framework.	Obtain <i>prescribed</i> framework from NT	Effective 2005/06 budget	PT: PF		Will this framework provide for the late allocation of additional funds from other spheres of government?	Check other legislation such as DORA and inform NT of this probability.
(3) An adjustments budget must be in a <i>prescribed</i> form.	Obtain <i>prescribed</i> format from NT	Effective 2005/06 budget	PT: PF			
(4) Only the <i>mayor</i> may table an adjustments budget in the <i>municipal council</i> , but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any <i>prescribed</i> limitations as to timing or frequency.	Obtain <i>prescribed</i> limitations from NT	Effective 2005/06 budget	PT: PF		Link with section 72(3).	
(5) When an adjustments budget is tabled, it must be accompanied by -		Effective 2005/06 budget	M			
(a) an explanation how the adjustments budget affects the annual budget;			M			
(b) a motivation of any material changes to the annual budget;			M			
(c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two <i>financial years</i> ; and			M			
(d) any other supporting documentation that may be <i>prescribed</i> .	Obtain <i>prescribed</i> framework from NT	Effective 2004/05 budget	PT: PF			
(6) <i>Municipal tax</i> and tariffs may not be						

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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increased during a <i>financial year</i> except when required in terms of a <i>financial recovery plan</i> .						
(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read a reference to an adjustments budget.	Same actions apply in relevant sections (use similar approach as in the case of the annual budget process framework and monitoring)	Effective 2005/06 budget	PT:PF		What is operational impact? It is interpreted that no consultation processes are required, only reporting.	No consultation processes, only for reporting. Clarity required from NT.
Unforeseen and unavoidable expenditure						
29. (1) The <i>mayor</i> of a <i>municipality</i> may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an <i>approved budget</i> .	See section 11(1)(c)		M		Possible conflict with S28(2)(c).	Clarity required from NT.
(2) Any such expenditure -						
(a) must be in accordance with any framework that may be <i>prescribed</i> ;	Obtain <i>prescribed</i> framework from NT	Effective 1.7.2004	PT: PF			
(b) may not exceed a <i>prescribed</i> percentage of the approved annual budget;	Obtain <i>prescribed</i> percentage from NT	Effective 1.7.2004	PT: PF			
(c) must be reported by the <i>mayor</i> to the <i>municipal council</i> at its next meeting;						
(d) must be appropriated in an adjustments budget.						
(3) If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 applies.	Monitor	Effective 1.7.2004	PT: PF			

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Unspent funds						
30. The appropriation of funds in an annual or adjustments budget lapses to the extent that those funds are unspent at the end of the <i>financial year</i> to which the budget relates, except in the case of an appropriation for expenditure made for a period longer than that <i>financial year</i> in terms of section 16(3).	Monitor	Effective 2004/05 budget	PT: PF			
Shifting of funds between multi-year appropriations						
31. When funds for a capital programme are appropriated in terms of section 16(3) for more than one <i>financial year</i> , expenditure for that programme during a <i>financial year</i> may exceed the amount of that year's appropriation for that programme, provided that -	See section 11(1)(i)	Exempted for 2004/05 financial year	PT: PF			
(a) the increase does not exceed 20 per cent of that year's appropriation for the programme;	Monitor	Exempted for 2004/05 financial year	PT: PF			
(b) the increase is funded within the following year's appropriation for that programme;	Monitor	Exempted for 2004/05 financial year	PT: PF			
(c) the <i>municipal manager</i> certifies that -	Monitor	Exempted for 2004/05 financial year	PT: PF			
(i) actual revenue for the <i>financial year</i> is expected to exceed budgeted revenue; and	Monitor	Exempted for 2004/05 financial year	PT: PF			
(ii) sufficient funds are available for the increase without incurring further borrowing beyond the annual budget limit;	Monitor	Exempted for 2004/05 financial year	PT: PF			

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(d) prior written approval is obtained from the <i>mayor</i> for the increase; and	Monitor	Exempted for 2004/05 financial year	PT: PF			
(e) the documents referred to in paragraphs (c) and (d) are submitted to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> .	Monitor	Exempted for 2004/05 financial year	PT: PF			
Unauthorised, irregular or fruitless and wasteful expenditure						
32. (1) Without limiting liability in terms of the common law or other legislation -	Develop procedural guidelines to identify and confirm irregular, fruitless, wasteful and <i>unauthorised expenditure</i> (see section 171) See definitions on fruitless and wasteful and irregular spending See section 29(3)	Effective 2004/05 budget	PT: NFM			
(a) a <i>political office-bearer</i> of a <i>municipality</i> is liable for <i>unauthorised expenditure</i> if that office-bearer knowingly or after having been advised by the <i>accounting officer</i> of the <i>municipality</i> that the expenditure is likely to result in <i>unauthorised expenditure</i> , instructed an <i>official</i> of the <i>municipality</i> to incur the expenditure;	Noted		M		What is the process/criteria to determine liability for unauthorised expenditure?	Clarity required from NT.

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					Except for S14(4), no original provision is made in the Act for the Mayor or councilors to delegate or instruct officials. The provision in this section is contradictory with the latter, refer to “instructed an <i>official</i> of the <i>municipality</i> to incur the expenditure”.	NT must note and clarify this contradiction.
(b) the <i>accounting officer</i> is liable for <i>unauthorised expenditure</i> deliberately or negligently incurred by the <i>accounting officer</i> , subject to subsection (3);	Noted		M			
(c) any <i>political office-bearer</i> or <i>official</i> of a <i>municipality</i> who deliberately or negligently committed, made or authorised an <i>irregular expenditure</i> , is liable for that expenditure; or	Noted		M			
(d) any <i>political office-bearer</i> or <i>official</i> of a <i>municipality</i> who deliberately or negligently made or authorised a <i>fruitless and wasteful expenditure</i> is liable for that expenditure.	Noted		M			
(2) A <i>municipality</i> must recover unauthorised, irregular or <i>fruitless and wasteful expenditure</i> from the person liable for that expenditure unless the expenditure -	Noted See subsection (5)	Effective 2004/05 budget	M			
(a) in the case of <i>unauthorised expenditure</i> , is -			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(i) authorised in an adjustments budget; or			M			
(ii) certified by the <i>municipal council</i> , after investigation by a <i>council</i> committee, as irrecoverable and written off by the <i>council</i> ; and			M			
(b) in the case of irregular or <i>fruitless and wasteful expenditure</i> , is, after investigation by a <i>council</i> committee, certified by the <i>council</i> as irrecoverable and written off by the <i>council</i> .			M			
(3) If the <i>accounting officer</i> becomes aware that the <i>council</i> , the <i>mayor</i> or the executive committee of the <i>municipality</i> , as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or <i>fruitless and wasteful expenditure</i> , the <i>accounting officer</i> is not liable for any ensuing unauthorised, irregular or <i>fruitless and wasteful expenditure</i> provided that the <i>accounting officer</i> has informed the <i>council</i> , the <i>mayor</i> or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or <i>fruitless and wasteful expenditure</i> .	Noted See subsection (1)(b)	Effective 2004/05 budget	M			
(4) The <i>accounting officer</i> must promptly inform the <i>mayor</i> , the <i>MEC for local government</i> in the province and the <i>Auditor-General</i> , in writing, of -	Monitor	Effective 2004/05 budget	DLG			
(a) any unauthorised, irregular or <i>fruitless and wasteful expenditure</i> incurred by the <i>municipality</i> ;	Monitor	Effective 2004/05 budget	DLG			
(b) whether any person is responsible or under investigation for such unauthorised, irregular or <i>fruitless and wasteful expenditure</i> ; and	Monitor	Effective 2004/05 budget	DLG			

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(c) the steps that have been taken -	Monitor	Effective 2004/05 budget	DLG			
(i) to recover or rectify such expenditure; and	Monitor	Effective 2004/05 budget	DLG			
(ii) to prevent a recurrence of such expenditure.	Monitor	Effective 2004/05 budget	DLG			
(5) The writing off in terms of subsection (2) of any unauthorised, irregular or <i>fruitless and wasteful expenditure</i> as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of <i>this Act</i> relating to such unauthorised, irregular or <i>fruitless and wasteful expenditure</i> .	Noted See subsection (7)	Effective 2004/05 budget				
(6) The <i>accounting officer</i> must report to the South African Police Service all cases of alleged -	Monitor	Effective 2004/05 budget	DLG			
(a) <i>irregular expenditure</i> that constitute a criminal offence; and						
(b) theft and fraud that occurred in the <i>municipality</i> .						
(7) The <i>council of a municipality</i> must take all reasonable steps to ensure that all cases referred to in subsection (6) are reported to the South African Police Service if -	Monitor	Effective 2004/05 budget	DLG			
(a) the charge is against the <i>accounting officer</i> , or						
(b) the <i>accounting officer</i> fails to comply with that subsection.						
(8) The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government, may regulate the application of	Obtain regulations from NT	Effective 2004/05 budget	DLG			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
this section by regulation in terms of section 168.						
Contracts having future budgetary implications						
33. (1) A <i>municipality</i> may enter into a contract which will impose financial obligations on the <i>municipality</i> beyond a <i>financial year</i> , but if the contract will impose financial obligations on the <i>municipality</i> beyond the three years covered in the annual budget for that <i>financial year</i> , it may do so only if -	See section 120(7) See section 43(3) See section 19(1)(c) See subsection (2) and (3)(a) See section 75(i) See section 120(7)	Effective 2005/06 budget High 2006/07 budget Medium 2007/08 budget Low				
	Maintain database on contracts beyond 3 years with financial implications	????? (NT)	PT: RA			
(a) the <i>municipal manager</i> , at least 60 days before the meeting of the <i>municipal council</i> at which the contract is to be approved -					Possible constraining implications between urgency in obtaining services and long consultation process (example leasing of property and photocopying machines).	Clarity required from NT.
(i) has, in accordance with section 21A of the <i>Municipal Systems Act</i> -			M			
(aa) made public the draft contract and an information statement summarising the <i>municipality's</i> obligations in terms of the proposed contract; and			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(bb) invited the <i>local community</i> and other interested persons to submit to the <i>municipality</i> comments or representations in respect of the proposed contract; and			M			
(ii) has solicited the views and recommendations of -						
(aa) the <i>National Treasury</i> and the relevant <i>provincial treasury</i> ;	Provide views and make recommendations	??????? (NT)	PT: RA			
(bb) the national department responsible for local government; and						
(cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be <i>prescribed</i> , the responsible national department;	?????????					
(b) the <i>municipal council</i> has taken into account -						
(i) the <i>municipality's</i> projected financial obligations in terms of the proposed contract for each <i>financial year</i> covered by the contract;			M			
(ii) the impact of those financial obligations on the <i>municipality's</i> future <i>municipal tariffs</i> and revenue;			M			
(iii) any comments or representations on the proposed contract received from the <i>local community</i> and other interested persons; and			M			
(iv) any written views and recommendations on the proposed contract by the <i>National Treasury</i> , the relevant <i>provincial treasury</i> , the national department responsible for local government and any national department referred to in paragraph (a)(ii)(cc); and	Monitor	????????? (NT)	PT: RA			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(c) the <i>municipal council</i> has adopted a resolution in which -						
(i) it determines that the <i>municipality</i> will secure a significant capital <i>investment</i> or will derive a significant financial economic or financial benefit from the contract;			M			
(ii) it approves the entire contract exactly as it is to be executed; and			M			
(iii) it authorises the <i>municipal manager</i> to sign the contract on behalf of the <i>municipality</i> .			M			
(2) The process set out in subsection (1) does not apply to -			M			
(a) contracts for long-term <i>debt</i> regulated in terms of section 46(3);			M			
(b) employment contracts; or			M			
(c) contracts -						
(i) for <i>categories</i> of goods as may be <i>prescribed</i> ; or	Obtain <i>prescribed categories</i> from NT	???????? (NT)	PT: RA			
(ii) in terms of which the financial obligation on the <i>municipality</i> is below -						
(aa) a <i>prescribed</i> value; or	Obtain <i>prescribed</i> values from NT	???????? (NT)	PT: RA			
(bb) a <i>prescribed</i> percentage of the <i>municipality's approved budget</i> for the year in which the contract is concluded.	Obtain <i>prescribed</i> percentage from NT	???????? (NT)	PT: RA			
(3) (a) All contracts referred to in subsection (1) and all other contracts that impose a financial obligation on a <i>municipality</i> -	See section 75(i)		M			
(i) must be made available in their entirety to the <i>municipal council</i> ; and			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).			M			
(b) Paragraph (a)(i) does not apply to contracts in respect of which the financial obligation on the <i>municipality</i> is below a <i>prescribed</i> value.	Obtain <i>prescribed</i> values		PT: RA			
(4) This section may not be read as exempting the <i>municipality</i> from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.			M			

CHAPTER 5

CO-OPERATIVE GOVERNMENT

Capacity building						
34. (1) The national and provincial governments must by agreement assist <i>municipalities</i> in building the capacity of <i>municipalities</i> for efficient, effective and transparent financial management.	Draft and conclude agreements with <i>municipalities</i> (in which “assist” is properly defined). Refer to S154(1) of Constitution	Effective 1.7.2004	PT and DLG joint effort			
(2) The national and provincial governments must support the efforts of <i>municipalities</i> to identify and resolve their financial problems.	Define “support” and determine current support	Effective 1.7.2004	PT and DLG joint effort			
	Develop step-by-step interventions guide (see chapter 13)					
(3) When performing its monitoring function in terms of section 155(6) of the Constitution, a		Effective 1.7.2005				

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
provincial government -						
(a) must share with a <i>municipality</i> the results of its monitoring to the extent that those results may assist the <i>municipality</i> in improving its financial management;	Determine and establish sharing mechanisms of results, eg: Municipal Treasury/CFO Forum	Effective 1.7.2005	PT and DLG joint effort			
(b) must, upon detecting any emerging or impending financial problems in a <i>municipality</i> , alert the <i>municipality</i> to those problems; and	Determine early warning systems and evaluate functionality and effectiveness thereof	Effective 1.7.2005	PT and DLG joint effort			
(c) may assist the <i>municipality</i> to avert or resolve financial problems.	Define “assist” and determine current assistance	Effective 1.7.2005	PT and DLG joint effort			
(4) Non-compliance with this section or any other provision of <i>this Act</i> by the national or a provincial government does not affect the responsibility of a <i>municipality</i> , its <i>political structures</i> , <i>political office-bearers</i> and <i>officials</i> to comply with <i>this Act</i> .	Noted	Effective 1.7.2004				
Promotion of co-operative government by national and provincial institutions						
35. National and provincial departments and public entities must -	Obtain clarity whether PT's are included as <i>provincial departments</i>	Effective 1.7.2004	PT: NFM			
(a) in their fiscal and financial relations with the local sphere of government, promote co-operative government in accordance with Chapter 3 of the Constitution;	Noted					
(b) promptly meet their financial commitments towards <i>municipalities</i> ;	Develop municipal reporting format for defaulting institutions (part of IYM report) and	Effective 1.7.2004	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
	notify NT (See DORA) See section 64(3)					
(c) provide timely information and assistance to <i>municipalities</i> to enable <i>municipalities</i> -						
(i) to plan properly, including in developing and revising their integrated development plans, and	Assess IDP's from a provincial budgetary and socio-economic perspective (refer section 21(2)(d))	Effective 1.7.2004	PT: BO and MEA			
	Assess IDP's from a integrated planning perspective	Effective 1.7.2004	DLG			
(ii) to prepare their budgets in accordance with the processes set out in Chapter 4 of <i>this Act</i> , and	Include in budget process framework – see section 21	Effective 1.7.2004	PT: BO			
(d) comply with the <i>Public Finance Management Act</i> , the <i>annual Division of Revenue Act</i> and the Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997), to the extent that those Acts regulate intergovernmental relations with the local sphere of government.	Determine and develop monitoring mechanisms	Effective 1.7.2004	PT: NFM			
National and provincial allocations to municipalities						
36. (1) In order to provide predictability and certainty about the sources and levels of intergovernmental funding for <i>municipalities</i> , the <i>accounting officer</i> of a national or <i>provincial department</i> and the accounting authority of a national or provincial public entity responsible for the transfer of any proposed <i>allocations</i> to a <i>municipality</i> , must by no later than 20 January of each year notify the <i>National Treasury</i> or the relevant <i>provincial treasury</i> , as may be appropriate, of	Obtain clarity with regard to NT involvement in respect of notification of national <i>allocations</i> See section 37(2) See DORA section 17(3) and 12(2)	Effective 2005/06 budget Provisions delayed until 2005 (DORA 2004)	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
all proposed <i>allocations</i> , and the projected amounts of those <i>allocations</i> , to be transferred to each <i>municipality</i> during each of the next three <i>financial years</i> .						
	Establish notification procedures and formats as part of budget process, inclusive of monitoring	Effective 2005/06 budget	PT: PF			
(2) The <i>Minister</i> or the MEC responsible for finance in a province must, to the extent possible, when tabling the national annual budget in the National Assembly or the provincial annual budget in the provincial legislature, make public particulars of any <i>allocations</i> due to each <i>municipality</i> in terms of that budget, including the amount to be transferred to the <i>municipality</i> during each of the next three <i>financial years</i> .	Establish procedures for the publication of particulars i.e. budget documentation and/or per gazette (DORA interim arrangement)		PT: PF			
Promotion of co-operative government by municipalities						
37. (1) Municipalities must-						
(a) in their fiscal and financial relations with the national and provincial spheres of government and other <i>municipalities</i> , promote co-operative government in accordance with Chapter 3 of the Constitution and the Intergovernmental Fiscal Relations Act;	Noted See subsection (2) and (4)	Effective 2005/06 budget	M			
(b) provide budgetary and other financial information to relevant <i>municipalities</i> and national and provincial organs of state; and	Noted See subsection (2) and (4)	Effective 2005/06 budget	M			
(c) promptly meet all financial commitments towards other <i>municipalities</i> or national and provincial organs of state.	Noted	Effective 2005/06 budget	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) In order to enable <i>municipalities</i> to include <i>allocations</i> from other <i>municipalities</i> in their budgets and to plan effectively for the spending of such <i>allocations</i> , the <i>accounting officer</i> of a <i>municipality</i> responsible for the transfer of any <i>allocation</i> to another <i>municipality</i> must, by no later than 120 days before the start of its <i>budget year</i> , notify the receiving <i>municipality</i> of the projected amount of any <i>allocation</i> proposed to be transferred to that <i>municipality</i> during each of the next three <i>financial years</i> .	Monitor as per section 36(1)	Exempted for 2004/05 financial year	PT: PF			
Stopping of funds to municipalities						
38. (1) The <i>National Treasury</i> may stop -						
(a) the transfer of funds due to a <i>municipality</i> as its share of the local government's equitable share referred to in section 214(1)(a) of the Constitution, but only if the <i>municipality</i> commits a serious or persistent breach of the measures established in terms of section 216(1) of the Constitution; or	Include in any early warning monitoring system See section 39(1) and (2) See section 40	Effective 1.4.2005	PT: PF			
(b) the transfer of funds due to a <i>municipality</i> as an <i>allocation</i> referred to in section 214(1)(c) of the Constitution, but only if the <i>municipality</i> or the <i>municipal entity</i> for which the funds are destined -						
(i) commits a serious or persistent breach of the measures established in terms of section 216(1) of the Constitution; or						
(ii) breaches or fails to comply with any conditions subject to which the <i>allocation</i> is made.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) Before the <i>National Treasury</i> stops the transfer of funds to a <i>municipality</i> in terms of subsection (1)(a) or (b), it must -	Include in any early warning monitoring system	Effective 1.4.2005	PT: PF			
(a) give the <i>municipality</i> an opportunity to submit written representations with regard to the proposed stopping of the funds;						
(b) inform the <i>MEC for local government</i> in the province; and						
(c) consult the Cabinet member responsible for the national department making the transfer.						
(3) If the stopping of funds in terms of subsection (1)(a) or (b) affects the provision of <i>basic municipal services</i> in the <i>municipality</i> , the provincial executive must monitor the continuation of those services. Section 139 of the Constitution applies if the <i>municipality</i> cannot or does not fulfil its obligations with regard to the provision of those services.	Consult PT and advise provincial cabinet on monitoring obligation	Ad hoc	DLG			
(4) When considering whether to stop the transfer of funds to a <i>municipality</i> in terms of subsection (1)(a) or (b)(i), the <i>National Treasury</i> must take into account all relevant facts, including -	See section 5(8)	Ad hoc	????			
(a) the <i>municipality's</i> compliance with the requirements of <i>this Act</i> , in particular those relating to -						
(i) annual <i>financial statements</i> , including the submission to the <i>Auditor-General</i> of its annual <i>financial statements</i> ; and						
(ii) budgets, including the submission of information on the budget and implementation of the budget to the <i>National Treasury</i> and						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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the relevant <i>provincial treasury</i> ; and						
(b) the <i>municipality's</i> co-operation with other <i>municipalities</i> on fiscal and financial matters, in the case of district and <i>local municipalities</i> .						
Stopping of equitable share allocations to municipalities						
39. (1) A decision by the <i>National Treasury</i> to stop the transfer to a <i>municipality</i> of funds referred to in section 38(1)(a) -	Monitor in liaison with NT and DLG	Effective 1.4.2005	PT: PF			
(a) lapses after the expiry of 120 days, subject to approval of the decision in terms of paragraph (b) of this subsection and renewal of the decision in terms of subsection (2); and						
(b) may be enforced immediately, but will lapse retrospectively unless Parliament approves it following a process substantially the same as that established in terms of section 75 of the Constitution, and <i>prescribed</i> by the joint rules and orders of Parliament. This process must be completed within 30 days of the decision by the <i>National Treasury</i> to stop the transfer of the funds.	Obtain joint rules and orders of Parliament See subsection (2)		???????			
(2) Parliament may renew a decision to stop the transfer of funds referred to in section 38(1)(a) for no more than 120 days at a time, following the process established in terms of subsection (1)(b) of this section.	Monitor in liaison with NT and DLG See subsection (1)(a)	Effective 1.4.2005	PT: PF			
(3) Before Parliament approves or renews a decision to stop the transfer of funds to a <i>municipality</i> -	Monitor in liaison with NT and DLG	Effective 1.4.2005	PT: PF			
(a) the <i>Auditor-General</i> must report to Parliament, if requested to do so by Parliament; and						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) the <i>municipality</i> must be given an opportunity to answer the allegations against it, and to state its case, before a committee.						
Stopping of other allocations to municipalities						
40. If the transfer of funds to a <i>municipality</i> has been stopped in terms of section 38(1)(b) for the rest of the relevant <i>financial year</i> , the <i>accounting officer</i> of the national or <i>provincial department</i> responsible for the transfer must reflect such stopping of funds, together with reasons, in the annual <i>financial statements</i> of the department.	Provincial early warning system must include the stopping of the transfer of funds	Effective 1.4.2005	PT: PF			
	Develop monitoring mechanisms to confirm inclusion in AFS	Effective 1.4.2005	PT: A			
Monitoring of prices and payments for bulk resources						
41. (1) The <i>National Treasury</i> must monitor -	Noted	Effective 1.4.2005	NT			
(a) the pricing structure of organs of state for the supply of electricity, water or any other bulk resources that may be <i>prescribed</i> , to <i>municipalities</i> and <i>municipal entities</i> for the provision of <i>municipal services</i> ; and	????????					
(b) payments made by <i>municipalities</i> and <i>municipal entities</i> for such bulk resources.						
(2) Each organ of state providing such bulk resources to a <i>municipality</i> must within 15 days after the end of each <i>month</i> furnish the <i>National Treasury</i> with a written statement setting out, for each <i>municipality</i> or for each <i>municipal entity</i> providing <i>municipal services</i> on behalf of such <i>municipalities</i> -	Noted	Effective 1.4.2005	NT			

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(a) the amount to be paid by the <i>municipality</i> or <i>municipal entity</i> for such bulk resources for that <i>month</i> , and for the <i>financial year</i> up to the end of that <i>month</i> ;						
(b) the arrears owing and the age profile of such arrears; and						
(c) any actions taken by that organ of state to recover arrears.						
Price increases of bulk resources for provision of municipal services						
42. (1) If a national or provincial organ of state which supplies water, electricity or any other bulk resource as may be <i>prescribed</i> , to a <i>municipality</i> or <i>municipal entity</i> for the provision of a <i>municipal service</i> , intends to increase the price of such resource for the <i>municipality</i> or <i>municipal entity</i> , it must first submit the proposed amendment to its pricing structure -	Not applicable to WC See subsection (2)					
(a) to its executive authority within the meaning of the <i>Public Finance Management Act</i> ; and	See subsection (2) and (3)					
(b) to any regulatory agency for approval, if national legislation requires such approval.	See subsection (2) and (3)					
(2) The organ of state referred to in subsection (1) must, at least 40 days before making a submission in terms of subsection (1)(a) or (b), request the <i>National Treasury</i> and <i>organised local government</i> to provide written comments on the proposed amendment.	Not applicable to WC					
(3) Any submission in terms of subsection	Not applicable to WC					

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(1)(a) or (b) must be accompanied by -	See subsection (4)					
(a) a motivation of the reasons for the proposed amendment;						
(b) an explanation of how the amendment takes account of -						
(i) the national government's inflation targets and other macroeconomic policy objectives;						
(ii) steps taken by the organ of state to improve its competitiveness or efficiency in order to reduce costs;						
(iii) any objectives or targets as outlined in any corporate or other governance plan applicable to that organ of state;						
(c) any written comments received from the <i>National Treasury, organised local government</i> or any <i>municipalities</i> ; and						
(d) an explanation of how such comments have been taken into account.						
(4) The executive authority of the organ of state must table the amendment and the documents referred to in subsection (3) in Parliament or the relevant provincial legislature, as may be appropriate.	Not applicable to WC					
(5) Unless approved otherwise by the <i>Minister</i> , an amendment to a pricing structure which is tabled in Parliament or the relevant provincial legislature -	Not applicable to WC					
(a) on or before 15 March in any year, does not take effect for the affected <i>municipalities</i> or <i>municipal entities</i> before 1 July in that year; or						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) after 15 March in any year, does not take effect for the affected <i>municipalities</i> or <i>municipal entities</i> before 1 July the next year.						
Applicability of tax and tariff capping on <i>municipalities</i>						
43. (1) If a national or provincial organ of state in terms of a power contained in any national or provincial legislation determines the upper limits of a <i>municipal tax</i> or tariff, such determination takes effect for <i>municipalities</i> on a date specified in the determination.	Develop a monitoring mechanism See subsection (2) and (3)	Effective 1.7.2004	PT: RA			
(2) Unless the <i>Minister</i> on good grounds approves otherwise, the date specified in a determination referred to in subsection (1) may -	Develop a monitoring mechanism	Effective 1.7.2004	PT: RA			
(a) if the determination was promulgated on or before 15 March in a year, not be a date before 1 July in that year; or						
(b) if the determination was promulgated after 15 March in a year, not be a date before 1 July in the next year.						
(3) If a <i>municipality</i> has in accordance with section 33 or 46(3) entered into a contract which provides for an annual or other periodic escalation of payments to be made by the <i>municipality</i> under the contract, no determination in terms of a power referred to in subsection (1) of the upper limits of a <i>municipal tax</i> or tariff applies to that <i>municipality</i> in so far as such upper limits would impair the <i>municipality's</i> ability to meet the escalation of its payments under the contract.	Develop a monitoring mechanism	Effective 1.7.2004	PT: RA			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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Disputes between organs of state						
44. (1) Whenever a dispute of a financial nature arises between organs of state. The parties concerned must as promptly as possible take all reasonable steps that may be necessary to resolve the matter out of court.	Include information of disputes in IYM See subsection (1)	Effective 1.7.2004	PT: PF and inform DLG			
(2) If the <i>National Treasury</i> is not a party to the dispute, the parties -	Include information of disputes in IYM See subsection (3)	Effective 1.7.2004	PT: PF and inform DLG			
(a) must report the matter to the <i>National Treasury</i> ; and						
(b) may request the <i>National Treasury</i> to mediate between the parties or to designate a person to mediate between them.						
(3) If the <i>National Treasury</i> accedes to a request in terms of subsection (2), the <i>National Treasury</i> may determine the mediation process.	Include information of disputes in IYM	Effective 1.7.2004	PT: PF and inform DLG			
(4) This section only applies if at least one of the organs of state referred to in subsection (1) is a <i>municipality</i> or <i>municipal entity</i> .	Include information of disputes in IYM	Effective 1.7.2004	PT: PF and inform DLG			
CHAPTER 6						
DEBT						
Short-term debt	See section 108(1)(b)					
45. (1) A <i>municipality</i> may incur short-term <i>debt</i> only in accordance with and subject to the provisions of <i>this Act</i> and only when necessary to bridge -	Include in IYM See section 47	Effective 1.7.2004	PT: RA			

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	See section 108					
(a) shortfalls within a <i>financial year</i> during which the <i>debt</i> is incurred, in expectation of specific and realistic anticipated income to be received within that <i>financial year</i> ; or						
(b) capital needs within a <i>financial year</i> , to be repaid from specific funds to be received from enforceable <i>allocations</i> or long-term <i>debt</i> commitments.						
(2) A <i>municipality</i> may incur short-term <i>debt</i> only if -	Include in IYM See subsection (3)	Effective 1.7.2004	PT: RA			
	See section 108					
(a) a resolution of the <i>municipal council</i> , signed by the <i>mayor</i> , has approved the <i>debt</i> agreement; and						
(b) the <i>accounting officer</i> has signed the agreement or other document which creates or acknowledges the <i>debt</i> .						
(3) For the purpose of subsection (2)(a), a <i>municipal council</i> may -	Include in IYM	Effective 1.7.2004	PT: RA			
	See section 108					
(a) approve a short-term <i>debt</i> transaction individually; or						
(b) approve an agreement with a <i>lender</i> for a short-term credit facility to be accessed as and when required, including a line of credit or bank overdraft facility, provided that -						
(i) the credit limit must be specified in the resolution of the <i>council</i> ;						
(ii) the terms of the agreement, including the						

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credit limit. may be changed only by a resolution of the <i>council</i> ; and						
(iii) if the <i>council</i> approves a credit facility that is limited to emergency use.						
The <i>accounting officer</i> must notify the <i>council</i> in writing as soon as practical of the amount, duration and cost of any <i>debt</i> incurred in terms of such a credit facility, as well as options for repaying such <i>debt</i> .						
(4) A <i>municipality</i> -	Include in IYM		PT: RA			
	See section 108					
(a) must pay off short-term <i>debt</i> within the <i>financial year</i> ; and		Effective 1.7.2008				
(b) may not renew or refinance short-term <i>debt</i> , whether its own <i>debt</i> or that of any other entity, where such renewal or refinancing will have the effect of extending the short-term <i>debt</i> into a new <i>financial year</i> .						
(5) (a) No <i>lender</i> may wilfully extend credit to a <i>municipality</i> for the purpose of renewing or refinancing short-term <i>debt</i> that must be paid off in terms of subsection (4)(a).	Include in IYM	Effective 1.7.2004	PT: RA			
	See section 108					
(b) If a <i>lender</i> wilfully extends credit to a <i>municipality</i> in contravention of paragraph (a), the <i>municipality</i> is not bound to repay the loan or interest on the loan.						
(6) Subsection (5)(h) does not apply if the <i>lender</i> -	Include in IYM	Effective 1.7.2004	PT: RA			
	See section 108					

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(a) relied in good faith on written representations of the <i>municipality</i> as to the purpose of the borrowing; and						
(b) did not know and had no reason to believe that the borrowing was for the purpose of renewing or refinancing short-term <i>debt</i> .						
Long-term debt						
46. (1) A <i>municipality</i> may incur long-term <i>debt</i> only in accordance with and subject to any applicable provisions of <i>this Act</i>, including section 19, and only for the purpose of -	See section 47	Effective 1.7.2004	M			
(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or	See subsection (4)					
(b) re-financing existing long-term <i>debt</i> subject to subsection (5).						
(2) A <i>municipality</i> may incur long-term <i>debt</i> only if -			M			
(a) a resolution of the <i>municipal council</i> , signed by the <i>mayor</i> , has approved the <i>debt</i> agreement; and						
(b) the <i>accounting officer</i> has signed the agreement or other document which creates or acknowledges the <i>debt</i> .	Maintain a database of approved <i>debt</i> agreements (See section 74(1))	Effective 1.7.2004	PT: RA			
(3) A <i>municipality</i> may incur long-term <i>debt</i> only if the <i>accounting officer</i> of the <i>municipality</i> -	See subsection 6 See section 33(2)(a) See section 43(3)					

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(a) has, in accordance with section 21A of the <i>Municipal Systems Act</i> -						
(i) at least 21 days prior to the meeting of the <i>council</i> at which approval for the <i>debt</i> is to be considered, made public an information statement setting out particulars of the proposed <i>debt</i> , including the amount of the proposed <i>debt</i> , the purposes for which the <i>debt</i> is to be incurred and particulars of any <i>security</i> to be provided; and						
(ii) invited the public, the <i>National Treasury</i> and the relevant <i>provincial treasury</i> to submit written comments or representations to the <i>council</i> in respect of the proposed <i>debt</i> ; and	Provide comments in liaison with other components of the Treasury and monitor as part of IYM	Effective 1.7.2004	PT: RA			
	Develop criteria to evaluate and monitor long-term <i>debt</i> proposals	Effective 1.7.2004	PT: RA			
(b) has submitted a copy of the information statement to the <i>municipal council</i> at least 21 days prior to the meeting of the <i>council</i> , together with particulars of -						
(i) the essential repayment terms, including the anticipated <i>debt</i> repayment schedule; and						
(ii) the anticipated total cost in connection with such <i>debt</i> over the repayment period.						
(4) Capital expenditure contemplated in subsection (1)(a) may include -						
(a) financing costs, including -						
(i) capitalised interest for a reasonable initial period;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(ii) costs associated with <i>security</i> arrangements in accordance with section 48;						
(iii) discounts and fees in connection with the financing;						
(iv) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and						
(v) costs connected to the sale or placement of <i>debt</i> , and costs for printing and publication directly connected to the financing;						
(b) costs of professional services directly related to the capital expenditure; and						
(c) such other costs as may be <i>prescribed</i> .	Obtain prescripts	Effective 1.7.2004	PT: RA			
(5) A <i>municipality</i> may borrow money for the purpose of re-financing existing long-term <i>debt</i> , provided that -	See subsection (1)(b)					
(a) the existing long-term <i>debt</i> was lawfully incurred;						
(b) the re-financing does not extend the term of the <i>debt</i> beyond the useful life of the property, plant or equipment for which the money was originally borrowed;						
(c) the net present value of projected future payments (including principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing; and						
(d) the discount rate used in projecting net present value referred to in paragraph (c), and any assumptions in connection with the calculations, must be reasonable and in accordance with criteria set out in a	???????					

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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framework that may be <i>prescribed</i> .						
(6) A <i>municipality's</i> long-term <i>debt</i> must be consistent with its capital budget referred to in section 17(2).	See subsection (3) – part of criteria					
Conditions applying to both short-term and long-term debt						
47. A <i>municipality</i> may incur <i>debt</i> only if -	See section 121(1) See section 163(2)(a)					
(a) the <i>debt</i> is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency; and	Noted – part of criteria in sections 45 and 46	Effective 1.7.2004	PT: RA			
(b) section 48(3) has been complied with, if <i>security</i> is to be provided by the <i>municipality</i> .	Noted – part of criteria in sections 45 and 46	Effective 1.7.2004	PT: RA			
Security						
48. (1) A <i>municipality</i> may, by resolution of its <i>council</i> , provide <i>security</i> for -	Develop guideline documents inclusive of risk management processes and pro forma agreements	Effective 1.7.2004	PT: RA			
	Develop and implement a monitoring mechanism	Effective 1.7.2004	PT: RA			
(a) any of its <i>debt</i> obligations;	See section 46(4)(a)(ii) See subsection (2) See section 140(2)(b) See section 155(3)(c)(i)					
(b) any <i>debt</i> obligations of a <i>municipal entity</i> under its <i>sole control</i> ; or			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(c) contractual obligations of the <i>municipality</i> undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the <i>municipality</i> or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.			M			
(2) A <i>municipality</i> may in terms of subsection (1) provide any appropriate <i>security</i> .			M			
(a) giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating, an asset or right, or giving any other form of collateral;	See subsection (3)		M			
(b) undertaking to effect payment directly from money or sources that may become available and to authorise the <i>lender</i> or investor direct access to such sources to ensure payment of the secured <i>debt</i> or the performance of the secured obligations, but this form of <i>security</i> may not affect compliance with section 8(2);			M			
(c) undertaking to deposit funds with the <i>lender</i> , investor or third party as <i>security</i> ;			M			
(d) agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to <i>lenders</i> or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;	See section 10(1)(a) See section 62(2)(b)		M			
(e) ceding as <i>security</i> any <i>category</i> of revenue or rights to future revenue;			M			
(f) undertaking to have disputes resolved through mediation, arbitration or other dispute resolution mechanisms;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(g) undertaking to retain revenues or specific <i>municipal tariffs</i> or other charges, fees or funds at a particular level or at a level sufficient to meet its financial obligations;			M			
(h) undertaking to make provision in its budgets for the payment of its financial obligations, including capital and interest;			M			
(i) agreeing to restrictions on <i>debt</i> that the <i>municipality</i> may incur in future until the secured <i>debt</i> is settled or the secured obligations are met; and			M			
(j) agreeing to such other arrangements as the <i>municipality</i> may consider necessary and prudent.			M			
(3) A <i>council</i> resolution authorising the provision of <i>security</i> in terms of subsection (2)(a) -	See section 47(b) See subsection (5)		M			
(a) must determine whether the asset or right with respect to which the <i>security</i> is provided, is necessary for providing the minimum level of <i>basic municipal services</i> ; and			M			
(b) if so, must indicate the manner in which the availability of the asset or right for the provision of that minimum level of <i>basic municipal services</i> will be protected.			M			
(4) If the resolution has determined that the asset or right is necessary for providing the minimum level of <i>basic municipal services</i> , neither the party to whom the municipal <i>security</i> is provided, nor any successor or assignee of such party, may, in the event of a default by the <i>municipality</i> , deal with the asset or right in a manner that would preclude or			M			

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impede the continuation of that minimum level of <i>basic municipal services</i> .						
(5) A determination in terms of subsection (3) that an asset or right is not necessary for providing the minimum level of <i>basic municipal services</i> is binding on the <i>municipality</i> until the secured <i>debt</i> has been paid in full or the secured obligations have been performed in full, as the case may be.			M			
Disclosure						
49. (1) Any person involved in the borrowing of money by a <i>municipality</i> must, when interacting with a prospective <i>lender</i> or when preparing documentation for consideration by a prospective investor -	Develop disclosure guideline documents inclusive of risks See section 121(1) See section 173(5)(d)	Effective 1.7.2004	PT: RA			
	Obtain proper definition of investor	Effective 1.7.2004	PT: RA			
(a) disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective <i>lender</i> or investor; and						
(b) take reasonable care to ensure the accuracy of any information disclosed.						
(2) A <i>lender</i> or investor may rely on written representations of the <i>municipality</i> signed by the <i>accounting officer</i> . if the <i>lender</i> or investor did not know and had no reason to believe that those representations were false or misleading.						
Municipal guarantees						
50. A <i>municipality</i> may not issue any guarantee for any commitment or <i>debt</i> of any	Develop a monitoring mechanism as part of	Effective 1.7.2004	PT: RA			

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organ of state or person, except on the following conditions:	IYM (contingencies)					
	Develop guideline document inclusive of risks	Effective 1.7.2004	PT: RA			
(a) The guarantee must be within limits specified in the <i>municipality's approved budget</i> ;			M			
(b) a <i>municipality</i> may guarantee the <i>debt</i> of a <i>municipal entity</i> under its <i>sole control</i> only if the guarantee is authorised by the <i>council</i> in the same manner and subject to the same conditions applicable to a <i>municipality</i> in terms of this Chapter if it incurs <i>debt</i> ;			M			
(c) a <i>municipality</i> may guarantee the <i>debt</i> of a <i>municipal entity</i> under its <i>shared control</i> or of any other person, but only with the approval of the <i>National Treasury</i> , and then only if -			M			
(i) the <i>municipality</i> creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or			M			
(ii) the <i>municipality</i> purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the <i>municipality's</i> potential financial exposure as a result of such guarantee.			M			
National and provincial guarantees						
51. Neither the national nor a provincial government may guarantee the <i>debt</i> of a <i>municipality</i> or <i>municipal entity</i> except to the	Develop provincial guarantee procedure	Effective 1.7.2004	PT: NFM			

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extent that Chapter 8 of the <i>Public Finance Management Act</i> provides for such guarantees.						
CHAPTER 7						
RESPONSIBILITIES OF MAYORS						
General responsibilities						
52. The mayor of a municipality -	Monitor as part of IYM, particularly as part of subsection (d)	Effective 1.7.2004	PT: PF		Will this monitoring provision require more reporting (reporting by and to the mayor in general)?	Recommended that mayor use consolidated quarterly reports as referred to in other sections. Consider standard agenda for council meetings. Province to provide guideline.
(a) must provide general political guidance over the fiscal and financial affairs of the <i>municipality</i> ;			M			
(b) in providing such general political guidance, may monitor and, to the extent provided in <i>this Act</i> , oversee the exercise of responsibilities assigned in terms of <i>this Act</i> to the <i>accounting officer</i> and the <i>chief financial officer</i> , but may not interfere in the exercise of those responsibilities;			M			
(c) must take all reasonable steps to ensure that the <i>municipality</i> performs its constitutional and statutory functions within the limits of the <i>municipality's approved</i>			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>budget;</i>						
(d) must, within 30 days of the end of each <i>quarter</i> , submit a report to the <i>council</i> on the implementation of the budget and the financial state of affairs of the <i>municipality</i> ; and	See section 75(k)	Effective 1.7.2004 High 1.7.2005 Medium 1.7.2006 Low	M		Is this the full council?	NT to confirm.
(e) must exercise the other powers and perform the other duties assigned to the <i>mayor</i> in terms of <i>this Act</i> or delegated by the <i>council</i> to the <i>mayor</i> .			M			
Budget processes and related matters						
53. (1) The <i>mayor</i> of a <i>municipality</i> must -	Included in the budget process framework as per section 21	Exempted for 2004/05 financial year	PT: BO		Appropriate checks and balances to prevent a mayor from setting unrealistic growth levels (income and expenditure), e.g. lower tariffs before elections.	NT to note this risk.
(a) provide general political guidance over the budget process and the priorities that must guide the preparation of a budget;	Included in the budget process framework as per section 21	Exempted for 2004/05 financial year	PT: BO			
(b) co-ordinate the annual revision of the integrated development plan in terms of section 34 of the <i>Municipal Systems Act</i> and the preparation of the annual budget, and determine how the integrated development plan is to be taken into account or revised for the purposes of the budget; and	Included in the budget process framework as per section 21	Exempted for 2004/05 financial year	PT: BO			
(c) take all reasonable steps to ensure -	Included in the budget process framework as	Exempted for 2004/05 financial	PT: BO			

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	per section 21	year				
(i) that the <i>municipality</i> approves its annual budget before the start of the <i>budget year</i> ;						
(ii) that the <i>municipality's service delivery and budget implementation plan</i> is approved by the <i>mayor</i> within 28 days after the approval of the budget; and	Obtain what is meant by <i>service delivery and budget implementation plan</i>	Effective High : Exempted for 2004/05 financial year Medium : Exempted for 2004/05 and 2005/06 financial year Low : 2008/09 budget	PT: BO			
(iii) that the annual performance agreements as required in terms of section 57(1)(6) of the <i>Municipal Systems Act</i> for the <i>municipal manager</i> and all <i>senior managers</i> -		Effective High : Exempted for 2004/05 financial year Medium : Exempted for 2004/05 and 2005/06 financial year Low : 2008/09 budget				
(aa) comply with <i>this Act</i> in order to promote sound financial management;						
(bb) are linked to the measurable performance objectives approved with the budget and to the <i>service delivery and budget implementation plan</i> ; and						
(cc) are concluded in accordance with section 57(2) of the <i>Municipal Systems Act</i> .						
(2) The <i>mayor</i> must promptly report to the <i>municipal council</i> and the <i>MEC for finance</i> in the province any delay in the tabling of an annual budget, the approval of the <i>service delivery and budget implementation plan</i> or the signing of the annual performance	Included in the budget process framework as per section 21	Exempted for 2004/05 financial year	PT: BO			

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agreements.						
(3) The <i>mayor</i> must ensure -		Effective High : Exempted for 2004/05 financial year Medium : Exempted for 2004/05 and 2005/06 financial year				
(a) that the revenue and expenditure projections for each <i>month</i> and the service delivery targets and performance indicators for each <i>quarter</i> , as set out in the <i>service delivery and budget implementation plan</i> , are made public no later than 14 days after the approval of the <i>service delivery and budget implementation plan</i> ; and	Included in the budget process framework as per section 21	Effective 2006/07 budget High 2007/08 budget Medium 2008/09 budget Low	PT: BO			
(b) that the performance agreements of the <i>municipal manager, senior managers</i> and any other <i>categories of officials</i> as may be <i>prescribed</i> , are made public no later than 14 days after the approval of the <i>municipality's service delivery and budget implementation plan</i> . Copies of such performance agreements must be submitted to the <i>council</i> and the <i>MEC for local government</i> in the province.	Develop monitoring mechanisms and obtain prescripts	Effective 2006/07 budget High 2007/08 budget Medium 2008/09 budget Low	DLG			
Budgetary control and early identification of financial problems						
54. (1) On receipt of a statement or report submitted by the <i>accounting officer</i> of the <i>municipality</i> in terms of section 71 or 72, the <i>mayor</i> must -	Monitor as part of IYM	Effective 1.7.2004	PT: PF			
(a) consider the statement or report;						

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(b) check whether the <i>municipality's approved budget</i> is implemented in accordance with the <i>service delivery and budget implementation plan</i> ;		Effective High : 2006/07 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(c) consider and, if necessary, make any revisions to the <i>service delivery and budget implementation plan</i> , provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the <i>council</i> following approval of an adjustments budget;		Effective High : 2006/07 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(d) issue any appropriate instructions to the <i>accounting officer</i> to ensure -		Effective 2006/07 budget High 2007/08 budget Medium 2008/09 budget Low				
(i) that the budget is implemented in accordance with the <i>service delivery and budget implementation plan</i> ; and		Effective High : 2006/07 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(ii) that spending of funds and revenue collection proceed in accordance with the budget:		Effective 2006/07 budget High 2007/08 budget Medium 2008/09 budget Low				
(e) identify any financial problems facing the <i>municipality</i> , including any emerging or		Effective 2006/07 budget High				

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impending financial problems; and		2007/08 budget Medium 2008/09 budget Low				
(f) in the case of a section 72 report, submit the report to the <i>council</i> by 31 January of each year.		Effective 2006/07 budget High 2007/08 budget Medium 2008/09 budget Low				
(2) If the <i>municipality</i> faces any serious financial problems, the <i>mayor</i> must -	Monitor as part of IYM	Effective 1.7.2004	PT: PF			
(a) promptly respond to and initiate any remedial or corrective steps proposed by the <i>accounting officer</i> to deal with such problems, which may include -		Effective 1.7.2004				
(i) steps to reduce spending when revenue is anticipated to be less than projected in the <i>municipality's approved budget</i> ;		Effective 1.7.2004				
(ii) the tabling of an adjustments budget; or		Effective 1.7.2004				
(iii) steps in terms of Chapter 13; and		Effective 1.7.2004				
(b) alert the <i>council</i> and the <i>MEC for local government</i> in the province to those problems.	Monitor	Effective 1.7.2004	DLG			
(3) The <i>mayor</i> must ensure that any revisions of the <i>service delivery and budget implementation plan</i> are made public promptly.	Monitor as part of IYM and include in adjustments budget process	Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: PF			
Report to provincial executive if conditions for provincial inter- vention exist						
55. If a <i>municipality</i> has not approved an	See section 25(3)					

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annual budget by the first day of the <i>budget year</i> or if the <i>municipality</i> encounters a serious financial problem referred to in section 136, the <i>mayor</i> of the <i>municipality</i> -						
(a) must immediately report the matter to the <i>MEC for local government</i> in the province; and	Develop monitoring mechanism	Effective 1.7.2004	DLG			
(b) may recommend to the MEC an appropriate provincial intervention in terms of section 139 of the Constitution.	Advise MECLG on appropriate intervention	Ad hoc	DLG			
Exercise of rights and powers over <i>municipal entities</i>						
56. (1) The <i>mayor</i> of a <i>municipality</i> which has sole or <i>shared control</i> over a <i>municipal entity</i> , must guide the <i>municipality</i> in exercising its rights and powers over the <i>municipal entity</i> in a way -	SO					
(a) that would reasonably ensure that the <i>municipal entity</i> complies with <i>this Act</i> and at all times remains accountable to the <i>municipality</i> ; and						
(b) that would not impede the entity from performing its operational responsibilities.						
(2) In guiding the <i>municipality</i> in the exercise of its rights and powers over <i>municipal entity</i> in accordance with subsection (1), the <i>mayor</i> may monitor the operational functions of the entity, but may not interfere in the performance of those functions.						
<i>Municipalities which do not have mayors</i>						
57. (1) The <i>council</i> of a <i>municipality</i> which	Develop monitoring	Effective 1.7.2004	DLG			

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does not have a <i>mayor</i> , must designate a councilor to exercise the powers and duties assigned by <i>this Act</i> to a <i>mayor</i> .	mechanism and maintain database See subsection (2) See section 58(1)(c)					
(2) A reference in <i>this Act</i> to the <i>mayor</i> of a <i>municipality</i> must, in the case of a <i>municipality</i> which does not have a <i>mayor</i> , be construed as a reference to a councilor designated by the <i>council</i> of the <i>municipality</i> in terms of subsection (1).						
Municipalities with executive committees						
58. The powers and functions assigned by <i>this Act</i> to a <i>mayor</i> must, in the case of a <i>municipality</i> which has an executive committee referred to in section 43 of the <i>Municipal Structures Act</i> , be exercised by the <i>mayor</i> in consultation with the executive committee.	Noted	Effective 1.7.2004				
Delegations of mayoral powers and duties						
59. (1) The powers and duties assigned in terms of <i>this Act</i> to the <i>mayor</i> of a <i>municipality</i> may -	Develop pro forma <i>delegations</i> inclusive of limitations and conditions See subsection (2)	Effective 1.7.2004	MFMA unit		Except for s14(4), no original power is given to the mayor to delegate powers and duties to officials. This may result in operational inefficiencies	Clarity required from NT. <i>Refer to note at s32(1)(a)</i> Obtain Masondo appeal judgment (S60(3) of Structures Act).

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
					<p>If reference is made to 'municipality' – who should issue delegation, the Mayor or Accounting Officer?</p> <p>Where reference is made to a "<i>municipality</i>" (approximately 100 hits) – who should issue a delegation to confirm responsibility and ensure effective execution of a power or duty? <i>Municipality</i> is defined as the Council and officials, should it then be the Mayor or Accounting Officer? If the former, the concerns raised above will also apply.</p>	Clarity required from NT.
(a) in the case of a <i>municipality</i> which has an executive <i>mayor</i> referred to in section 55 of the <i>Municipal Structures Act</i> , be delegated by the executive <i>mayor</i> in terms of section 60(1) of that Act to another member of the <i>municipality's</i> mayoral committee;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) in the case of a <i>municipality</i> which has an executive committee referred to in section 43 of that Act, be delegated by the <i>council</i> of the <i>municipality</i> to another member of the executive committee; or						
(c) in the case of a <i>municipality</i> which has designated a <i>councillor</i> in terms of section 57(1) of <i>this Act</i> , be delegated by the <i>council</i> to any other <i>councillor</i> .						
(2) A <i>delegation</i> in terms of subsection (1) -						
(a) must be in writing;						
(b) is subject to any limitations or conditions that the executive <i>mayor</i> or <i>council</i> as the case may be, may impose; and						
(c) does not divest the <i>mayor</i> of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.						
(3) The <i>mayor</i> may confirm, vary or revoke any decision taken in consequence of a <i>delegation</i> in terms of this section, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
CHAPTER 8						
RESPONSIBILITIES OF MUNICIPAL OFFICIALS						
Part 1: Accounting officers						
Municipal managers to be accounting officers						
60. The <i>municipal manager of a municipality</i> is the <i>accounting officer</i> of the <i>municipality</i> for the purposes of <i>this Act</i> , and, as <i>accounting officer</i> , must -	Prepare pro forma appointment letters for AO's Check signatory of such letters See section 61(1), 68(a) and 69(1)	Effective 1.7.2004	PT: NFM			
(a) exercise the functions and powers assigned to an <i>accounting officer</i> in terms of <i>this Act</i> ; and						
(b) provide guidance and advice on compliance with <i>this Act</i> to -						
(i) the <i>political structures, political office-bearers and officials</i> of the <i>municipality</i> ; and						
(ii) any <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> .						
Fiduciary responsibilities of accounting officers						
61. (1) The <i>accounting officer</i> of a <i>municipality</i> must -	Including section 60	Effective 1.7.2004	M			
(a) act with fidelity, honesty, integrity and in the best interests of the <i>municipality</i> in managing its financial affairs;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) disclose to the <i>municipal council</i> and the <i>mayor</i> all material facts which are available to the <i>accounting officer</i> or reasonably discoverable, and which in any way might influence the decisions or actions of the <i>council</i> or the <i>mayor</i> ; and	See section 173(1)(a)(i)		M			
(c) seek, within the sphere of influence of the <i>accounting officer</i> to prevent any prejudice to the financial interests of the <i>municipality</i> .			M			
(2) An <i>accounting officer</i> may not -			M			
(a) act in a way that is inconsistent with the duties assigned to <i>accounting officers</i> of <i>municipalities</i> in terms of <i>this Act</i> ; or			M			
(b) use the position or privileges of, or confidential information obtained as, <i>accounting officer</i> for personal gain or to improperly benefit another person.			M			
Financial management						
General financial management functions						
62. (1) The <i>accounting officer</i> of a <i>municipality</i> is responsible for managing the financial administration of the <i>municipality</i> , and must for this purpose take all reasonable steps to ensure -	Include in relevant monitoring mechanisms and to the extent necessary in AO appointment letters See section 173(1)(a)(i)	Effective 1.7.2004	All PT components			
(a) that the resources of the <i>municipality</i> are used effectively, efficiently and economically;						
(b) that full and proper records of the financial affairs of the <i>municipality</i> are kept in accordance with any <i>prescribed</i> norms and standards;	Obtain <i>prescribed norms and standards</i> from NT	Effective 2005/06 budget High 2006/07 budget Medium 2007/08 budget Low	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(c) that the <i>municipality</i> has and maintains effective, efficient and transparent systems -		Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(i) of financial and risk management and internal control; and						
(ii) of internal audit operating in accordance with any <i>prescribed</i> norms and standards;	Obtain <i>prescribed</i> norms and standards from NT		PT: NFM			
(d) that unauthorised, irregular or <i>fruitless and wasteful expenditure</i> and other losses are prevented;		Effective 1.7.2004	M			
(e) that disciplinary or, when appropriate, criminal proceedings are instituted against any <i>official</i> of the <i>municipality</i> who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15; and		Effective 1.7.2004	M			
(f) that the <i>municipality</i> has and implements -		Effective High : 2005/06 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	M			
(i) a tariff policy referred to in section 74 of the <i>Municipal Systems Act</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) a rates policy as may be required in terms of any applicable national legislation;			M			
(iii) a credit control and <i>debt</i> collection policy referred to in section 96(b) of the <i>Municipal Systems Act</i> ; and			M			
(iv) a supply chain management policy in accordance with Chapter 11.			M			
(2) The <i>accounting officer</i> is responsible for and must account for all bank accounts of the <i>municipality</i> , including any bank account opened for -		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	M			
(a) any relief, charitable, trust or other fund set up by the <i>municipality</i> in terms of section 12; or			M			
(b) a purpose referred to in section 48(2)(d).						
Asset and liability management						
63. (1) The <i>accounting officer</i> of a <i>municipality</i> is responsible for the management of -	Include in relevant monitoring mechanisms and to the extent necessary in AO appointment letters See subsection (2)	Effective 1.7.2004	All PT com- ponents		Note linkage with Chapter 11 (asset management).	
(a) the assets of the <i>municipality</i> , including the safeguarding and the maintenance of those assets; and						
(b) the liabilities of the <i>municipality</i> .						

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) The <i>accounting officer</i> must for the purposes of subsection (1) take all reasonable steps to ensure -		Effective 2005/06 budget High 2006/07 budget Medium 2007/08 budget Low				
(a) that the <i>municipality</i> has and maintains a management, accounting and information system that accounts for the assets and liabilities of the <i>municipality</i> ;	See section 173(1)(a)(i)					
(b) that the <i>municipality's</i> assets and liabilities are valued in accordance with <i>standards of generally recognised accounting practice</i> ; and						
(c) that the <i>municipality</i> has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be <i>prescribed</i> .	Obtain prescripts from NT See section 173(1)(a)(i)	Effective 1.7.2004	PT: PAM			
Revenue management						
64. (1) The <i>accounting officer</i> of a <i>municipality</i> is responsible for the management of the revenue of the <i>municipality</i> .	Include in relevant monitoring mechanisms and to the extent necessary in AO appointment letters	Effective 1.7.2004	All PT components			
(2) The <i>accounting officer</i> must for the purposes of subsection (1) take all reasonable steps to ensure -						
(a) that the <i>municipality</i> has effective revenue collection systems consistent with section 95 of the <i>Municipal Systems Act</i> and the <i>municipality's</i> credit control and <i>debt</i> collection policy;	See section 173(1)(a)(i)					
(b) that revenue due to the <i>municipality</i> is calculated on a monthly basis;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(c) that accounts for <i>municipal tax</i> and charges for <i>municipal services</i> are prepared on a monthly basis, or less often as may be <i>prescribed</i> where monthly accounts are uneconomical;	Obtain prescripts from NT	Effective 1.7.2004	PT: RA			
(d) that all money received is promptly deposited in accordance with <i>this Act</i> into the <i>municipality's</i> primary and other bank accounts;	See section 173(1)(a)(i)					
(e) that the <i>municipality</i> has and maintains a management, accounting and information system which -						
(i) recognises revenue when it is earned;						
(ii) accounts for debtors; and						
(iii) accounts for receipts of revenue;						
(f) that the <i>municipality</i> has and maintains a system of internal control in respect of debtors and revenue, as may be <i>prescribed</i> ;	Obtain prescripts from NT	Effective 1.7.2004	PT: RA			
(g) that the <i>municipality</i> charges interest on arrears, except where the <i>council</i> has granted exemptions in accordance with its <i>budget-related policies</i> and within a <i>prescribed</i> framework; and	Obtain prescripts from NT	Effective 1.7.2004	PT: RA			
(h) that all revenue received by the <i>municipality</i> , including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.						
(3) The <i>accounting officer</i> must immediately inform the <i>National Treasury</i> of any payments due by an organ of state to the <i>municipality</i> in respect of <i>municipal tax</i> or for <i>municipal services</i> , if such payments are regularly in	Refer to section 35(b)				At this stage quarterly reporting must be made to DLG.	PT must develop and confirm the new process with NT.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
arrears for periods of more than 30 days.						
(4) The <i>accounting officer</i> must take all reasonable steps to ensure -						
(a) that any funds collected by the <i>municipality</i> on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and						
(b) that such funds are not used for purposes of the <i>municipality</i> .						
Expenditure management						
65. (1) The <i>accounting officer</i> of a <i>municipality</i> is responsible for the management of the expenditure of the <i>municipality</i> .	Include in relevant monitoring mechanisms and to the extent necessary in AO appointment letters See subsection (2)	Effective 1.7.2004	All PT components			
(2) The <i>accounting officer</i> must for the purpose of subsection (1) take all reasonable steps to ensure -	See section 173(1)(a)(i)					
(a) that the <i>municipality</i> has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds;	See section 173(1)(a)(i)					
(b) that the <i>municipality</i> has and maintains a management, accounting and information system which -						
(i) recognises expenditure when it is incurred:						
(ii) accounts for <i>creditors</i> of the <i>municipality</i> ; and						
(iii) accounts for payments made by the						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
<i>municipality;</i>						
(c) that the <i>municipality</i> has and maintains a system of internal control in respect of <i>creditors</i> and payments;	See section 173(1)(a)(i)					
(d) that payments by the <i>municipality</i> are made -	See section 173(1)(a)(i)					
(i) directly to the person to whom it is due unless agreed otherwise for reasons as may be <i>prescribed</i> ; and	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			
(ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a <i>prescribed</i> limit;	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM		What would constitute “exceptional”?	Clarity required from NT.
(e) that all money owing by the <i>municipality</i> be paid within 30 days of receiving the relevant invoice or statement, unless <i>prescribed</i> otherwise for certain <i>categories</i> of expenditure;	Obtain prescripts from NT	Effective 1.7.2004	PT: PF			
(f) that the <i>municipality</i> complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments;	See section 173(1)(a)(i)					
(g) that any dispute concerning payments due by the <i>municipality</i> to another organ of state is disposed of in terms of legislation regulating disputes between organs of state;						
(h) that the <i>municipality's</i> available working capital is managed effectively and economically in terms of the <i>prescribed</i> cash management and <i>investment</i> framework;	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(i) that the <i>municipality's</i> supply chain management policy referred to in section 111 is implemented in a way that is fair, equitable, transparent, competitive and cost-effective; and	See section 173(1)(a)(i)					
(j) that all financial accounts of the <i>municipality</i> are closed at the end of each <i>month</i> and reconciled with its records.		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
Expenditure on staff benefits	Obtain prescripts from NT					
66. The <i>accounting officer</i> of a <i>municipality</i> must, in a format and for periods as may be <i>prescribed</i> , report to the <i>council</i> on all expenditure incurred by the <i>municipality</i> on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely -	Obtain prescripts from NT	Effective 1.7.2004	PT: PF			
(a) salaries and wages;						
(b) contributions for pensions and medical aid;						
(c) travel, motor car, accommodation, subsistence and other allowances;						
(d) housing benefits and allowances;						
(e) overtime payments;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(f) loans and advances; and	Obtain clarity from NT on conflict with section 164	Effective 1.7.2004	PT: NFM		Perceived conflict with section 164 and is dependent on the definition of 'loans'. Eden District has no query in this regard. Existing loans will be phased out.	Clarity required from NT.
(g) any other type of benefit or allowance related to staff.						
Funds transferred to organisations and bodies outside government						
67. (1) Before transferring funds of the <i>municipality</i> to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction, the <i>accounting officer</i> must be satisfied that the organisation or body -	Develop broader guidelines for handling transfer payments See section 17(3)(j)(iv) See subsection (2) and (2)(a) and (3).	Effective 1.7.2004	PT: NFM		Define "outside" and "transfers"? (Does this include NGO's or Municipal entities under the sole ownership of municipality, etc.) Confusion between transfer payments vs donations, as municipalities traditionally used the term 'donations'.	Clarity required from NT.
(a) has the capacity and has agreed -	See subsection (4) and (4)(b)(ii)					
(i) to comply with any agreement with the <i>municipality</i> ;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) for the period of the agreement to comply with all reporting, financial management and auditing requirements as may be stipulated in the agreement;						
(iii) to report at least monthly to the <i>accounting officer</i> on actual expenditure against such transfer; and						
(iv) to submit its audited <i>financial statements</i> for its <i>financial year</i> to the <i>accounting officer</i> promptly;						
(b) implements effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; and	See subsection 2(a)					
(c) has in respect of previous similar transfers complied with all the requirements of this section.	See subsection (2) and (2)(a) and (2)(b)					
(2) If there has been a failure by an organisation or body to comply with the requirements of subsection (1) in respect of a previous transfer, the <i>municipality</i> may despite subsection (1)(c) make a further transfer to that organisation or body provided that -						
(a) subsection (1)(a) and (b) is complied with; and						
(b) the relevant <i>provincial treasury</i> has approved the transfer.	Develop criteria to consider approval for consistency purposes	Effective 1.7.2004	PT: PF			
(3) The <i>accounting officer</i> must through contractual and other appropriate mechanisms enforce compliance with						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
subsection (1).						
(4) Subsection (1)(a) does not apply to an organisation or body serving the poor or used by government as an agency to serve the poor, provided -						
(a) that the transfer does not exceed a <i>prescribed</i> limit; and	Obtain prescripts from NT	Effective 1.7.2004	PT: NMF			
(b) that the <i>accounting officer</i> -						
(i) takes all reasonable steps to ensure that the targeted beneficiaries receive the benefit of the transferred funds; and						
(ii) certifies to the <i>Auditor-General</i> that compliance by that organisation or body with subsection (1)(a) is uneconomical or unreasonable.						
Budget preparation						
68. The <i>accounting officer of a municipality</i> must -			M			
(a) assist the <i>mayor</i> in performing the budgetary functions assigned to the <i>mayor</i> in terms of Chapters 4 and 7; and	Include in section 60		M			
(b) provide the <i>mayor</i> with the administrative support, resources and information necessary for the performance of those functions.			M			
Budget implementation						
69. (1) The <i>accounting officer of a municipality</i> is responsible for implementing the <i>municipality's approved budget</i> , including taking all reasonable steps to ensure -	Include in section 60	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(a) that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the <i>service delivery and budget implementation plan</i> ; and			M			
(b) that revenue and expenditure are properly monitored.			M			
(2) When necessary, the <i>accounting officer</i> must prepare an adjustments budget and submit it to the <i>mayor</i> for consideration and tabling in the <i>municipal council</i> .			M			
(3) The <i>accounting officer</i> must no later than 14 days after the approval of an annual budget submit to the <i>mayor</i> -		Effective High : Exempted for 2004/05 financial year Medium : Exempted for 2004/05 financial year Low : 2007/08 budget	M			
(a) a draft <i>service delivery and budget implementation plan</i> for the <i>budget year</i> ; and			M			
(b) drafts of the annual performance agreements as required in terms of section 57(1)(b) of the <i>Municipal Systems Act</i> for the <i>municipal manager</i> and all <i>senior managers</i> .			M			
Impending shortfalls, over-spending and overdrafts						
70. (1) The <i>accounting officer</i> of a <i>municipality</i> must report in writing to the <i>municipal council</i> -		Effective 1.7.2004	M			
(a) any impending -						
(i) shortfalls in budgeted revenue; and						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) <i>overspending</i> of the <i>municipality's</i> budget; and						
(b) any steps taken to prevent or rectify such shortfalls or <i>overspending</i> .						
(2) If a <i>municipality's</i> bank account, or if the <i>municipality</i> has more than one bank account, the consolidated balance in those bank accounts, shows a net overdrawn position for a period exceeding a <i>prescribed</i> period, the <i>accounting officer</i> of the <i>municipality</i> must promptly notify the <i>National Treasury</i> in the <i>prescribed</i> format of -	Obtain prescripts from NT See subsection (3)	Effective 1.7.2004	PT: FAM			
(a) the amount by which the account or accounts are overdrawn;						
(b) the reasons for the overdrawn account or accounts; and						
(c) the steps taken or to be taken to correct the matter.						
(3) When determining the net overdrawn position for purposes of subsection (2), the <i>accounting officer</i> must exclude any amounts reserved or pledged for any specific purpose or in any other way.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Reports and reportable matters						
Monthly budget statements		DORA applies in interim				
71. (1) The <i>accounting officer</i> of a <i>municipality</i> must by no later than 10 working days after the end of each <i>month</i> submit to the <i>mayor</i> of the <i>municipality</i> and the relevant <i>provincial treasury</i> a statement in the <i>prescribed</i> format on the state of the <i>municipality's</i> budget reflecting the following particulars for that <i>month</i> and for the <i>financial year</i> up to the end of that <i>month</i> :	Obtain <i>prescribed</i> format from NT See section 54(1) See section 72(1)(a)(i) See section 72(2) See DORA section 5(7)(d) and 5(8)	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low Provisions delayed until 2005 (DORA 2004)	PT: PF			
	Develop a reporting programme (step-by-step guide)	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
	Compile narrative assessment reports	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
	Incorporate all other identified monitoring issues	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
	Maintain database of IYM reports	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
(a) Actual revenue, per revenue source;		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) actual borrowings;		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(c) actual expenditure, per <i>vote</i> ;		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(d) actual capital expenditure, per <i>vote</i> ;		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(e) the amount of any <i>allocations</i> received;	See subsection (5)	Effective 1.4.2005				
(f) actual expenditure on those <i>allocations</i> , excluding expenditure on -	See subsection (5)	Effective 1.4.2005				
(i) its share of the local government equitable share; and		Effective 1.4.2005				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) <i>allocations</i> exempted by the <i>annual Division of Revenue Act</i> from compliance with this paragraph; and		Effective 1.4.2005				
(g) when necessary, an explanation of -		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(i) any material variances from the <i>municipality's</i> projected revenue by source, and from the <i>municipality's</i> expenditure projections per <i>vote</i> ;		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(ii) any material variances from the <i>service delivery and budget implementation plan</i> ; and		Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the <i>municipality's approved budget</i> .		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(2) The statement must include -		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(a) a projection of the relevant <i>municipality's</i> revenue and expenditure for the rest of the <i>financial year</i> , and any revisions from initial projections; and		Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low				
(b) the <i>prescribed</i> information relating to the state of the budget of each <i>municipal entity</i> as provided to the <i>municipality</i> in terms of section 87(10).	Obtain <i>prescribed</i> information	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the <i>municipality's approved budget</i> .		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(4) The statement to the <i>provincial treasury</i> must be in the format of a signed document and in electronic format.		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(5) The <i>accounting officer</i> of a <i>municipality</i> which has received an <i>allocation</i> referred to in subsection (1)(e) during any particular <i>month</i> must, by no later than 10 working days after the end of that <i>month</i> , submit that part of the statement reflecting the particulars referred to in subsection (1)(e) and (f) to the national or provincial organ of state or <i>municipality</i> which transferred the <i>allocation</i> .		Effective 1.4.2005				
(6) The <i>provincial treasury</i> must by no later than 22 working days after the end of each <i>month</i> submit to the <i>National Treasury</i> a consolidated statement in the <i>prescribed</i> format on the state of the <i>municipalities'</i> budgets, per <i>municipality</i> and per <i>municipal entity</i> .	Obtain <i>prescribed</i> formats from NT	Effective 1.4.2005	PT: PF			
(7) The <i>provincial treasury</i> must, within 30 days after the end of each <i>quarter</i> , make public as may be <i>prescribed</i> . a consolidated statement in the <i>prescribed</i> format on the state of <i>municipalities'</i> budgets, per <i>municipality</i> and per <i>municipal entity</i> . The <i>MEC for finance</i> must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each <i>quarter</i> .	Obtain <i>prescribed</i> formats from NT	Effective 1.4.2005	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Mid-year budget and performance assessment						
72. (1) The <i>accounting officer</i> of a <i>municipality</i> must by 25 January of each year -	Develop mid-year reporting formats and link to section 71 reporting programme See section 121(1) and 134 See section 54(1) See section 54(1)(f)	Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low	PT: PF			
(a) assess the performance of the <i>municipality</i> during the first half of the <i>financial year</i> , taking into account -		Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low				
(i) the monthly statements referred to in section 71 for the first half of the <i>financial year</i> ;		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(ii) the <i>municipality's</i> service delivery performance during the first half of the <i>financial year</i> , and the service delivery targets and performance indicators set in the <i>service delivery and budget implementation plan</i> ;		Effective High : Implemen- tation delayed until 30 June 2005 Medium : 2006/07 budget Low : Implemen- tation delayed until 30 June 2007				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(iii) the past year's <i>annual report</i> , and progress on resolving problems identified in the <i>annual report</i> ; and		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(iv) the performance of every <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> , taking into account reports in terms of section 88 from any such entities; and		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(b) submit a report on such assessment to -	See subsection (2)	Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(i) the <i>mayor</i> of the <i>municipality</i> ;		Effective 2004/05 budget High 2005/06 budget Medium 2006/07 budget Low				
(ii) the <i>National Treasury</i> ; and						
(iii) the relevant <i>provincial treasury</i>						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) The statement referred to in section 71(1) for the sixth <i>month</i> of a <i>financial year</i> may be incorporated into the report referred to in subsection (1)(b) of this section.		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(3) The <i>accounting officer</i> must, as part of the review -		Effective Medium : Implemen- tation delayed until 30 June 2005			Link with section 28(4).	
(a) make recommendations as to whether an adjustments budget is necessary; and		Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006				
(b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.						
Reports on failure to adopt or implement budget-related and other policies						
73. The <i>accounting officer</i> must inform the <i>provincial treasury</i> , in writing, of -	Develop a monitoring mechanism (See NT step-by-step guide)	Effective 2005/06 budget	PT – relevant component			
(a) any failure by the <i>council</i> of the <i>municipality</i> to adopt or implement a <i>budget-related policy</i> or a supply chain management	Obtain <i>budget-related policies</i>	Effective 2005/06 budget	PT – relevant component (see definition)			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
policy referred to in section 111 ; or						
	Assess <i>budget-related policies</i> for uniformity	Effective 2005/06 budget	PT – relevant component (see definition)			
	Develop guideline <i>budget-related policy</i> documents	Effective 2005/06 budget	PT – relevant component (see definition)			
(b) any non-compliance by a <i>political structure</i> or office-bearer of the <i>municipality</i> with any such policy.	Develop a monitoring mechanism	Effective 2005/06 budget	PT: PF			
General reporting obligation						
74. (1) The <i>accounting officer</i> of a <i>municipality</i> must submit to the <i>National Treasury</i> , the <i>provincial treasury</i> , the department for local government in the province or the <i>Auditor-General</i> such information, returns, documents, explanations and motivations as may be <i>prescribed</i> or may required.	Incorporate in reporting mechanisms See section 46(2)(b)	Effective 1.7.2004	PT and DLG			
(2) If the <i>accounting officer</i> of a <i>municipality</i> is unable to comply with any of the responsibilities in terms of <i>this Act</i> , he or she must promptly report the inability, together with reasons, to the <i>mayor</i> and the <i>provincial treasury</i> .	Develop a reminder mechanism	Effective 1.7.2004	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Information to be placed on websites of municipalities						
75. (1) The <i>accounting officer</i> of a <i>municipality</i> must place on the website referred to in section 21A of the <i>Municipal Systems Act</i> the following documents of the <i>municipality</i> :	Develop a monitoring mechanism See subsection (2)	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: IM (Information Management)			
(a) The annual and adjustments budgets and all budget-related documents;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(b) all <i>budget-related policies</i> ;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(c) the <i>annual report</i> ;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(d) all performance agreements required in terms of section 57(1)(b) of the <i>Municipal Systems Act</i> ;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(e) all <i>service delivery agreements</i> ;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(f) all long-term borrowing contracts;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(g) all supply chain management contracts above a <i>prescribed</i> value;	Obtain <i>prescribed</i> values	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: IM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(h) an information statement containing a list of assets over a <i>prescribed</i> value that have been disposed of in terms of section 14(2) or (4) during the previous <i>quarter</i> ;	Obtain <i>prescribed</i> value	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: IM			
(i) contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(j) public-private partnership agreements referred to in section 120;		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
(k) all quarterly reports tabled in the <i>council</i> in terms of section 52(d); and		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(1) any other documents that must be placed on the website in terms of <i>this Act</i> or any other applicable legislation, or as may be <i>prescribed</i> .	Obtain <i>prescribed</i> values	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: IM			
(2) A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the <i>council</i> or on the date on which it must be made public, whichever occurs first.		Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007				
Protection of accounting officer						
76. Any action taken by a <i>political structure</i> or office-bearer of a <i>municipality</i> against the <i>accounting officer</i> of the <i>municipality</i> solely because of that <i>accounting officer's</i> compliance with a provision of <i>this Act</i> , is an unfair labour practice for the purposes of the Labour Relations Act, 1995 (Act No. 66 of 1995).	Noted	Effective 1.7.2004				
Part 2: Financial administration						
Top management of municipalities						
77. (1) The top management of a <i>municipality's</i> administration consists of -	Noted See section 79(1)(b) See subsection (2)	Effective 1.7.2004	M			
(a) the <i>accounting officer</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) the <i>chief financial officer</i> ;			M			
(c) all <i>senior managers</i> who are responsible for managing the respective votes of the <i>municipality</i> and to whom powers and duties for this purpose have been delegated in terms of section 79; and	See definition of <i>vote</i>	Effective 1.7.2004	M			
(d) any other senior <i>officials</i> designated by the <i>accounting officer</i> .			M			
(2) The top management must assist the <i>accounting officer</i> in managing and co-ordinating the financial administration of the <i>municipality</i> .			M			
Senior managers and other officials of municipalities						
78. (1) Each <i>senior manager</i> of a <i>municipality</i> and each <i>official</i> of a <i>municipality</i> exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure -	Noted See section 171(3) See subsection (2) See section 81(1)(d)	Effective 1.7.2004	M			
(a) that the system of financial management and internal control established for the <i>municipality</i> is carried out diligently;			M			
(b) that the financial and other resources of the <i>municipality</i> are utilised effectively, efficiently, economically and transparently;			M			
(c) that any unauthorised, irregular or <i>fruitless and wasteful expenditure</i> and any other losses are prevented;			M			
(d) that all revenue due to the <i>municipality</i> is collected;			M			
(e) that the assets and liabilities of the <i>municipality</i> are managed effectively and that			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
assets are safeguarded and maintained to the extent necessary;						
(f) that all information required by the <i>accounting officer</i> for compliance with the provisions of <i>this Act</i> is timeously submitted to the <i>accounting officer</i> , and			M			
(g) that the provisions of <i>this Act</i> , to the extent applicable to that <i>senior manager</i> or <i>official</i> , including any <i>delegations</i> in terms of section 79, are complied with.			M			
(2) A <i>senior manager</i> or such <i>official</i> must perform the functions referred to in subsection (1) subject to the directions of the <i>accounting officer</i> of the <i>municipality</i> .			M			
Delegations						
79. (1) The <i>accounting officer</i> of a <i>municipality</i> -	Develop pro forma <i>delegations</i> See section 77(1)(c) See section 77(1)(g) See subsection (3) See section 171(2)(a) and (b) See section 171(3) See section 173(3) See section 81(1)(d) and (e) See subsection 3(d)	Effective 1.7.2004	MFMA unit			
(a) must, for the proper application of <i>this Act</i> in the <i>municipality's</i> administration, develop an appropriate system of <i>delegation</i> that will both maximize administrative and operational efficiency and provide adequate checks and balances in the <i>municipality's</i> financial administration;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) may, in accordance with that system, delegate to a member of the <i>municipality's</i> top management referred to in section 77 or any other <i>official</i> of the <i>municipality</i> -						
(i) any of the powers or duties assigned to an <i>accounting officer</i> in terms of <i>this Act</i> ; or						
(ii) any powers or duties reasonably necessary to assist the <i>accounting officer</i> in complying with a duty which requires the <i>accounting officer</i> to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of <i>this Act</i> ; and						
(c) must regularly review <i>delegations</i> issued in terms of paragraph (b) and, if necessary, amend or withdraw any of those <i>delegations</i> .			MFMA unit			
(2) The <i>accounting officer</i> may not delegate to any <i>political structure</i> or <i>political office-bearer</i> of the <i>municipality</i> any of the powers or duties assigned to <i>accounting officers</i> in terms of <i>this Act</i> .						
(3) A <i>delegation</i> in of subsection (1) -						
(a) must be in writing;						
(b) is subject to such limitations and conditions as the <i>accounting officer</i> may impose in a specific case;						
(c) may either be to a specific individual or to the holder of a specific post in the <i>municipality</i> ;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(d) may, in the case of a <i>delegation</i> to a member of the <i>municipality's</i> top management in terms of subsection (l)(b), authorise that member to sub-delegate the delegated power or duty to an <i>official</i> or the holder of a specific post in that member's area of responsibility; and						
(e) does not divest the <i>accounting officer</i> of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.						
(4) The <i>accounting officer</i> may confirm, vary or revoke any decision taken in consequence of a <i>delegation</i> or sub- <i>delegation</i> in terms of this section, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.						

CHAPTER 9

MUNICIPAL BUDGET AND TREASURY OFFICES

Establishment						
80. (1) Every <i>municipality</i> must have a budget and treasury office.	Monitor and assess the extent of establishment and uniformity of the offices and develop guidelines See subsection (3)	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June 2006	PT: NFM		Ideal structure?	PT to make available to municipalities the Province's ideal generic CFO structures.
						Confirmed that this office would be

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
						<i>ONE OFFICE</i>
(2) A budget and treasury office consists of -						
(a) a <i>chief financial officer</i> designated by the <i>accounting officer</i> of the <i>municipality</i> ;						
(b) <i>officials</i> of the <i>municipality</i> allocated by the <i>accounting officer</i> to the <i>chief financial officer</i> , and						
(c) any other persons contracted by the <i>municipality</i> for the work of the office.						
Role of <i>chief financial officer</i>						
81. (1) The <i>chief financial officer</i> of a <i>municipality</i> -	Develop pro forma CFO appointment letters	Effective 1.7.2004	PT: NFM			
(a) is administratively in charge of the budget and treasury office;						
(b) must advise the <i>accounting officer</i> on the exercise of powers and duties assigned to the <i>accounting officer</i> in terms of <i>this Act</i> ;	See section 82(1)					
(c) must assist the <i>accounting officer</i> in the administration of the <i>municipality's</i> bank accounts and in the preparation and implementation of the <i>municipality's</i> budget;						
(d) must advise <i>senior managers</i> and other <i>senior officials</i> in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79; and	See section 82(1)					
(e) must perform such budgeting, accounting, analysis, financial reporting, cash management, <i>debt</i> management, supply chain management, financial management, review and other duties as may in terms of	See section 82(1) See section 171(2)(a) and (b)					

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
section 79 be delegated by the <i>accounting officer</i> to the <i>chief financial officer</i> .						
(2) The <i>chief financial officer</i> of a <i>municipality</i> is accountable to the <i>accounting officer</i> for the performance of the duties referred to in subsection (1).						
Delegations						
82. (1) The <i>chief financial officer</i> of a <i>municipality</i> may sub-delegate any of the duties referred to in section 81(1)(b), (d) and (e) -	Develop pro forma <i>delegations</i> See subsection (2) and (3) and (4)	Effective 1.7.2004	MFMA unit			
(a) to an <i>official</i> in the budget and treasury office;						
(b) to the holder of a specific post in that office; or						
(c) with the concurrence of the <i>accounting officer</i> , to						
(i) any other <i>official</i> of the <i>municipality</i> ; or						
(ii) any person contracted by the <i>municipality</i> for the work of the office.						
(2) If the <i>chief financial officer</i> sub-delegates any duties in terms of subsection (1) to a person who is not an employee of the <i>municipality</i> , the <i>chief financial officer</i> must be satisfied that effective systems and procedures are in place to ensure control and accountability.						
(3) A <i>sub-delegation</i> in terms of subsection (1) -						
(a) must be in writing;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) is subject to such limitations or conditions as the <i>chief financial officer</i> may impose; and						
(c) does not divest the <i>chief financial officer</i> of the responsibility concerning the delegated duty.						
(4) The <i>chief financial officer</i> may confirm, vary or revoke any decision taken in consequence of a sub- <i>delegation</i> in terms of subsection (1), but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.						
Competency levels of professional financial officials						
83. (1) The <i>accounting officer, senior managers, the chief financial officer</i> and other financial officials of a <i>municipality</i> must meet the <i>prescribed</i> financial management competency levels.	Obtain prescripts from NT See subsection (2) and (3)	Effective 1.7.2006	PT: NFM			
	Assess competency levels	Effective 1.7.2006	PT: NFM			
(2) A <i>municipality</i> must for the purposes of subsection (1) provide resources or opportunities for the training of <i>officials</i> referred to in that subsection to meet the <i>prescribed</i> competency levels.	Obtain prescripts from NT	Effective 1.7.2006	PT: NFM			
(3) The <i>National Treasury</i> or a <i>provincial treasury</i> may assist <i>municipalities</i> in the training of <i>officials</i> referred to in subsection (1).						
	Determine training needs	Effective 1.7.2006	PT: NFM			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
	Develop and implement a training programme	Effective 1.7.2006	PT: NFM			
	Monitor achievement of competency levels	Effective 1.7.2006	PT: NFM			
CHAPTER 10						
MUNICIPAL ENTITIES						
Part 1: Establishment						
Financial implications for municipalities					Definition of “municipal entity” is unclear for instance LEDs which at this stage is governed as section 21 companies.	Clarity required from NT.
84. (1) When considering the establishment of, or participation in, a <i>municipal entity</i> .	Read in conjunction with section 78 – 84 of Systems Act					
	Maintain a shared database of ME’s under consideration	Effective 1.7.2004	DLG			
	Develop guidelines See subsection (2)(a)(i)(aa) and (2)(b)(i)	Effective 1.7.2004	PT and DLG			
<i>A municipality</i> must first -						
(a) determine precisely the function or service that such entity would perform on behalf of the <i>municipality</i> ; and			M			
(b) make an assessment of the impact of the			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
shifting of that function or service to the entity on the <i>municipality's</i> staff, assets and liabilities, including an assessment of -						
(i) the number of staff of the <i>municipality</i> to be transferred to the entity;			M			
(ii) the number of staff of the <i>municipality</i> that would become redundant because of the shifting of that function or service;			M			
(iii) the cost to the <i>municipality</i> of any staff retrenchments or the retention of redundant staff;			M			
(iv) any assets of the <i>municipality</i> to be transferred to the entity;			M			
(v) any assets of the <i>municipality</i> that would become obsolete because of the shifting of that or service;			M			
(vi) any liabilities of the <i>municipality</i> to be ceded to the entity; and			M			
(vii) any <i>debt</i> of the <i>municipality</i> attributed to that function or service which the <i>municipality</i> would retain.			M			
(2) A <i>municipality</i> may establish or participate in a <i>municipal entity</i> only if -	Maintain a shared database of ME's established	Effective 1.7.2004	DLG			
	Maintain a shared database of ME's participation	Effective 1.7.2004	DLG			
(a) the <i>municipal manager</i> , at least 90 days before the meeting of the <i>municipal council</i> at which the proposed establishment of the entity, or the <i>municipality's</i> proposed participation in the entity, is to be approved -			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(i) has, in accordance with section 21A of the <i>Municipal Systems Act</i> -			M			
(aa) made public an information statement setting out the <i>municipality's</i> plans for the <i>municipal entity</i> together with the assessment which the <i>municipality</i> must conduct in terms of subsection (1); and			M			
(bb) invited the <i>local community</i> , organised labour and other interested persons to submit to the <i>municipality</i> comments or representations in respect of the matter; and			M			
(ii) has solicited the views and recommendations of -						
(aa) the <i>National Treasury</i> and the relevant <i>provincial treasury</i> :	Develop assessment criteria	Effective 1.7.2004	PT: PF Share with DLG			
(bb) the national and <i>provincial departments</i> responsible for local government; and	Develop assessment criteria	Effective 1.7.2004	DLG Share with PT			
(cc) the <i>MEC for local government</i> in the province; and	Advise MEC	Effective 1.7.2004	DLG			
(b) the <i>municipal council</i> has taken into account -						
(i) the assessment referred to in subsection (1);						
(ii) any comments or representations on the matter received from the <i>local community</i> , organised labour and other interested persons;						
(iii) any written views and recommendations on the matter received from the <i>National Treasury</i> , the relevant <i>provincial treasury</i> , the						

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national department responsible for local government or the <i>MEC for local government</i> in the province.						
(3) For the purposes of this section, “establish” includes the acquisition of an interest in a <i>private company</i> that would render that <i>private company</i> a <i>municipal entity</i> .	Maintain a shared database of “interest” in <i>private company</i>	Effective 1.7.2004	DLG			
Part 2: Financial governance						
Bank accounts						
85. (1) A <i>municipal entity</i> must open and maintain at least one bank account in the name of the entity.	See section 5(4)(i)					
(2) All money received by a <i>municipal entity</i> must be paid into its bank account or accounts, and this must be done promptly and in accordance with any requirements that may be <i>prescribed</i> .	Obtain prescripts from NT	Effective 1.7.2004	PT: PAM			
(3) A <i>municipal entity</i> may not open a bank account -						
(a) abroad;						
(b) with an institution not registered as a bank in terms of the Banks Act, 1990(Act No. 94 of 1990);						
(c) otherwise than in of the entity; and						
(d) without the approval of its <i>board of directors</i> .						
(4) Money may be withdrawn from a <i>municipal entity's</i> bank account only in accordance with requirements that may be	Obtain prescripts from NT See subsection (5)(c)	Effective 1.7.2004	PT: PAM			

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<i>prescribed.</i>						
(5) The <i>accounting officer</i> of a <i>municipal entity</i> -						
(a) must administer all the entity's bank accounts;						
(b) is accountable to the <i>board of directors</i> of the entity for the entity's bank accounts; and						
(c) must enforce any requirements that may be <i>prescribed</i> in terms of subsection (4).	Obtain prescripts from NT	Effective 1.7.2004	PT: PAM			
Bank account details						
86. (1) The <i>accounting officer</i> of a <i>municipal entity</i> must submit to the entity's parent <i>municipality</i> , in writing -	See subsection (2)	Effective 1.7.2004				
(a) within 90 days after the entity has opened a new bank account, the name of the bank where the account has been opened, and the type and number of the account; and			M			
(b) annually before the start of a <i>financial year</i> . the name of each bank where the entity holds a bank account, and the type and number of each account.			M			
(2) The <i>accounting officer</i> of the <i>municipal entity's</i> parent <i>municipality</i> , or if there are more than one parent <i>municipality</i> , any one of the <i>accounting officers</i> of those <i>municipalities</i> as may be agreed between them, must upon receipt of the information referred to in subsection (1), submit that information to the <i>Auditor-General</i> , the <i>National Treasury</i> and the relevant <i>provincial treasury</i> , in writing.	Maintain a database of bank accounts	Effective 1.7.2004	PT: FAM			
Budgets						

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87. (1) The <i>board of directors</i> of a <i>municipal entity</i> must for each <i>financial year</i> submit a proposed budget for the entity to its parent <i>municipality</i> not later than 150 days before the start of the entity's <i>financial year</i> or earlier if requested by the parent <i>municipality</i> .	See section 5(4)(i) See section 88(1)(a)(i)	Effective 2005/06 budget	PT: NFM			
(2) The parent <i>municipality</i> must consider the proposed budget of the entity and assess the entity's priorities and objectives. If the parent <i>municipality</i> makes any recommendations on the proposed budget, the <i>board of directors</i> of the entity must consider those recommendations and, if necessary, submit a revised budget to the parent <i>municipality</i> not later than 100 days before the start of the <i>financial year</i> .		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(3) The <i>mayor</i> of the parent <i>municipality</i> must table the proposed budget of the <i>municipal entity</i> in the <i>council</i> when the annual budget of the <i>municipality</i> for the relevant year is tabled.		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(4) The <i>board of directors</i> of a <i>municipal entity</i> must approve the budget of the <i>municipal entity</i> not later than 30 days before the start of the <i>financial year</i> , taking into account any hearings or recommendations of the <i>council</i> of the parent <i>municipality</i> .		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(5) The budget of a <i>municipal entity</i> must -		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			

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(a) be balanced:		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(b) be consistent with any <i>service delivery agreement</i> or other agreement between the entity and the entity's parent <i>municipality</i> ;		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(c) be within any limits determined by the entity's parent <i>municipality</i> , including any limits on tariffs, revenue, expenditure and borrowing		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(d) include a multi-year business plan for the entity that -	See section 108(1)(a)	Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(i) sets key financial and non-financial performance objectives and measurement criteria as agreed with the parent <i>municipality</i> :		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(ii) is consistent with the budget and integrated development plan of the entity's parent <i>municipality</i> ;		Municipal entities are exempted for their annual budgets for the 2004/05 financial	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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		year				
(iii) is consistent with any <i>service delivery agreement</i> or other agreement between the entity and the entity's parent <i>municipality</i> ; and		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(iv) reflects actual and potential liabilities and commitments, including particulars of any proposed borrowing of money during the period to which the plan relates; and		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(e) otherwise comply with the requirements of section 17(1) and (2) to the extent that such requirements can reasonably be applied to the entity.		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(6) The <i>board of directors of a municipal entity</i> may, with the approval of the <i>mayor</i> , revise the budget of the <i>municipal entity</i> , but only for the following reasons:		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(a) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the <i>current year</i> ;		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(b) to authorise expenditure of any additional <i>allocations</i> to the <i>municipal entity</i> from its parent <i>municipality</i> ;		Municipal entities are exempted for their annual	M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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		budgets for the 2004/05 financial year				
(c) to authorise, within a <i>prescribed</i> framework, any unforeseeable and unavoidable expenditure approved by the <i>mayor</i> of the parent <i>municipality</i> ;	Obtain <i>prescribed</i> framework from NT	Municipal entities are exempted for their annual budgets for the 2004/05 financial year	PT: FAM			
(d) to authorise any other expenditure within a <i>prescribed</i> framework.	Obtain <i>prescribed</i> framework from NT	Municipal entities are exempted for their annual budgets for the 2004/05 financial year	PT: FAM			
(7) Any projected <i>allocation</i> to a <i>municipal entity</i> from its parent <i>municipality</i> must be provided for in the annual budget of the parent <i>municipality</i> , and to the extent not so provided, the entity's budget must be adjusted.		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(8) A <i>municipal entity</i> may incur expenditure only in accordance with its <i>approved budget</i> or an adjustments budget.		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(9) The <i>mayor</i> must table the budget or adjusted budget and any adjustments budget of a <i>municipal entity</i> as approved by its <i>board of directors</i> . at the next <i>council</i> meeting of the <i>municipality</i> .		Municipal entities are exempted for their annual budgets for the 2004/05 financial year	M			
(10) A <i>municipal entity's approved budget</i> or	See section 71(2)(b)	Municipal entities	M			

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adjusted budget must be made public in substantially the same way as the budget of a <i>municipality</i> must be made public.		are exempted for their annual budgets for the 2004/05 financial year				
(11) The <i>accounting officer</i> of a <i>municipal entity</i> must by no later than seven working days after the end of each <i>month</i> submit to the <i>accounting officer</i> of the parent <i>municipality</i> a statement in the <i>prescribed</i> format on the state of the entity's budget reflecting the following particulars for that <i>month</i> and for the <i>financial year</i> up to the end of that <i>month</i> :	Obtain <i>prescribed</i> framework from NT		PT: FAM			
(a) Actual revenue, per revenue source;			M			
(b) actual borrowings;			M			
(c) actual expenditure;			M			
(d) actual capital expenditure;			M			
(e) the amount of any <i>allocations</i> received;			M			
(f) actual expenditure on those <i>allocations</i> , excluding expenditure on <i>allocations</i> exempted by the <i>annual Division of Revenue Act</i> from compliance with this paragraph; and			M			
(g) when necessary, an explanation of -			M			
(i) any material variances from the entity's projected revenue by source, and from the entity's expenditure projections;			M			
(ii) any material variances from the <i>service delivery agreement</i> and the business plan; and			M			
(iii) any remedial or corrective steps taken or			M			

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to be taken to ensure that projected revenue and expenditure remain within the entity's <i>approved budget</i> .						
(12) The statement must include a projection of revenue and expenditure for the rest of the <i>financial year</i> , and any revisions from initial projections.			M			
(13) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the entity's <i>approved budget</i> .			M			
(14) The statement to the <i>accounting officer</i> of the <i>municipality</i> must be in the format of a signed document and in electronic format.			M			
Mid-year budget and performance assessment						
88. (1) The <i>accounting officer</i> of a <i>municipal entity</i> must by 20 January of each year -	See section 5(4)(i) See section 72(a)(iv) See subsection (2)	Effective 2005/06 budget	PT: NFM			
(a) assess the performance of the entity during the first half of the <i>financial year</i> ,						
taking into account -			M			
(i) the monthly statements referred to in section 87 for the first half of the <i>financial year</i> and the targets set in the service delivery, business plan or other agreement with the entity's parent <i>municipality</i> ; and			M			
(ii) the entity's <i>annual report</i> for the past year, and progress on resolving problems identified in the <i>annual report</i> ; and			M			
(b) submit a report on such assessment to -			M			

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(i) the <i>board of directors</i> of the entity; and			M			
(ii) the parent <i>municipality</i> of the entity.			M			
(2) A report referred to in subsection (1) must be made public.			M			
Remuneration packages						
89. The parent <i>municipality</i> of a <i>municipal entity</i> must -	See section 5(4)(i)	Effective 1.7.2004	PT: NFM			
(a) determine the upper limits of the salary, allowances and other benefits of the chief executive officer and <i>senior managers</i> of the entity; and						
(b) monitor and ensure that the <i>municipal entity</i> reports to the <i>council</i> on all expenditure incurred by that <i>municipal entity</i> on directors and staff remuneration matters, and in a manner that discloses such expenditure per type of expenditure namely:						
(i) Salaries and wages;						
(ii) contributions for pensions and medical aid;						
(iii) travel, motor car, accommodation, subsistence and other allowances;						
(iv) housing benefits and allowances;						
(v) overtime payments;						
(vi) loans and advances; and						
(vii) any other type of benefit or allowance related to directors and staff.						
Disposal of capital assets						
90. (1) A <i>municipal entity</i> may not transfer ownership as a result of a sale or other	See section 5(4)(i) See subsection (2)	Effective 1.7.2004	PT: NFM			

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transaction or otherwise dispose of a capital asset needed to provide the minimum level of <i>basic municipal services</i> .	See section 110(3)					
(2) A <i>municipal entity</i> may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection (1), but only after the <i>council</i> of its parent <i>municipality</i> , in a meeting open to the public -	See subsection (5)					
(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of <i>basic municipal services</i> ; and	Develop criteria See subsection (4)	Effective 1.7.2004	DLG and PT: PAM joint effort			
(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.	See subsection (4)					
(3) A decision by a <i>municipal council</i> that a specific capital asset is not needed to provide the minimum level of <i>basic municipal services</i> may not be reversed by the <i>municipality</i> or <i>municipal entity</i> after that asset has been sold, transferred or otherwise disposed of.						
(4) A <i>municipal council</i> may delegate to the <i>accounting officer</i> of a <i>municipal entity</i> its power to make the determinations referred to in subsection (2)(a) and (b) in respect of movable capital assets of the entity below a value determined by the <i>council</i> .	Develop pro forma <i>delegations</i> See subsection (5)	Effective 1.7.2004	MFMA unit			
(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent and competitive and consistent with the supply chain management policy which the <i>municipal entity</i> must have and maintain in terms of section 111.	Refer to section 111	Effective 1.7.2004				

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(6) This section does not apply to the transfer of a capital asset to a <i>municipality</i> or another <i>municipal entity</i> or to a national or provincial organ of state in circumstances and in respect of <i>categories</i> of assets approved by the <i>National Treasury</i> provided that such transfers are in accordance with a <i>prescribed</i> framework.	Obtain <i>prescribed</i> framework from NT	Effective 1.7.2004	PT: PAM			
Financial year						
91. The <i>financial year</i> of a <i>municipal entity</i> must be the same as that of <i>municipalities</i> .	See section 5(4)(i) Monitor and include in shared database	Effective 2005/06 budget	PT: NFM			
Audit						
92. The <i>Auditor-General</i> must audit and report on the accounts, <i>financial statements</i> and financial management of each <i>municipal entity</i> .		Effective 1.7.2004				
Part 3: Accounting officers						
Chief executive officer to be accounting officer						
93. The chief executive officer of a <i>municipal entity</i> appointed in terms of section 93J of the <i>Municipal Systems Act</i> is the <i>accounting officer</i> of the entity.		Effective 1.7.2004				
Fiduciary duties of accounting officers						
94. (1) The <i>accounting officer</i> of a <i>municipal entity</i> must -	Noted	Effective 1.7.2004	M			
(a) exercise utmost care to ensure reasonable protection of the assets and record of the			M			

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entity;						
(b) act with fidelity, honesty, integrity and in the best interest of the entity in managing the financial affairs of the entity;			M			
(c) disclose to the entity's parent <i>municipality</i> and the entity's <i>board of directors</i> all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the parent <i>municipality</i> or the <i>board of directors</i> ; and			M			
(d) seek, within the sphere of influence of that <i>accounting officer</i> , to prevent any prejudice to the financial interests of the parent <i>municipality</i> or the <i>municipal entity</i> .			M			
(2) The <i>accounting officer</i> may not -			M			
(a) act in a way that is inconsistent with the responsibilities assigned to <i>accounting officers</i> of <i>municipal entities</i> in terms of <i>this Act</i> ; or			M			
(b) use the position or privileges of, or confidential information obtained as <i>accounting officer</i> , for personal gain or to improperly benefit another person.	See section 173(2)(a)(i)		M			
General financial management functions of <i>accounting officers</i>						
95. The <i>accounting officer</i> of a <i>municipal entity</i> is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure -	See section 173(2)(a)(i)	Effective 1.7.2004	M			
(a) that the resources of the entity are used effectively, efficiently, economically and			M			

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transparently;						
(b) that full and proper records of the financial affairs of the entity are kept;			M			
(c) that the entity has and maintains effective, efficient and transparent systems -			M			
(i) of financial and risk management and internal control; and			M			
(ii) of internal audit complying with and operating in accordance with any <i>prescribed</i> norms and standards;	Obtain <i>prescribed</i> norms and standards		???????			
(d) that irregular ,and <i>fruitless and wasteful expenditure</i> and other losses are prevented;			M			
(e) that expenditure is in accordance with the operational policies of the entity; and			M			
(f) that disciplinary or, when appropriate, criminal proceedings, are instituted against any <i>official</i> of the entity who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15.			M			
Asset and liability management						
96. (1) The <i>accounting officer</i> of a <i>municipal entity</i> is responsible for the management of -	Noted See subsection (2)	Effective 1.7.2004	M			
(a) the assets of the entity, including the safeguarding and maintenance of those assets; and			M			
(b) the liabilities of the entity.			M			
(2) The <i>accounting officer</i> must, for the purposes of subsection (1), take all reasonable steps to ensure that the entity has and maintains -	See section 173(2)(a)(i)		M			

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(a) a management, accounting and information system that accounts for proper assets and liabilities of the management systems of the <i>municipal entity</i> ; and			M			
(b) a system of internal control of assets and liabilities, including an asset and liabilities register, as may be <i>prescribed</i> .	Obtain copy of prescripts	Effective 1.7.2004	PT: PAM PT: PF			
Revenue management						
97. The <i>accounting officer</i> of a <i>municipal entity</i> must take all reasonable steps to ensure -		Effective 1.7.2004	M			
(a) that the entity has and implements effective revenue collection systems to give effect to its budget;	See section 173(2)(a)(i)		M			
(b) that all revenue due to the entity is collected;			M			
(c) that any funds collected by the entity on behalf of a <i>municipality</i> -			M			
(i) are transferred to that <i>municipality</i> strictly in accordance with the agreement between the entity the <i>municipality</i> ; and			M			
(ii) are not used for the purposes of the entity;			M			
(d) that the <i>municipal entity</i> has effective revenue collection systems consistent with those of the parent <i>municipality</i> ;			M			
(e) that revenue due to the entity is calculated on a monthly basis;			M			
(f) that accounts for service charges are prepared on a monthly basis, or less often as may be <i>prescribed</i> where monthly accounts are uneconomical;	Obtain copy of prescripts	Effective 1.7.2004	PT: PAM PT: PF PT: FAM			

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(g) that all money received is promptly deposited in accordance with <i>this Act</i> into the <i>municipal entity's</i> bank accounts:			M			
(h) that the <i>municipal entity</i> has and maintains a management, accounting and information system which -			M			
(i) recognises revenue when it is earned;			M			
(ii) accounts for debtors; and			M			
(iii) accounts for receipts of revenue;						
(i) that the <i>municipal entity</i> has and maintains a system of internal control in respect of debtors and revenue, as may be <i>prescribed</i> ; and	Obtain copy of prescripts	Effective 1.7.2004	PT: PF			
(ji) that all revenue received by the <i>municipal entity</i> , including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.						
(3) The <i>accounting officer</i> must immediately inform the parent <i>municipality</i> of any payments due by an organ of state to the entity in respect of service charges, if such payments are regularly in arrears for periods of more than 30 days.						
Monthly reconciliation of revenue and accounts						
98. The <i>accounting officer</i> of a <i>municipal entity</i> must take all reasonable steps to ensure that -	Noted	Effective 1.7.2004	M			
(a) all revenue received by the entity, including revenue received by any collecting agency on its behalf, is reconciled on a			M			

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monthly or more regular basis; and						
(b) all accounts of the entity are reconciled each <i>month</i> .			M			
Expenditure management						
99. (1) The <i>accounting officer</i> of a <i>municipal entity</i> is responsible for the management of the expenditure of the entity.	See subsection (2)	Effective 1.7.2004	M			
(2) The <i>accounting officer</i> must for the purpose of subsection (1) take all reasonable steps to ensure -			M			
(a) that the entity has and maintains an effective system of expenditure control including procedures for the approval, authorisation, withdrawal and payment of funds;	See section 173(2)(a)(i)		M			
(b) that all money owing by the entity is paid within 30 days of receiving the relevant invoice or statement unless <i>prescribed</i> otherwise for certain <i>categories</i> of expenditure;	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			
(c) that the entity has and maintains a management, accounting and information system which -	See section 173(2)(a)(i)		M			
(i) recognises expenditure when it is incurred;			M			
(ii) accounts for <i>creditors</i> of the entity; and			M			
(iii) accounts for payments made by the entity;			M			
(d) that the entity has and maintains a system of internal control in respect of <i>creditors</i> and payments;			M			
(e) that payments by the entity are made -	See section 173(2)(a)(i)					

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(i) directly to the person to whom it is due unless agreed otherwise only for reasons as may be <i>prescribed</i> ; and	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			
(ii) either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a <i>prescribed</i> limit;	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			
(f) that the entity complies with its tax, duty, pension, medical aid, audit fees and other statutory commitments;						
(g) that the entity's available working capital is managed effectively and economically in terms of any <i>prescribed</i> cash management and <i>investment</i> framework; and	Obtain prescripts from NT	Effective 1.7.2004	PT: FAM			
(h) that the entity has and implements a supply chain management policy in accordance with section 111 in a way that is fair, equitable, transparent and cost-effective.						
Budget implementation						
100. The <i>accounting officer</i> of a <i>municipal entity</i> is responsible for implementing the entity's budget, including taking effective and appropriate steps to ensure that -	See section 5(4)(i)	Effective 1.7.2004	PT: NFM			
(a) the spending of funds is in accordance with the budget;						
(b) revenue and expenditure are properly monitored; and						
(c) spending is reduced as necessary when revenue is anticipated to be less than projected in the budget.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Part 4: Reports and reportable matters						
Impending under collection, shortfalls, overspending, overdrafts, and non-payment						
101. (1) The <i>accounting officer</i> of a <i>municipal entity</i> must report, in writing, to the <i>board of directors</i> of the entity, at its next meeting, and to the <i>accounting officer</i> of the entity's parent <i>municipality</i> any financial problems of the entity, including -	See section 5(4)(i) See subsection (2)	Effective 1.7.2004	PT: NFM			
(a) any impending or actual -						
(i) under collection of revenue due;						
(ii) shortfalls in budgeted revenue;						
(iii) <i>overspending</i> of the entity's budget;						
(iv) delay in the entity's payments to any <i>creditors</i> ; or						
(v) overdraft in any bank account of the entity for a period exceeding 21 days; and						
(b) any steps taken to rectify such financial problems.						
(2) The <i>accounting officer</i> of the <i>municipality</i> must table a report referred to in subsection (1) in the <i>municipal council</i> at its next meeting.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Irregular or fruitless and waste- ful expenditure						
102. (1) On discovery of any <i>irregular expenditure</i> or any <i>fruitless and wasteful expenditure</i> , the <i>board of directors</i> of a <i>municipal entity</i> must promptly report, in writing, to the <i>mayor</i> and <i>municipal manager</i> of the entity's parent <i>municipality</i> and the <i>Auditor-General</i> -	See section 5(4)(i)	Effective 1.7.2004	PT:NFM			
(a) particulars of the expenditure; and						
(b) any steps that have been taken -						
(i) to recover the expenditure; and						
(ii) to prevent a recurrence of the expenditure.						
(2) The <i>board of directors</i> of a <i>municipal entity</i> must promptly report to the South African Police Service any -						
(a) <i>irregular expenditure</i> that may constitute a criminal offence; and						
(b) other losses suffered by the <i>municipal entity</i> which resulted from suspected criminal conduct.						
Reporting of improper inter- ference by councillors						
103. The <i>accounting officer</i> of a <i>municipal entity</i> must promptly report to the speaker of the <i>council</i> of the entity's parent <i>municipality</i> any interference by a <i>councillor</i> outside that <i>councillor's</i> assigned duties, in -	See section 5(4)(i)	Effective 1.7.2004	PT:NFM			
(a) the financial affairs of the <i>municipal entity</i> ; or						

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(b) the responsibilities of the <i>board of directors</i> of the <i>municipal entity</i> .						
General reporting obligations						
104. (1) The <i>accounting officer</i> of a <i>municipal entity</i> -		Effective 1.7.2004				
(a) is, except where otherwise provided in <i>this Act</i> , responsible for the submission by the entity of all reports, returns, notices and other information to the entity's parent <i>municipality</i> , as may be required by <i>this Act</i> ; and						
(b) must submit to the <i>accounting officer</i> of the entity's parent <i>municipality</i> , the National Treasury, the relevant provincial treasury, the department of local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.	Obtain prescripts from NT See section 104(1)	Effective 1.7.2004	PT: NFM			
	Determine information, etc. required	Effective 1.7.2004	PT and DLG			
(2) If the <i>accounting officer</i> of a <i>municipal entity</i> is unable to comply with any of the responsibilities in terms of <i>this Act</i> , he or she must promptly report the inability, together with reasons, to the <i>council</i> of the entity's parent <i>municipality</i> .	Apply section 104(1)(b) See section 5(4)(i)	Effective 1.7.2004	PT: NFM and DLG			
Part 5: Other officials of municipal entities						
Duties of other officials						
105. (1) Each <i>official</i> of a <i>municipal entity</i> exercising financial management responsibilities must take all reasonable steps	Noted See section 172(2) See subsection (2)	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
within that <i>official's</i> area of responsibility to ensure -						
(a) that the system of financial management and internal control established for the entity is carried out diligently;			M			
(b) that the financial and other resources of the entity are utilised effectively, efficiently, economically and transparently;			M			
(c) that any <i>irregular expenditure, fruitless and wasteful expenditure</i> and other losses are prevented;			M			
(d) that all revenue due to the entity is collected;			M			
(e) that the provisions of <i>this Act</i> to the extent applicable to that <i>official</i> , including any <i>delegations</i> in terms of section 106, are complied with; and			M			
(f) that the assets and liabilities of the entity are managed effectively, and that assets are safeguarded and maintained to the extent necessary.			M			
(2) An <i>official</i> of a <i>municipal entity</i> must perform the functions referred to in subsection (1) subject to the directions of the <i>accounting officer</i> of the entity.			M			
Delegation of powers and duties by accounting officers	See section 105(1)(e) See section 172(2) See section 173(3)					
106. (1) The <i>accounting officer</i> of a <i>municipal entity</i> -	See subsection (2) and (3)					
(a) may delegate to an <i>official</i> of that entity -	Develop pro forma <i>delegations</i>	Effective 1.7.2004	MFMA unit			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(i) any of the powers or duties assigned or delegated to the <i>accounting officer</i> in terms of <i>this Act</i> ; or						
(ii) any powers or duties reasonably necessary to assist the <i>accounting officer</i> in complying with a duty which requires the <i>accounting officer</i> to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of <i>this Act</i> ; and						
(b) must regularly review <i>delegations</i> issued in terms of paragraph (a) and, if necessary, amend or withdraw any of those <i>delegations</i> .			MFMA unit			
(2) A <i>delegation</i> in terms of subsection (1) -						
(a) must be in writing;						
(b) is subject to any limitations and conditions the <i>accounting officer</i> may impose;						
(c) may be either to a specific individual or to the holder of a specific post in the <i>municipal entity</i> ; and						
(d) does not divest the <i>accounting officer</i> of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.						
(3) An <i>accounting officer</i> may confirm, vary or revoke any decision taken by an <i>official</i> in consequence of a <i>delegation</i> in terms of subsection (1) , but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Competency levels of professional financial officials						
107. The <i>accounting officer, senior managers, any chief financial officer</i> and all other financial officials of a <i>municipal entity</i> must meet the <i>prescribed</i> financial management competency levels.	Obtain prescripts	Effective 1.7.2006	PT: NFM			
	See section 5(4)(i)					
Part 6: General						
Borrowing of money						
108. (1) A <i>municipal entity</i> may borrow money, but only in accordance with -		Effective 1.7.2004	M			
(a) the entity's multi-year business plan referred to in section 87(5)(d); and			M			
(b) the provisions of Chapter 6 to the extent that those provisions can be applied to a <i>municipal entity</i> .	See chapter 6 - section 45 – 51		M			
(2) In applying Chapter 6 to a <i>municipal entity</i> , a reference in that Chapter to a <i>municipality, a municipal council</i> or an <i>accounting officer</i> must be read as referring to a <i>municipal entity, the board of directors of a municipal entity</i> or the <i>accounting officer of a municipal entity</i> , respectively.			M			
Financial problems in municipal entities	See chapter 13					
109. If a <i>municipal entity</i> experiences serious or persistent financial problems and the <i>board of directors</i> of the entity fails to act effectively, the parent <i>municipality</i> must either -	Develop monitoring mechanism	Effective 1.7.2004	PT: PF			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
	Develop criteria – see section 138	Effective 1.7.2004	PT: PF			
	Develop procedural guideline	Effective 1.7.2004	PT: PF			
	(a) take appropriate steps in terms of its rights and powers over that entity, including its rights and powers in terms of any relevant service delivery or other agreement;					
	(b) impose a <i>financial recovery plan</i> , which must meet the same criteria set out in section 142 for a municipal <i>financial recovery plan</i> ; or					
	(c) liquidate and disestablish the entity.					
CHAPTER 11						
GOODS AND SERVICES						
Part 1: Supply chain management						
Application of this Part						
110. (1) This Part, subject to subsection (2), applies to -	Develop a decision tree incorporating the Systems Act aligned with section 111	Effective 1.7.2004	PT: PP		Does “goods and services” include immovable and movable assets. Both are included in proposed SCM framework	Clarity required from NT.
	Develop a monitoring mechanism aligned with section 111 See section 120(7)	Effective 1.7.2004	PT: PP			
(a) the procurement by a <i>municipality</i> or						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
<i>municipal entity of goods and services:</i>						
(b) the disposal by a <i>municipality</i> or <i>municipal entity</i> of goods no longer needed:						
(c) the selection of contractors to provide assistance in the provision of <i>municipal services</i> otherwise than in circumstances where Chapter 8 of the <i>Municipal Systems Act</i> applies; and						
(d) the selection of external mechanisms referred to in section 80(1)(b) of the <i>Municipal Systems Act</i> for the provision of <i>municipal services</i> in circumstances contemplated in section 83 of that Act.						
(2) This Part, except where specifically provided otherwise, does not apply if a <i>municipality</i> or <i>municipal entity</i> contracts with another organ of state for -	Develop a decision tree incorporating the Systems Act See subsection (1)	Effective 1.7.2004	PT: PP			
(a) the provision of goods or services to the <i>municipality</i> or <i>municipal entity</i> ;						
(b) the provision of a <i>municipal service</i> or assistance in the provision of a <i>municipal service</i> ; or						
(c) the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.						
(3) The disposal of goods by a <i>municipality</i> or <i>municipal entity</i> in terms of this Part must be read with sections 14 and 90.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Supply chain management policy						Obtain copy of letter from Nico Nel in respect of NIA.
111. Each <i>municipality</i> and each <i>municipal entity</i> must have and implement a supply chain management policy which gives effect to the provisions of this Part.	Obtain existing policies	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : 1.7.2007	PT: PP			
	Continuous assessment of policies	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : 1.7.2007	PT: PP			
	Develop a guideline SCM policy See section 112(1), 90(5), 110(1), 114 and 120(7) See section 14(5) See section 65(2)(i) See section 73(a) See section 90(5) See section 99(2)(h) See section 173(a)(ii)	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : 1.7.2007	PT: PP			
Supply chain management policy to comply with pre-scribed framework						
112. (1) The supply chain management policy of a <i>municipality</i> or <i>municipal entity</i> must be fair, equitable, transparent, competitive and cost-effective and comply with a <i>prescribed</i> regulatory framework for municipal supply	Assess policy	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006	PT: PP			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
chain management, which must cover at least the following:		Low : 1.7.2007				
	Obtain <i>prescribed</i> regulatory framework from NT See section 111 and 120(7) and 115(1)(b)	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : 1.7.2007	PT: PP			
(a) The range of supply chain management processes that <i>municipalities</i> and <i>municipal entities</i> may use, including tenders, quotations, auctions and other types of competitive bidding;						
(b) when a <i>municipality</i> or <i>municipal entity</i> may or must use a particular type of process;						
(c) procedures and mechanisms for each type of process;						
(d) procedures and mechanisms for more flexible processes where the value of a contract is below a <i>prescribed</i> amount;	Obtain <i>prescribed</i> amounts	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : 1.7.2007	PT: PP			
(e) open and transparent pre-qualification processes for tenders or other bids;			M			
(f) competitive bidding processes in which only pre-qualified persons may participate;			M			
(g) bid documentation, advertising of and invitations for contracts;			M			
(h) procedures and mechanisms for -			M			
(i) the opening, registering and recording of bids in the presence of interested persons;			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(ii) the evaluation of bids to ensure best value for money;						
(iii) negotiating the final terms of contracts; and						
(iv) the approval of bids;						
(i) screening processes and <i>security</i> clearances for prospective contractors on tenders or other bids above a <i>prescribed</i> value;	Obtain <i>prescribed</i> value	Effective 1.7.2005 High 1.7.2006 Medium 1.7.2007 Low	PT: PP			
(j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;			M			
(k) participation in the supply chain management system of persons who are not <i>officials</i> of the <i>municipality</i> or <i>municipal entity</i> , subject to section 117;			M			
(l) the barring of persons from participating in tendering or other bidding processes, including persons -			M			
(i) who were convicted for fraud or corruption during the past five years;			M			
(ii) who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or			M			
(iii) whose tax matters are not cleared by South African Revenue Service;			M			
(m) measures for -			M			
(i) combating fraud, corruption, favouritism and unfair and irregular practices in municipal			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
supply chain management; and						
(ii) promoting ethics of <i>officials</i> and other role players involved in municipal supply chain management;			M			
(n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by -			M			
(i) <i>councillors</i> in contravention of item 5 or 6 of the Code of Conduct for <i>Councillors</i> set out in Schedule 1 to the <i>Municipal Systems Act</i> ; or			M			
(ii) municipal <i>officials</i> in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;			M			
(o) the procurement of goods and services by <i>municipalities</i> or <i>municipal entities</i> through contracts procured by other organs of state;			M			
(p) contract management and dispute settling procedures; and						
(q) the <i>delegation</i> of municipal supply chain management powers and duties, including to <i>officials</i> .	Develop pro forma <i>delegations</i>	Effective 1.7.2005 High 1.7.2006 Medium 1.7.2007 Low	MFMA unit			
(2) The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.						
Unsolicited bids						
113. (1) A <i>municipality</i> or <i>municipal entity</i> is not obliged to consider an unsolicited bid	See section 120(7)					

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
received outside its normal bidding process.						
(2) If a <i>municipality</i> or <i>municipal entity</i> decides to consider an unsolicited bid received outside a normal bidding process, it may do so only in accordance with a <i>prescribed</i> framework.	Obtain <i>prescribed</i> framework	Effective 1.7.2004	PT: PP			
(3) The framework must strictly regulate and limit the power of <i>municipalities</i> and <i>municipal entities</i> to approve unsolicited bids received outside their normal tendering or other bidding processes.						
Approval of tenders not recommended	This process must be included in SCM policy referred to in section 111 and 120(7)	Effective 1.7.2004	PT: PP			
114. (1) If a tender 'other than the one recommended in the normal course of implementing the supply chain management policy of a <i>municipality</i> or <i>municipal entity</i> is approved, the <i>accounting officer</i> of the <i>municipality</i> or <i>municipal entity</i> must, in writing, notify the <i>Auditor-General</i> , the relevant <i>provincial treasury</i> and the <i>National Treasury</i> and, in the case of a <i>municipal entity</i> , also the parent <i>municipality</i> , of the reasons for deviating from such recommendation.	Develop a monitoring mechanism See subsection (2)	Effective 1.7.2004	PT: PP			
	Maintain a database	Effective 1.7.2004	PT: PP			
	Clarify the inconsistency between this section and the PPPFA	Effective 1.7.2004	PT: PP			
(2) Subsection (1) does not apply if a different tender was approved in order to rectify an						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
irregularity.						
Implementation of system						
115. (1) The <i>accounting officer</i> of a <i>municipality</i> or <i>municipal entity</i> must -	See section 120(7) See section 173(5)(e)					
(a) implement the supply chain management policy of the <i>municipality</i> or <i>municipal entity</i> ; and	Develop a monitoring mechanism	Effective High : 1.7.2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: PP			
(b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.	Include in SCM policy and pro forma <i>delegations</i> as per section 112	Effective 1.7.2004	MFMA unit			
(2) No person may impede the <i>accounting officer</i> in fulfilling this responsibility.	Develop procedural guidelines to assist <i>accounting officer</i>	Effective 1.7.2004	PT: PP			
Contracts and contract management						
116. (1) A contract or agreement procured through the supply chain management system of a <i>municipality</i> or <i>municipal entity</i> must -	Obtain clarity regarding the application of Contract Law Principles and the provisions in this section	Effective 1.7.2004	PT: PP			
	Develop a contract management guideline See section 120(7)	Effective 1.7.2004	PT: PP in conjunction with Legal Services			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(a) be in writing;						
(b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for -						
(i) the termination of the contract or agreement in the case of non- or under-performance;						
(ii) dispute resolution mechanisms to settle disputes between the parties;						
(iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and						
(iv) any other matters that may be <i>prescribed</i> .	Obtain <i>prescribed</i> matters		PT: PP			
(2) The <i>accounting officer of a municipality or municipal entity</i> must -	Include in contract management guideline	Effective 1.7.2004	PT: PP			
	See section 5(4)(i)					
(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the <i>municipality or municipal entity</i> is properly enforced;						
(b) monitor on a monthly basis the performance of the contractor under the contract or agreement;						
(c) establish capacity in the administration of the <i>municipality or municipal entity</i> -		Effective High : 2005/06 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen-				

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
		tation delayed until 30 June 2007				
(i) to assist the <i>accounting officer</i> in carrying out the duties set out in paragraphs (a) and (b); and						
(ii) to oversee the day-to-day management of the contract or agreement; and						
(d) regularly report to the <i>council</i> of the <i>municipality</i> or the <i>board of directors</i> of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.						
(3) A contract or agreement procured through the supply chain management policy of the <i>municipality</i> or <i>municipal entity</i> may be amended by the parties, but only after -	See section 5(4)(i)	Effective 1.7.2004				
	Include in contract management guideline	Effective 1.7.2004	PT: PP			
(a) the reasons for the proposed amendment have been tabled in the <i>council</i> of the <i>municipality</i> or, in the case of a <i>municipal entity</i> , in the <i>council</i> of its parent <i>municipality</i> ; and						
(b) the <i>local community</i> -						
(i) has been given reasonable notice of the intention to amend the contract or agreement; and						
(ii) has been invited to submit representations to the <i>municipality</i> or <i>municipal entity</i> .						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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Councillors barred from serving on municipal tender committees	See section 112(1)(k)					
117. No <i>councillor</i> of any <i>municipality</i> may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.	Obtain clarity if development proposals as well as the selling and letting of erven and other assets are included in this section See section 120(7)	Effective 1.7.2004	PT: PP		Can an executive mayor award a tender in his/her individual capacity (refer to legal opinion obtained by CCT)?	NT to provide a directive. Inform Auditor-General on implications –refer to ordinances that are inconsistent (quarterly meetings). Consider obtaining legal opinion from Province's Legal Services.
					Can the full Council evaluate or approve a tender?	NT to provide a directive.
					Which section of the MFMA provides for the original power of AO to award tenders?	NT to provide a directive.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
					What is a possible interim arrangement, until SCM framework from NT is received?	<p>NT to confirm the use of SCM policies issued in terms of LGTA 10G until SCM framework is received, but immediately replace Council members on Tender Committee.</p> <p>Mossel Bay Municipality's Council resolved that, in the interim, the Municipal Manager and his directors will form the tender committee and award tenders, as per the LGTA 10G regulations.</p>
					In what way can the Council be involved in the evaluation or consideration of development proposals of immovable property invited by the municipality that will have a large impact on the community as a whole.	NT to consider including in the SCM framework that community comments on development proposals be invited during the evaluation process. A councilor, representing the community, may then also give comments.

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
					It has subsequently been confirmed that some municipalities are considering outsourcing membership to the tender committee, which members could be politically motivated.	NT must issue directive to prevent such practices.
Conditions and process for public-private partnerships					What is the situation with Local Economic Development initiatives? At this stage it is done as section 21 companies consisting of various funding partners. (Refer to section 1, definition of municipal entities.)	Clarity required from NT.
Interference						
118. No person may -	Develop procedural guidelines See section 173(5)(e)	Effective 1.7.2004	PT: PP			
(a) interfere with the supply chain management system of a <i>municipality</i> or <i>municipal entity</i> ; or						
(b) amend or tamper with any tenders, quotations, contracts or bids after their submission.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Competency levels of officials involved in municipal supply chain management						
119. (1) The <i>accounting officer</i> and all other <i>officials</i> of a <i>municipality</i> or <i>municipal entity</i> involved in the implementation of the supply chain management policy of the <i>municipality</i> or <i>municipal entity</i> must meet the <i>prescribed</i> competency levels.	Obtain prescripts from NT See section 120(7) See subsection (2) and (3)	Effective 1.7.2006	PT: PP			
	Assess competency levels	Effective 1.7.2006	PT: PP			
(2) A <i>municipality</i> and a <i>municipal entity</i> must for the purposes of subsection (1) provide resources or opportunities for the training of <i>officials</i> referred to in that subsection to meet the <i>prescribed</i> competency levels.	Obtain <i>prescribed</i> competency levels	Effective 1.7.2006	PT: PP			
(3) The <i>National Treasury</i> or a <i>provincial treasury</i> may assist <i>municipalities</i> and <i>municipal entities</i> in the training of <i>officials</i> referred to in subsection (1).						
	Determine training needs	Effective 1.7.2006	PT: PP			
	Develop and implement a training programme	Effective 1.7.2006	PT: PP			
	Monitor achievement of competency levels	Effective 1.7.2006	PT: PP			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
Part 2: Public-private partnerships						
Conditions and process for public-private partnerships	See section 5(4)(i) See section 75(j)	Effective 1.7.2004			What is the situation with LEDs? At this stage it is done as section 21 companies.	Clarify with NT. Herdi V to provide an example.
120. (1) A <i>municipality</i> may enter into a public-private partnership agreement, but only if the <i>municipality</i> can demonstrate that the agreement will -			M			
(a) provide value for money to the <i>municipality</i> ;			M			
(b) be affordable for the <i>municipality</i> ; and			M			
(c) transfer appropriate technical, operational and financial risk to the private Party.			M			
(2) A public-private partnership agreement must comply with any <i>prescribed</i> regulatory framework for public-private partnerships.	Obtain <i>prescribed</i> framework	Effective 1.7.2004	PT: PP			
(3) If the public-private partnership involves the provision of a <i>municipal service</i> , Chapter 8 of the <i>Municipal Systems Act</i> must also be complied with.		Effective 1.7.2004	M			
(4) Before a public-private partnership is concluded, the <i>municipality</i> must conduct a feasibility study that -	See subsection (5)	Effective 1.7.2004	M			
(a) explains the strategic and operational benefits of the public-private partnership for the <i>municipality</i> in terms of its objectives;			M			
(b) describes in specific terms -			M			
(i) the nature of the private party's role in the			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
public-private partnership;						
(ii) the extent to which this role, both legally and by nature, can be performed by a private party; and			M			
(iii) how the proposed agreement will -			M			
(aa) provide value for money to the <i>municipality</i> ;			M			
(bb) be affordable for the <i>municipality</i> ;			M			
(cc) transfer appropriate technical, operational and financial risks to the private party;			M			
(dd) impact on the <i>municipality's</i> revenue flows and its current and future budgets;			M			
(c) takes into account all relevant information; and			M			
(d) explains the capacity of the <i>municipality</i> to effectively monitor, manage and enforce the agreement.			M			
(5) The national government may assist <i>municipalities</i> in carrying out and assessing feasibility studies referred to in subsection (4).		Effective 1.7.2005	M			
(6) When a feasibility study has been completed, the <i>accounting officer</i> of the <i>municipality</i> must -			M			
(a) submit the report on the feasibility study together with all other relevant documents to the <i>council</i> for a decision, in principle, on whether the <i>municipality</i> should continue with the proposed public-private partnership:			M			
(b) at least 60 days prior to the meeting of the <i>council</i> at which the matter is to be considered, in accordance with section 21A of			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
the <i>Municipal Systems Act</i> -						
(i) make public particulars of the proposed public-private partnership, including the report on the feasibility study; and			M			
(ii) invite the <i>local community</i> and other interested persons to submit to the <i>municipality</i> comments or representations in respect of the proposed public-private partnership; and			M			
(c) solicit the views and recommendations of -	Develop criteria – dependent on prescript	Effective 1.7.2004	PT: PP			
(i) the <i>National Treasury</i> ;						
(ii) the national department responsible for local government;						
(iii) if the public-private partnership involves the provision of water, sanitation, electricity or any other service as may be <i>prescribed</i> , the responsible national department; and	Obtain <i>prescribed</i> services		PT: PP			
(iv) any other national or provincial organ of state as may be <i>prescribed</i> .	Obtain prescript from NT	Effective 1.7.2004	PT: PP			
(7) Part 1 of this Chapter applies to the procurement of public-private partnership agreements. Section 33 also applies if the agreement will have multi-year budgetary implications for the <i>municipality</i> within the meaning of that section.	See sections 110 – 119. Also section 33					

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
CHAPTER 12						
FINANCIAL REPORTING AND AUDITING						
Preparation and adoption of annual reports		Implementation of section 121 for municipal entities delayed until 30 June 2005				
121. (1) Every <i>municipality</i> and every <i>municipal entity</i> must for each <i>financial year</i> prepare an <i>annual report</i> in accordance with this Chapter. The <i>council of a municipality</i> must within nine <i>months</i> after the end of a <i>financial year</i> deal with the <i>annual report</i> of the <i>municipality</i> and of any <i>municipal entity</i> under the <i>municipality's</i> sole or <i>shared control</i> in accordance with section 129.	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report See section 128(a)	Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	DLG PT: NFM PT: A PT: PF A-G		Conflict with timeframes set out in section 46 and 67 of Systems Act.	Clarity required from NT.
	Develop provincial municipal performance report format (See section 46 & 47 of Systems Act). See also section 72.	Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	DLG PT: NFM PT: A PT: PF		Concern expressed on lack of consultation by NT on formats of annual reports with provinces and municipalities.	Concern to be noted by NT.
(2) The purpose of an <i>annual report</i> is -			M			
(a) to provide a record of the activities of the <i>municipality</i> or <i>municipal entity</i> during the <i>financial year</i> to which the report relates;			M			
(b) to provide a report on performance against the budget of the <i>municipality</i> or <i>municipal entity</i> for that <i>financial year</i> ; and			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(c) to promote accountability to the <i>local community</i> for the decisions made throughout the year by the <i>municipality</i> or <i>municipal entity</i> .			M			
(3) The <i>annual report</i> of a <i>municipality</i> must include -	See section 127(3)(a)		M			
(a) the annual <i>financial statements</i> of the <i>municipality</i> , and in addition, if section 122(2) applies, consolidated annual <i>financial statements</i> , as submitted to the <i>Auditor-General</i> for audit in terms of section 126(1);			M			
(b) the <i>Auditor-General's</i> audit report in terms of section 126(3) on those <i>financial statements</i> ;			M			
(c) the annual performance report of the <i>municipality</i> prepared by the <i>municipality</i> in terms of section 46 of the <i>Municipal Systems Act</i> ;			M			
(d) the <i>Auditor-General's</i> audit report in terms of section 45(b) of the <i>Municipal Systems Act</i> ;			M			
(e) an assessment by the <i>municipality's accounting officer</i> of any arrears on <i>municipal taxes</i> and service charges;			M			
(f) an assessment by the <i>municipality's accounting officer</i> of the <i>municipality's</i> performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the <i>municipality's approved budget</i> for the relevant <i>financial year</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);			M			
(h) any explanations that may be necessary to clarify issues in connection with the <i>financial statements</i> ;			M			
(i) any information as determined by the <i>municipality</i> ;			M			
(j) any recommendations of the <i>municipality's</i> audit committee; and			M			
(k) any other information as may be <i>prescribed</i> .	Obtain prescripts	Effective 1.7.2004	DLG			
(4) The <i>annual report</i> of a <i>municipal entity</i> must include -	See section 127(3)(a)					
(a) the annual <i>financial statements</i> of the entity, as submitted to the <i>Auditor-General</i> for audit in terms of section 126(2);			M			
(b) the <i>Auditor-General's</i> audit report in terms of section 126(3) on those <i>financial statements</i> ;			M			
(c) an assessment by the entity's <i>accounting officer</i> of any arrears on <i>municipal taxes</i> and service charges;			M			
(d) an assessment by the entity's <i>accounting officer</i> of the entity's performance against any measurable performance objectives set in terms the <i>service delivery agreement</i> or other agreement between the entity and its parent <i>municipality</i> ;			M			
(e) particulars of any corrective action taken or to be taken in response to issues raised in			M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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the audit report referred to in paragraph (b);						
(f) any information as determined by the entity or its parent <i>municipality</i> ;			M			
(g) any recommendations of the audit committee of the entity or of its parent <i>municipality</i> ;			M			
(h) any other information as may be <i>prescribed</i> .	Obtain prescripts	Effective 1.7.2004	DLG			
Preparation of financial statements						
122. (1) Every <i>municipality</i> and every <i>municipal entity</i> must for each <i>financial year</i> prepare annual <i>financial statements</i> which -	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report See subsection (2)	Effective 1.7.2004	DLG PT: NFM PT: A PT: PF A-G			
(a) fairly presents the state of affairs of the <i>municipality</i> or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the <i>financial year</i> ; and						
(b) disclose the information required in terms of sections 123, 124 and 125.						
(2) A <i>municipality</i> which has <i>sole control</i> of a <i>municipal entity</i> , or which has effective control within the meaning of the <i>Municipal Systems Act</i> of a <i>municipal entity</i> which is a <i>private company</i> , must in addition to complying with subsection (1), prepare consolidated annual <i>financial statements</i> incorporating the annual <i>financial statements</i> of the <i>municipality</i> and of	Obtain prescripts from NT See section 121(3)(a) See section 126(1)(b)	Effective High : 2004/05 budget Medium : Implemen- tation delayed until 30 June 2005 Low : Implemen- tation delayed until 30 June	PT: A			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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such entity. Such consolidated annual <i>financial statements</i> must comply with any requirements as may be <i>prescribed</i> .		2006				
(3) Both annual <i>financial statements</i> and consolidated annual <i>financial statements</i> must be prepared in accordance with generally recognised accounting practice <i>prescribed</i> in terms of section 91(1)(b) of the <i>Public Finance Management Act</i> .	Clarify phasing out of GAMAP and phasing in of GRAP	Effective High : Implemen- tation delayed until 30 June 2006 Medium : Implemen- tation delayed until 30 June 2007 Low : Implemen- tation delayed until 30 June 2008	PT:A			
Disclosures on intergovernmental and other allocations						
123. (1) The annual <i>financial statements</i> of a <i>municipality</i> must disclose information on -	See section 122(1)(a)	Effective 1.4.2005	M			
(a) any <i>allocations</i> received by the <i>municipality</i> from -			M			
(i) an organ of state in the national or provincial sphere of government; or			M			
(ii) a <i>municipal entity</i> or another <i>municipality</i> ;			M			
(b) any <i>allocations</i> made by the <i>municipality</i> to -			M			
(i) a <i>municipal entity</i> or another <i>municipality</i> ; or			M			
(ii) any other organ of state;			M			
(c) how any <i>allocations</i> referred to in paragraph (a) were spent, per <i>vote</i> , excluding <i>allocations</i> received by the <i>municipality</i> as its portion of the equitable share or where	Obtain prescripts		PT: A			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>prescribed</i> otherwise because of the nature of the <i>allocation</i> ;						
(d) whether the <i>municipality</i> has complied with the conditions of -			M			
(i) any <i>allocations</i> made to the <i>municipality</i> in terms of section 214(1)(c) of the Constitution; and			M			
(ii) any <i>allocations</i> made to the <i>municipality</i> other than by national organs of the state;			M			
(e) the reasons for any non-compliance with conditions referred to in paragraph (d); and			M			
(f) whether funds destined for the <i>municipality</i> in terms of the <i>annual Division of Revenue Act</i> were delayed or withheld, and the reasons advanced to the <i>municipality</i> for such delay or withholding.			M			
(2) The annual <i>financial statements</i> of a <i>municipal entity</i> must disclose information on -			M			
(a) any <i>allocations</i> received by the entity from any <i>municipality</i> or other organ of state;			M			
(b) any <i>allocations</i> made by the entity to a <i>municipality</i> or other organ of state; and			M			
(c) any other information as may be <i>prescribed</i> .	Obtain prescripts from NT		PT: A			
Disclosures concerning coun- cillors, directors and officials						
124. (1) The notes to the annual <i>financial statements</i> of a <i>municipality</i> must include particulars of -	See section 122(1)(a)	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(a) the salaries, allowances and benefits of <i>political office-bearers</i> and councilors of the <i>municipality</i> , whether financial or in kind, including a statement by the <i>accounting officer</i> whether or not those salaries, allowances and benefits are within the upper limits of the framework envisaged in section 219 of the Constitution;	See section 167(3)(b)		M			
(b) any arrears owed by individual <i>councillors</i> to the <i>municipality</i> , or a <i>municipal entity</i> under its sole or <i>shared control</i> , for rates or services and which at any time during the relevant <i>financial year</i> were outstanding for more than 90 days, including the names of those <i>councillors</i> ; and			M			
(c) the salaries, allowances and benefits of the <i>municipal manager</i> , the <i>chief financial officer</i> , every <i>senior manager</i> and such <i>categories</i> of other <i>officials</i> as may be <i>prescribed</i> .	Obtain prescript from NT	Effective 1.7.2004	PT: A			
(2) The notes to the annual <i>financial statements</i> of a <i>municipal entity</i> must include particulars of the salaries, allowances and benefits of -						
(a) the members of the <i>board of directors</i> of the entity; and						
(b) the chief executive officer of the entity, every <i>senior manager</i> and such <i>categories</i> of other <i>officials</i> as may be <i>prescribed</i> .	Obtain prescripts from NT	Effective 1.7.2004	PT: A			
Other compulsory disclosures						
125. (1) The notes to the <i>financial statements</i> of a <i>municipality</i> must include -	See section 122(1)(a)	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(a) a list of all <i>municipal entities</i> under the sole or <i>shared control</i> of the <i>municipality</i> during the <i>financial year</i> and as at the last day of the <i>financial year</i> .			M			
(b) the total amount of contributions to <i>organised local government</i> for the <i>financial year</i> , and the amount of any contributions outstanding as at the end of the <i>financial year</i> , and			M			
(c) the total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the <i>financial year</i> .			M			
(2) The notes to the annual <i>financial statements</i> of a <i>municipality</i> or <i>municipal entity</i> must disclose the following information:			M			
(a) In respect of each bank account held by the <i>municipality</i> or entity during the relevant <i>financial year</i> -			M			
(i) the name of the bank where the account is or was held, and the type of account; and						
(ii) year opening and year end balances in each of these bank accounts;			M			
(b) a summary of all <i>investments</i> of the <i>municipality</i> or entity as at the end of the <i>financial year</i> ;			M			
(c) particulars of any contingent liabilities of the <i>municipality</i> or entity as at the end of the <i>financial year</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(d) particulars of -			M			
(i) any material losses and any material irregular or <i>fruitless and wasteful expenditures</i> , including in the case of a <i>municipality</i> , any material <i>unauthorised expenditure</i> , that occurred during the <i>financial year</i> and whether these are recoverable;			M			
(ii) any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or <i>fruitless and wasteful expenditures</i> ; and			M			
(iii) any material losses recovered or written off;			M			
(e) particulars of non-compliance with <i>this Act</i> ; and			M			
(f) any other matters that may be <i>prescribed</i> .	Obtain prescripts from NT	Effective 1.7.2004	PT: A			
Submission and auditing of annual <i>financial statements</i>						
126. (1) The <i>accounting officer</i> of a <i>municipality</i> -	Include in <i>annual report</i> process framework See section 121(3)(a) See section 133(1) See section 133(2)(a) See section 138(e)	Effective 2004/05 budget	PT: A			
(a) must prepare the annual <i>financial statements</i> of the <i>municipality</i> and, within two <i>months</i> after the end of the <i>financial year</i> to which those statements relate, submit the statements to the <i>Auditor-General</i> for auditing; and						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) must in addition, in the case of a <i>municipality</i> referred to in section 122(2), prepare consolidated annual <i>financial statements</i> in terms of that section and within three <i>months</i> after the end of the <i>financial year</i> to which those statements relate, submit the statements to the <i>Auditor-General</i> for auditing.	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF A-G			
(2) The <i>accounting officer</i> of a <i>municipal entity</i> must prepare the annual <i>financial statements</i> of the entity and, within two <i>months</i> after the end of the <i>financial year</i> to which those statements relate, submit the statements to -	See section 121(4)(a) See section 128(a) See section 133(1)					
(a) the parent <i>municipality</i> of the entity; and						
(b) the <i>Auditor-General</i> , for auditing.						
(3) The <i>Auditor-General</i> must -	See section 121(3)(b) See section 121(4)(b)					
(a) audit those <i>financial statements</i> ; and						
(b) submit an audit report on those statements to the <i>accounting officer</i> of the <i>municipality</i> or entity within three <i>months</i> of receipt of the statements.						
(4) If the <i>Auditor-General</i> is unable to complete an audit within three <i>months</i> of receiving the <i>financial statements</i> from an <i>accounting officer</i> , the <i>Auditor-General</i> must promptly submit a report outlining the reasons for the delay to the relevant <i>municipality</i> or <i>municipal entity</i> and to the relevant provincial legislature and Parliament.	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF A-G			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(5) Once the <i>Auditor-General</i> has submitted an audit report to the <i>accounting officer</i> , no person other than the <i>Auditor-General</i> may alter the audit report or the <i>financial statements</i> to which the audit report relates.	See section 173(5)(e)					
Submission and tabling of annual reports	See section 129(1)					
127. (1) The <i>accounting officer</i> of a <i>municipal entity</i> must, within six <i>months</i> after the end of a <i>financial year</i> , or on such earlier date as may be agreed between the entity and its parent <i>municipality</i> , submit the entity's <i>annual report</i> for that <i>financial year</i> to the <i>municipal manager</i> of the entity's parent <i>municipality</i> .	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database See subsection (4)(b)	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF A-G			
(2) The <i>mayor</i> of a <i>municipality</i> must, within seven <i>months</i> after the end of a <i>financial year</i> , table in the <i>municipal council</i> the <i>annual report</i> of the <i>municipality</i> and of any <i>municipal entity</i> under the <i>municipality's</i> sole or <i>shared control</i> .	See subsection 4(a) and (s) See section 133(1)		M			
(3) If the <i>mayor</i> , for whatever reason, is unable to table in the <i>council</i> the <i>annual report</i> of the <i>municipality</i> , or the <i>annual report</i> of any <i>municipal entity</i> under the <i>municipality's</i> sole or <i>shared control</i> , within seven <i>months</i> after the end of the <i>financial year</i> to which the report relates, the <i>mayor</i> must -	See subsection (4)(a) See subsection (6) See section 129(6) See section 130(3) See section 132(1)(a)		M			
(a) promptly submit to the <i>council</i> a written explanation referred to in section 133(1)(a) setting out the reasons for the delay, together with any components of the <i>annual report</i> listed in section 121(3) or (4) that are ready;			M			

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and						
(b) submit to the <i>council</i> the outstanding <i>annual report</i> or the outstanding components of the <i>annual report</i> as soon as may be possible.			M			
(4) The <i>Auditor-General</i> may submit the <i>financial statements</i> and audit report -			M			
(a) of a <i>municipality</i> directly to the <i>municipal council</i> , the <i>National Treasury</i> , the relevant <i>provincial treasury</i> , the MEC responsible for local government in the province and any <i>prescribed</i> organ of state, if the <i>mayor</i> fails to comply with subsection (2) or (3); or	?????		M			
(b) of a <i>municipal entity</i> directly to the parent <i>municipality</i> , the <i>National Treasury</i> , the relevant <i>provincial treasury</i> , the MEC responsible for local government in the province and any <i>prescribed</i> organ of state, if the <i>accounting officer</i> of the entity fails to comply with subsection (1).	?????		M			
(5) Immediately after an <i>annual report</i> is tabled in the <i>council</i> in terms of subsection (2), the <i>accounting officer</i> of the <i>municipality</i> must -	See subsection (6)		M			
(a) in accordance with section 21A of the <i>Municipal Systems Act</i> -			M			
(i) make public the <i>annual report</i> ; and			M			
(ii) invite the <i>local community</i> to submit representations in connection with the <i>annual report</i> ; and			M			
(b) submit the <i>annual report</i> to the <i>Auditor-General</i> , the relevant <i>provincial treasury</i> and			M			

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the <i>provincial department</i> responsible for local government in the province.						
(6) Subsection (5), with the necessary modifications as the context may require, is also applicable if only components of the <i>annual report</i> are tabled in terms of subsection (3).			M			
Compliance to be monitored						
128. The <i>accounting officer</i> of a parent <i>municipality</i> must -	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF A-G			
(a) monitor whether the <i>accounting officer</i> of any <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> has complied with sections 121(1) and 126(2);	See section 133					
(b) establish the reasons for any non-compliance: and	See section 133					
(c) promptly report any non-compliance, together with the reasons for such non-compliance, to the <i>council</i> of the parent <i>municipality</i> , the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> .						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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Oversight reports on annual reports	See section 121(1)					
129. (1) The <i>council of a municipality</i> must consider the <i>annual report of the municipality</i> and of any <i>municipal entity</i> under the <i>municipality's sole or shared control</i> , and by no later than two <i>months</i> from the date on which the <i>annual report</i> was tabled in the <i>council</i> in terms of section 127, adopt an oversight report containing the <i>council's</i> comments on the <i>annual report</i> , which must include a statement whether the <i>council</i> -	Develop an <i>annual reporting process</i> framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database See subsection (3) See section 132(1)(b) and (2)	Effective 2004/05	DLG PT: NFM PT: A PT: PF A-G			
(a) has approved the <i>annual report</i> with or without reservations;						
(b) has rejected the <i>annual report</i> ; or						
(c) has referred the <i>annual report</i> back for revision of those components that can be revised.						
(2) The <i>accounting officer</i> must -						
(a) attend <i>council</i> and <i>council committee</i> meetings where the <i>annual report</i> is discussed, for the purpose of responding to questions concerning the report; and						
(b) submit copies of the minutes of those meetings to the <i>Auditor-General</i> , the relevant <i>provincial treasury</i> and the <i>provincial department</i> responsible for local government in the province.						
(3) The <i>accounting officer</i> must in accordance with section 21A of the <i>Municipal Systems Act</i> make public an oversight report referred to in subsection (1) within seven days of its adoption.						

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(4) The <i>National Treasury</i> may issue guidelines on -	Obtain guidelines from NT See subsection (5)	Effective 2004/05 budget	DLG			
(a) the manner in which <i>municipal councils</i> should consider <i>annual reports</i> and conduct public hearings; and						
(b) the functioning and composition of any public accounts or oversight committees established by the <i>council</i> to assist it to consider an <i>annual report</i> .						
(5) No guidelines issued in terms of subsection (4) are binding on a <i>municipal council</i> unless adopted by the <i>council</i> .						
(6) This section, with the necessary modifications as the context may require, is also applicable if only components of the <i>annual report</i> were tabled in terms of section 127(3).						
Council meetings open to public and certain public officials						
130. (1) The meetings of a <i>municipal council</i> at which an <i>annual report</i> is to be discussed or at which decisions concerning an <i>annual report</i> are to be taken. must be open to the public and any organs of state, and a reasonable time must be allowed -	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database See subsection (2)	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF A-G			
(a) for the discussion of any written submissions received from the <i>local community</i> or organs of state on the <i>annual report</i> ; and						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) for members of the <i>local community</i> or any organs of state to address the <i>council</i> .						
(2) Representatives of the <i>Auditor-General</i> are entitled to attend, and to speak at, any <i>council</i> meeting referred to in subsection (1).						
(3) This section, with the necessary modifications as the context may require, is also applicable if only components of the <i>annual report</i> were tabled in terms of section 127(3).						
Issues raised by Auditor-General in audit reports						
131. (1) A <i>municipality</i> must address any issues raised by the <i>Auditor-General</i> in an audit report. The <i>mayor</i> of a <i>municipality</i> must ensure compliance by the <i>municipality</i> with this subsection.		Effective 2004/05 budget				
(2) The <i>MEC for local government</i> in the province must -						
(a) assess all annual <i>financial statements</i> of <i>municipalities</i> in the province, the audit reports on such statements and any responses of <i>municipalities</i> to such audit reports, and determine whether <i>municipalities</i> have adequately addressed any issues raised by the Auditor-General in audit reports ; and	Clarify role of PT in annual financial statement assessments	Effective 2004/05 budget	PT: A DLG			
	Develop assessment criteria	Effective 2004/05 budget	DLG			
(b) report to the provincial legislature any omission by a <i>municipality</i> to adequately address those issues within 60 days.	Develop a reporting format	Effective 2004/05 budget	DLG			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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	Develop monitoring mechanism	Effective 2004/05 budget	DLG			
Submissions to provincial legislatures						
132. (1) The following documents must be submitted to the provincial legislature:	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database See subsection (4)	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF			
(a) The <i>annual report</i> of each <i>municipality</i> and each <i>municipal entity</i> in the province, or if only components of an <i>annual report</i> were tabled in terms of section 127(3), those components, and	See subsection (2)					
(b) all oversight reports on those <i>annual reports</i> adopted in terms of section 129(1).	See subsection (2)					
(2) The <i>accounting officer</i> of a <i>municipality</i> must submit the documents referred to in subsection (1)(a) and (b) to the provincial legislature within seven days after the <i>municipal council</i> has adopted the relevant oversight report in terms of section 129(1).	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF			
(3) The <i>MEC for local government</i> in a province must monitor whether <i>municipalities</i> in the province comply with subsection (2).	Develop monitoring mechanism	Effective 2004/05 budget	DLG			
(4) A provincial legislature may deal with the documents referred to it in terms of subsection (1) in accordance with its constitutional powers.	Clarify constitutional powers with NT	Effective 2004/05 budget	DLG			

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(5) The <i>National Treasury</i> may issue guidelines on the manner in which provincial legislatures should consider the <i>annual reports of municipalities</i> . No guidelines issued in terms of this subsection are binding on a provincial legislature unless adopted by the legislature.	Obtain guidelines from NT	Effective 2004/05 budget	DLG			
Consequences of non-compliance with certain provisions						
133. (1) If the <i>accounting officer</i> of a <i>municipality</i> or <i>municipal entity</i> fails to submit <i>financial statements</i> to the <i>Auditor-General</i> in accordance with section 126(1) or (2), or if the <i>mayor</i> fails to table the <i>annual report</i> of the <i>municipality</i> or a <i>municipal entity</i> in the <i>council</i> in accordance with section 127(2) -	Develop an <i>annual reporting process framework</i> , inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF			
	See section 128					
(a) the <i>mayor</i> must promptly table in the <i>council</i> a written explanation setting out the reasons for the failure;	See section 127(3)(a)					
(b) the <i>Auditor-General</i> , in the case of any failure to submit <i>financial statements</i> for auditing, must promptly -						
(i) inform the speaker of the <i>council</i> , the <i>National Treasury</i> and the <i>MEC for local government</i> and the <i>MEC for finance</i> in the province of such failure; and						
(ii) issue a special report on the failure to the relevant provincial legislature; and						
(c) the <i>municipal council</i> -						
(i) must request the speaker or any other						

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>councillor</i> to investigate the reasons for the failure and report to the <i>council</i> ;						
(ii) must take appropriate steps to ensure that the <i>financial statements</i> are submitted to the <i>Auditor-General</i> or that the <i>annual report</i> , including the <i>financial statements</i> and the audit report on those statements, is tabled in the <i>council</i> , as the case may be; and						
(iii) may order that disciplinary steps be taken against the <i>accounting officer</i> or other person responsible for the failure;						
(d) the provincial executive may intervene in the <i>municipality</i> in terms of section 139 of the Constitution;	See chapter 13					
(e) the <i>National Treasury</i> may take appropriate steps against the <i>municipality</i> in terms of section 5(4)(d);						
(f) the <i>provincial treasury</i> may take appropriate steps against the <i>municipality</i> in terms of section 5(4)(d).	Determine guidelines	Effective 2004/05 budget	PT: A DLG			
(2) The <i>Auditor-General</i> must submit to Parliament and the provincial legislatures -						
(a) by no later than 31 October of each year, the names of any <i>municipalities</i> or <i>municipal entities</i> which have failed to submit their <i>financial statements</i> to the <i>Auditor-General</i> in terms of section 126; and						
(b) at quarterly intervals thereafter, the names of any <i>municipalities</i> or <i>municipal entities</i> whose <i>financial statements</i> are still outstanding at the end of each interval.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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Annual report to Parliament						
134. The Cabinet member responsible for local government must, as part of the report referred to in section 38 of the <i>Municipal Systems Act</i> , annually report to Parliament on actions taken by MECs for local government to address issues raised by the <i>Auditor-General</i> in audit reports on <i>financial statements of municipalities</i> and <i>municipal entities</i> .	Develop an <i>annual reporting</i> process framework, inclusive of <i>financial statements</i> and audit report plus monitoring mechanism and shared database	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF			
	Develop provincial municipal performance report format (See section 46 & 47 of Systems Act). See also section 72.	Effective 2004/05 budget	DLG PT: NFM PT: A PT: PF			
CHAPTER 13						Foward Provinces intervention mechanism flowchart to municipalites.
RESOLUTION OF FINANCIAL PROBLEMS						
Part 1: Identification of financial problems						
Primary responsibility for resolution of financial problems	See section 109 and 133(1)(d)					
135. (1) The primary responsibility to avoid, identify and resolve financial problems in a <i>municipality</i> rests with the <i>municipality</i> itself.		Effective 1.7.2005	M			
(2) A <i>municipality</i> must meet its financial commitments.			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(3) If a <i>municipality</i> encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately -			M			
(a) seek solutions for the problem;			M			
(b) notify the <i>MEC for local government</i> and the <i>MEC for finance</i> in the province; and			M			
(c) notify <i>organised local government</i> .						
Part 2: Provincial interventions						
Types of provincial inter- ventions	Develop comprehensive flow chart		MFMA unit (Outsource)			
	Develop procedural guidelines - include notifications to NT and timelines		MFMA unit			
	Develop recovery plan format - discretionary		MFMA unit			
	Establish an external list (multi-disciplinary) of preferred suitably qualified persons for recovery plan (discretionary)		MFMA unit			
	Establish an internal list (multi-disciplinary) of preferred suitably qualified persons for recovery plan (discretionary) See section 109 and 133(1)(d)		MFMA unit			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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136. (1) If the <i>MEC for local government</i> in a province becomes aware that there is a serious financial problem in a <i>municipality</i> , the MEC must promptly -	See section 55	Effective 1.7.2005				
(a) consult the <i>mayor</i> of the <i>municipality</i> to determine the facts;						
(b) assess the seriousness of the situation and the <i>municipality's</i> response to the situation; and						
(c) determine whether the situation justifies or requires an intervention in terms of section 139 of the Constitution.						
(2) If the financial problem has been caused by or resulted in a failure by the <i>municipality</i> to comply with an executive obligation in terms of legislation or the Constitution, and the conditions for an intervention in terms of section 139(1) of the Constitution are met, the provincial executive must promptly decide whether or not to intervene in the <i>municipality</i> . If the provincial executive decides to intervene, section 137 applies.	See section 137(1)					
(3) If the <i>municipality</i> has failed to approve a budget or any revenue-raising measures necessary to give effect to the budget, as a result of which the conditions for an intervention in terms of section 139(4) of the Constitution are met, the provincial executive must intervene in the <i>municipality</i> in accordance with section 26.						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(4) If the <i>municipality</i> , as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, as a result of which the conditions for an intervention in terms of section 139(5) of the Constitution are met, the provincial executive must intervene in the <i>municipality</i> in accordance with section 139.						
Discretionary provincial interventions	See section 136(2)					
137. (1) If the conditions for a provincial intervention in a <i>municipality</i> in terms of section 139(1) of the Constitution are met and the provincial executive decides in terms of section 136(2) of <i>this Act</i> to intervene in the <i>municipality</i> , the provincial executive may take any appropriate steps referred to in section 139(1) of the Constitution, including -	See section 138 See section 139(3) See section 141(1) See section 143(1) See section 145(1) See section 147(1)(a)	Effective 1.7.2005				
(a) assessing the seriousness of the financial problem in the <i>municipality</i> ;	See subsection (2)					
(b) seeking solutions to resolve the financial problem in a way that would be sustainable and would build the <i>municipality's</i> capacity to manage its own financial affairs;						
(c) determining whether the financial problem, singly or in combination with other problems, is sufficiently serious or sustained that the <i>municipality</i> would benefit from a <i>financial recovery plan</i> and, if so, requesting any suitably qualified person -	See subsection (2)					
(i) to prepare an appropriate <i>financial</i>						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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<i>recovery plan for the municipality;</i>						
(ii) to recommend appropriate changes to the <i>municipality's</i> budget and revenue-raising measures that will give effect to the recovery plan; and						
(iii) to submit the recovery plan and any recommendations referred to in subparagraphs (i) and (ii) to the <i>MEC for local government</i> in the province within a period determined by the MEC; and						
(d) consulting the <i>mayor</i> of the <i>municipality</i> to obtain the <i>municipality's</i> co-operation in resolving the financial problem. and if applicable, implementing the <i>financial recovery plan</i> .						
(2) The MEC must submit any assessment in term of subsection (1)(a), any determination in terms of subsection (1)(c) and a copy of any request in terms of subsection (1)(c), to the <i>municipality</i> and the Cabinet member responsible for local government.						
(3) This section does not apply to a provincial intervention which is unrelated to a financial problem in a <i>municipality</i> .						
Criteria for determining serious financial problems						
138. When determining for the purposes of section 137 the seriousness of a financial problem, all relevant facts must be considered, and the following factors, singly or in combination, may indicate a serious financial problem:	See section 109	Effective 1.7.2005				
(a) The <i>municipality</i> has failed to make						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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payments as and when due;						
(b) the <i>municipality</i> has defaulted on financial obligations for financial reasons;						
(c) the actual current expenditure of the <i>municipality</i> has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive <i>financial years</i> ;						
(d) the <i>municipality</i> had an operating deficit in excess of five per cent of revenue in the most recent <i>financial year</i> for which financial information is available;						
(e) the <i>municipality</i> is more than 60 days late in submitting its annual <i>financial statements</i> to the <i>Auditor-General</i> in accordance with section 126:						
(f) the <i>Auditor-General</i> has withheld an opinion or issued a disclaimer due to inadequacies in the <i>financial statements</i> or records of the <i>municipality</i> , or has issued an opinion which identifies a serious financial problem in the <i>municipality</i> ;						
(g) any of the above conditions exists in a <i>municipal entity</i> under the <i>municipality's sole control</i> , or in a <i>municipal entity</i> for whose debts the <i>municipality</i> may be responsible, and the <i>municipality</i> has failed to intervene effectively; or						
(h) any other material condition exists which indicates that the <i>municipality</i> , or a <i>municipal entity</i> under the <i>municipality's sole control</i> , is likely to be unable for financial reasons to meet its obligations.						

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Mandatory provincial inter- ventions arising from financial crises	See section 136(4)					
139. (1) If a <i>municipality</i> , as a result of a crisis in its financial affairs, is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments, or admits that it is unable to meet its obligations or financial commitments, the provincial executive must promptly -	See section 141(2) See subsection (3) See section 140(1) See section 143(2) See section 146(1) See section 147(1)(a) See section 148(2) See section 153(2)(a) See section 155(3)(c)	Effective 1.7.2005				
(a) request the <i>Municipal Financial Recovery Service</i> -	See subsection (2)					
(i) to determine the reasons for the crisis in its financial affairs;						
(ii) to assess the <i>municipality's</i> financial state;						
(iii) to prepare an appropriate recovery plan for the <i>municipality</i> ;						
(iv) to recommend appropriate changes to the <i>municipality's</i> budget and revenue-raising measures that will give effect to the recovery plan; and						
(v) to submit to the <i>MEC for finance</i> in the province -						
(aa) the determination and assessment referred to in subparagraphs (i) and (ii) as a matter of urgency; and	See subsection (2)					
(bb) the recovery plan and recommendations referred to in subparagraphs (iii) and (iv) within a period, not to exceed 90 days, determined by the <i>MEC for finance</i> ; and						

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(b) consult the <i>mayor</i> of the <i>municipality</i> to obtain the <i>municipality's</i> co-operation in implementing the recovery plan, including the approval of a budget and legislative measures giving effect to the recovery plan.						
(2) The <i>MEC for finance</i> in the province must submit a copy of any request in terms of subsection (l)(a) and of any determination and assessment received in terms of subsection (1)(a)(v)(aa) to -						
(a) the <i>municipality</i> ;						
(b) the Cabinet member responsible for local government; and						
(c) the <i>Minister</i> .						
(3) An intervention referred to in subsection (1) supersedes any discretionary provincial intervention referred to in section 137, provided that any <i>financial recovery plan</i> prepared for the discretionary intervention must continue until replaced by a recovery plan for the mandatory intervention.						
Criteria for determining serious or persistent material breach of financial commitments						
140. (1) When determining whether the conditions for a mandatory intervention referred to in section 139 are met, all relevant facts must be considered.		Effective 1.7.2005				
(2) The following factors, singly or in combination, may indicate that a <i>municipality</i> is in serious material breach of its obligations to meet its financial commitments:	See subsection (4)					

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(a) The <i>municipality</i> has failed to make any payment to a <i>lender</i> or investor as and when due;						
(b) the <i>municipality</i> has failed to meet a contractual obligation which provides <i>security</i> in terms of section 48;						
(c) the <i>municipality</i> has failed to make any other payment as and when due, which individually or in the aggregate is more than an amount as may be <i>prescribed</i> or, if none is <i>prescribed</i> , more than two per cent of the <i>municipality's</i> budgeted operating expenditure; or	?????					
(d) the <i>municipality's</i> failure to meet its financial commitments has impacted, or is likely to impact, on the availability or price of credit to other <i>municipalities</i> .						
(3) Any recurring or continuous failure by a <i>municipality</i> to meet its financial commitments which substantially impairs the <i>municipality's</i> ability to procure goods, services or credit on usual commercial terms, may indicate that the <i>municipality</i> is in persistent material breach of its obligations to meet its financial commitments.	See subsection (4)					
(4) Subsections (2) and (3) do not apply to -						
(a) disputed obligations as to which there are pending legal actions between the <i>municipality</i> and the <i>creditor</i> , provided that such actions are not instituted to avoid an intervention; or						
(b) obligations explicitly waived by the <i>creditor</i> .						

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Preparation of financial recovery plans						
141. (1) Any suitably qualified person may, on request by the provincial executive, prepare a <i>financial recovery plan</i> for a discretionary provincial intervention referred to in section 137.	See subsection (3) See section 143(2) See section 144(1) and (2)	Effective 1.7.2005				
(2) Only the <i>Municipal Financial Recovery Service</i> may prepare a <i>financial recovery plan</i> for a mandatory provincial intervention referred to in section 139.	See section 144(1)					
(3) When preparing a <i>financial recovery plan</i> , the person referred to in subsection (1) or the <i>Municipal Financial Recovery Service</i> must -						
(a) consult -						
(i) the relevant <i>municipality</i> ;						
(ii) the <i>municipality's</i> principal suppliers and <i>creditors</i> , to the extent they can reasonably be contacted;						
(iii) the <i>MEC for finance</i> and the <i>MEC for local government</i> in the province; and						
(iv) organised labour;						
(b) take into account -						
(i) any <i>financial recovery plan</i> that has previously been prepared for the <i>municipality</i> ; and						
(ii) any proposed <i>financial recovery plan</i> , or proposals for a <i>financial recovery plan</i> , that may be advanced by the <i>municipality</i> or any <i>creditor</i> of the <i>municipality</i> ; and						

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(c) at least 14 days before finalising the plan -	See subsection (4)(a)					
(i) submit the plan for comment to -						
(aa) the <i>municipality</i> ;						
(bb) the <i>MEC for finance</i> and the <i>MEC for local government</i> in the province;						
(cc) <i>organised local government</i> in the province;						
(dd) organised labour; and						
(ee) any supplier or <i>creditor</i> of the <i>municipality</i> , on request; and						
(ii) publish a notice in a newspaper of general circulation in the <i>municipality</i> -						
(aa) stating the place, including any website address, where copies of the plan will be available to the public free of charge or at a reasonable price; and						
(bb) inviting the <i>local community</i> to submit written comments in respect of the plan.						
(4) The person charged with preparing the <i>financial recovery plan</i> or the <i>Municipal Financial Recovery Service</i> must -						
(a) consider any comments received pursuant to subsection (3)(c);						
(b) finalise the <i>financial recovery plan</i> ; and						
(c) submit the final plan to the <i>MEC for finance</i> in the province for approval in terms of section 143.						

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Criteria for financial recovery plans	See section 109(b)					
142. (1) A <i>financial recovery plan</i> must be aimed at securing the <i>municipality's</i> ability to meet its obligations to provide basic services or its financial commitments, and such a plan, whether for a mandatory or discretionary intervention -	See section 143(2)	Effective 1.7.2005				
(a) must -						
(i) identify the financial problems of the <i>municipality</i> ;						
(ii) be designed to place the <i>municipality</i> in a sound and sustainable financial condition as soon as possible;						
(iii) state the principal strategic objectives of the plan, and ways and means for achieving those objectives;						
(iv) set out a specific strategy for addressing the <i>municipality's</i> financial problems, including a strategy for reducing unnecessary expenditure and increasing the collection of revenue, as may be necessary;						
(v) identify the human and financial resources needed to assist in resolving financial problems, and where those resources are proposed to come from;						
(vi) describe the anticipated time frame for financial recovery, and milestones to be achieved; and						
(vii) identify what actions are necessary for the implementation of the plan, distinguishing between actions to be taken by the						

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<i>municipality</i> and actions to be taken by other parties; and						
(b) may -						
(i) provide for the liquidation of specific assets, excluding those needed for the provision of the minimum level of <i>basic municipal services</i> ;						
(ii) provide for <i>debt</i> restructuring or <i>debt</i> relief in accordance with Part 3 of this Chapter;						
(iii) provide for special measures to prevent unauthorised, irregular and <i>fruitless and wasteful expenditures</i> and other losses; and						
(iv) identify any actual and potential revenue sources.						
(2) In addition, a <i>financial recovery plan</i> -						
(a) for a mandatory intervention must -						
(i) set spending limits and revenue targets;						
(ii) provide budget parameters which bind the <i>municipality</i> for a specified period or until stated conditions have been met; and						
(iii) identify specific revenue-raising measures that are necessary for financial recovery, including the rate at which any <i>municipal tax</i> and tariffs must be set to achieve financial recovery; and						
(b) for a discretionary intervention may suggest for adoption by the <i>municipality</i> -						
(i) spending limits and revenue targets;						
(ii) budget parameters for a specified period or until stated conditions have been met; and						

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(iii) specific revenue-raising measures that are necessary for financial recovery.						
Approval of financial recovery plans						
143. (1) On receipt, of a <i>financial recovery plan</i> pursuant to a discretionary intervention referred to in section 137, the <i>MEC for local government</i> in the province may approve the recovery plan with or without amendments, as the MEC considers appropriate.	See section 141(4)(c)	Effective 1.7.2005				
(2) On receipt of a <i>financial recovery plan</i> pursuant to a mandatory intervention referred to in section 139, the <i>MEC for finance</i> must verify that the process set out in section 141 has been followed and that the criteria contained in section 142 are met, and -						
(a) if so, approve the recovery plan; or						
(b) if not, direct what defects must be rectified.						
(3) The responsible MEC must submit an approved recovery plan to -						
(a) the <i>municipality</i> ;						
(b) the <i>Minister</i> and the Cabinet member responsible for local government;						
(c) the <i>Auditor-General</i> ; and						
(d) <i>organised local government</i> in the province.						

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Amendment of financial recovery plans						
144. (1) The <i>MEC for local government</i> or the <i>MEC for finance</i> in the province may at any time, but subject to section 141(1) and (2), request any suitably qualified person or the <i>Municipal Financial Recovery Service</i> to prepare an amended <i>financial recovery plan</i> in accordance with the directions of the MEC.		Effective 1.7.2005				
(2) Section 141, read with such changes as the context may require. apply to the amendment of a <i>financial recovery plan</i> in terms of this section.						
(3) No amendment of a recovery plan may impede the implementation of any court order made or agreement reached in terms of the plan before the amendment.						
Implementation of financial recovery plans in discretionary provincial interventions						
145. (1) If the <i>financial recovery plan</i> was prepared in a discretionary provincial intervention referred to in section 137, the <i>municipality</i> must -		Effective 1.7.2005				
(a) implement the approved recovery plan; and						
(b) report monthly to the <i>MEC for local government</i> in the province on the implementation of the plan, in such manner as the plan may determine.						
(2) The <i>financial recovery plan</i> binds the <i>municipality</i> in the exercise of its executive authority, but only to the extent to resolve the						

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financial problems of the <i>municipality</i> .						
(3) If the <i>municipality</i> cannot or does not implement the approved recovery plan, the provincial executive may in terms of section 139(1) or (4) of the Constitution take further appropriate steps to ensure implementation of the plan.	See subsection (4)					
(4) Sections 34(3) and (4) and 35 of the <i>Municipal Structures Act</i> apply if a provincial executive dissolves a <i>municipal council</i> in terms of subsection (3).						
Implementation of financial recovery plans in mandatory provincial interventions						
146. (1) If the recovery plan was prepared in a mandatory provincial intervention referred to in section 139 -		Effective 1.7.2005				
(a) the <i>municipality</i> must implement the approved recovery plan;						
(b) all revenue, expenditure and budget decisions must be taken within the framework of, and subject to the limitations of, the recovery plan; and						
(c) the <i>municipality</i> must report monthly to the <i>MEC for finance</i> in the province on the implementation of the plan in such manner as the plan may determine.						
(2) The <i>financial recovery plan</i> binds the <i>municipality</i> in the exercise of both its legislative and executive authority, including the approval of a budget and legislative measures giving effect to the budget, but only to the extent necessary to achieve the						

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objectives of the recovery plan.						
(3) The provincial executive must in terms of section 139(5)(b) of the Constitution either -						
(a) dissolve the <i>council</i> of the <i>municipality</i> , if the <i>municipality</i> cannot or does not approve legislative measures, including a budget or any revenue-raising measures, necessary to give effect to the recovery plan within the time frames specified in the plan and -						
(i) appoint an administrator until a newly elected <i>council</i> has been declared elected; and						
(ii) approve a temporary budget and revenue-raising measures, and other measures to give effect to the recovery plan and to provide for the continued functioning of the <i>municipality</i> ; or						
(b) assume responsibility for the implementation of the recovery plan to the extent that the <i>municipality</i> cannot or does not take executive measures to give effect to the recovery plan.						
(4) Sections 34(3) and (4) and 35 of the <i>Municipal Structures Act</i> apply when a provincial executive dissolves a <i>municipal council</i> in terms of section 139(5)(b)(i) of the Constitution.						
Regular of provincial inter- ventions						
147. (1) The <i>MEC for local government</i> or the <i>MEC for finance</i> in a province must at least every three <i>months</i> -	See subsection (2)	Effective 1.7.2005				

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(a) review any discretionary provincial intervention referred to in section 137 or any mandatory provincial intervention referred to in section 139, including -						
(i) progress with resolving the <i>municipality's</i> financial problems and its financial recovery; and						
(ii) the effectiveness of any <i>financial recovery plan</i> ; and						
(b) submit progress reports and a final report on the intervention to-						
(i) the <i>municipality</i> ;						
(ii) the <i>Minister</i> ;						
(iii) the Cabinet member responsible for local government;						
(iv) the provincial legislature; and						
(v) <i>organised local government</i> in the province.						
(2) The <i>MEC for local government</i> or the <i>MEC for finance</i> may request the person who prepared the recovery plan, or the <i>Municipal Financial Recovery Service</i> , to assist the MEC in complying with subsection (1).						
Termination of provincial interventions						
148. (1) A discretionary intervention referred to in section 137 must end -		Effective 1.7.2005				
(a) if it is terminated in terms of section 139(2)(b) of the Constitution; or						

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(b) when -						
(i) the <i>municipality</i> is able and willing to fulfil the executive obligation in terms of legislation or the Constitution that gave rise to the intervention; and						
(ii) the financial problem that has been caused by or has caused the failure by the <i>municipality</i> to comply with that obligation is resolved.						
(2) A mandatory intervention referred to in section 139 must end when -						
(a) the crisis in the <i>municipality's</i> financial affairs has been resolved, and						
(b) the <i>municipality's</i> ability to meet its obligations to provide basic services or its financial commitments is secured.						
(3) When a provincial intervention ends, the <i>MEC for local government</i> or the <i>MEC for finance</i> in the province must notify -						
(a) the <i>municipality</i> ;						
(b) the <i>Minister</i> , in the case of a mandatory intervention;						
(c) the Cabinet member responsible for local government;						
(d) any <i>creditors</i> having pending litigation against the <i>municipality</i> ;						
(e) the provincial, legislature; and						
(f) <i>organised local government</i> in the province.						

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Access to information, records and documents of municipalities						
149. If a provincial executive intervenes in a <i>municipality</i> in terms of section 139 of the Constitution, the provincial executive and its representatives have access to such information, records and documents of the <i>municipality</i> or of any <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> as may be necessary for the intervention, including for identifying or resolving the financial problem of the <i>municipality</i> .		Effective 1.7.2005				
National interventions						
150. (1) If the conditions for a provincial intervention in a <i>municipality</i> in terms of section 139(4) or (5) of the Constitution are met and the provincial executive cannot or does not or does not adequately exercise the powers or perform the functions referred to in that section, the national executive must -	See subsection (2)	Effective 1.7.2005				
(a) consult the relevant provincial executive; and						
(b) act or intervene in terms of that section in the stead of the provincial executive.						
(2) If the national executive intervenes in a <i>municipality</i> in terms of subsection (1) -						
(a) the national executive assumes for the purposes of the intervention the functions and powers of a provincial executive in terms of this Chapter; and						
(c) a reference in this Chapter-						

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(i) to a provincial executive must be read as a reference to the national executive;						
(ii) to an <i>MEC for finance</i> must be read as a reference to the <i>Minister</i> ; and						
(iii) to a provincial intervention must be read as a reference to a national intervention.						
Part 3: Debt relief and restructuring						
Legal rights						
151. Except as expressly provided for in this Part, nothing in this Chapter limits or affects -	Develop legal interpretation document	Effective 1.7.2005	PT: NFM			
(a) the rights of any <i>creditor</i> or other person having a claim against a <i>municipality</i> ;						
(b) any person's access to ordinary legal process in accordance with the common law and relevant legislation; or						
(c) the rights of a <i>municipality</i> or <i>municipal entity</i> , or of the parties to a contract with a <i>municipality</i> or <i>municipal entity</i> , to alternative dispute resolution mechanisms, notice procedures and other remedies, processes or procedures.						
Application for stay of legal proceedings						
152. (1) If a <i>municipality</i> is unable to meet its financial commitments. it may apply to the High Court for an order to stay. for a period not exceeding 90 days, all legal proceedings, including the execution of legal process, by persons claiming money from the <i>municipality</i> or a <i>municipal entity</i> under the <i>sole control</i> of	Develop legal interpretation document See subsection (2) and (3)	Effective 1.7.2005	PT: NFM			

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the <i>municipality</i> .						
(2) Notice of an application in terms of subsection (1) must be given to -			M			
(a) the <i>MEC for local government</i> and the <i>MEC for finance</i> in the province:						
(b) the <i>Minister</i> ,						
(c) the Cabinet member responsible for local government;						
(d) <i>organised local government</i> ; and						
(e) to the extent that they can reasonably be contacted. all persons to whom the <i>municipality</i> or, the <i>municipal entity</i> owes an amount in excess of a <i>prescribed</i> amount, or if no amount is <i>prescribed</i> , in excess of R100 000.	?????					
(3) An application in terms of subsection (1) may for the purposes of section 139(5) of the Constitution be regarded as an admission by the <i>municipality</i> that it is unable to meet its financial commitments.						
Application for extraordinary relief	See section 168(1)(m)					
153. (1) A <i>municipality</i> may apply to the High Court for an order -	Develop legal interpretation document See subsection (2) See subsection (3)	Effective 1.7.2005	PT: NFM			
(a) to stay, for a period not exceeding 90 days at a time, all legal proceedings, including the execution of legal process, by persons claiming money from the <i>municipality</i> ;						
(b) to suspend the <i>municipality's</i> financial	See subsection (2)(c)					

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obligations to <i>creditors</i> , or any portion of those obligations, until the <i>municipality</i> can meet those obligations; or	See section 1.54 See subsection (2)(d) See section 155(1)					
(c) to terminate the <i>municipality's</i> financial obligations to <i>creditors</i> , and to settle claims in accordance with a distribution scheme referred to in section 155.						
(2) The Court may make an order in terms of subsection (1) only if -						
(a) the provincial executive has intervened in terms of section 139 and a <i>financial recovery plan</i> to restore the <i>municipality</i> to financial health has been approved for the <i>municipality</i> .						
(b) the <i>financial recovery plan</i> is likely to fail without the protection of such an order;						
(c) section 154 has been complied with, in the case of an application for an order referred to in subsection (1)(b); and						
(d) section 155(1) has been complied with, in the case of an application for an order referred to in subsection (1)(c).						
(3) Notice of an application in terms of subsection (1) must be given to -						
(a) all <i>creditors</i> to whom the <i>municipality</i> owes an amount in excess of a <i>prescribed</i> amount, or if no amount is <i>prescribed</i> , in excess of R100 000, in so far as those <i>creditors</i> can reasonably be contacted;	?????					
(b) the <i>MEC for finance</i> and the <i>MEC for local government</i> in the province;						
(c) the <i>Minister</i> ;						

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(d) the Cabinet member responsible for local government; and						
(e) organised labour.						
Suspension of financial obligations						
154. Before issuing an order in terms of section 153(1)(b) for the suspension of a <i>municipality's</i> financial obligations to <i>creditors</i> . the court must be satisfied that -	Develop legal interpretation document See section 153(2)(c)	Effective 1.7.2005	PT: NFM			
(a) the <i>municipality</i> cannot currently meet its financial obligations to <i>creditors</i> ; and						
(b) all assets not reasonably necessary to sustain effective administration or to provide the minimum level of <i>basic municipal services</i> have been or are to be liquidated in accordance with the approved <i>financial recovery plan</i> for the benefit of meeting <i>creditors'</i> claims.						
Termination of financial obligations and settlement of claims						
155. (1) Before issuing an order for the termination of a <i>municipality's</i> financial obligations to <i>creditors</i> in terms of section 153(1)(c), the court must be satisfied that -	Develop legal interpretation document See section 153(1)(c) See section 153(2)(d) See subsection (2)	Effective 1.7.2005	PT: NFM			
(a) the <i>municipality</i> cannot meet its financial obligations to its <i>creditors</i> and is not likely to be able to do so in the foreseeable future;						
(b) all assets not reasonably necessary to sustain effective administration or to provide the minimum level of <i>basic municipal services</i>	See subsection (2)					

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have been liquidated in accordance with the approved <i>financial recovery plan</i> for the benefit of meeting <i>creditors'</i> claims; and						
(c) all employees have been discharged except those affordable in terms of reasonably projected revenues as set out in the approved <i>financial recovery plan</i> .						
(2) If the court issues an order referred to subsection (1), the <i>MEC for finance</i> in the province must appoint a trustee to prepare a distribution scheme for the proportional settlement of all legitimate claims against the <i>municipality</i> as at the date of the order. Those claims must be settled against the amount realised from the liquidation of assets referred to in subsection (1)(b).						
(3) A distribution scheme must -						
(a) determine the amount available for distribution;						
(b) list all <i>creditors</i> with claims which qualify for the purposes of the distribution scheme, indicating which of those are secured and the manner in which they are secured; and						
(c) provide for the distribution of the amount available amongst <i>creditors</i> in the following order of preference:						
(i) First preference must be given to the rights of secured <i>creditors</i> as to the assets with which they are secured in terms of section 48, provided the <i>security</i> in question was given in good faith and at least six <i>months</i> before the mandatory provincial intervention in terms of section 139 began;						

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(ii) thereafter the preferences provided for in the Insolvency Act, 1936 (Act No. 24 of 1936), read with the necessary changes as the context may require, must be applied; and						
(iii) thereafter non-preferent claims must be settled in proportion to the amount of the different claims.						
(4) A distribution scheme may not be implemented unless approved by the court.						
Matters to be prescribed						
156. The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government, must by regulation in terms of section 168-	Develop legal interpretation document	Effective 1.7.2005	PT: NFM			
(a) provide for an equitable process for the recognition of claims against a <i>municipality</i> for the purposes of sharing in a distribution scheme, provided that rejection of any claim does not prevent a <i>creditor</i> from proving the claim in a court; and						
(b) provide for public access to a distribution scheme.						
Part 4: Municipal Financial Recovery Service						
Establishment						
157. (1) A <i>Municipal Financial Recovery Service</i> is hereby established as an institution within the public service.	Noted	Effective 1.7.2005				
(2) The <i>Municipal Financial Recovery Service</i> forms part of, and functions within, the <i>National Treasury</i> .						

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Functions and powers						
158. The <i>Municipal Financial Recovery Service</i> -		Effective 1.7.2005				
(a) must perform the duties and may exercise the powers assigned to the Service in terms of <i>this Act</i> ;						
(b) may, on request by the <i>MEC for finance</i> in a province, prepare a <i>financial recovery plan</i> for a <i>municipality</i> or, with the approval of the Director-General of the <i>National Treasury</i> , instruct any suitably qualified person to prepare the plan in accordance with the directions of the Service;	Develop format of request and routing thereof	Effective 1.7.2005	MFMA unit			
(c) may, on request by the <i>MEC for finance</i> in the province, monitor the implementation of any <i>financial recovery plans</i> that it has prepared, and may recommend such amendments and revisions as are appropriate;	Develop format of request and routing there	Effective 1.7.2005	MFMA unit			
(d) may on request by any <i>municipality</i> that is experiencing financial problems, and in co-ordination with any other provincial or national efforts, assist the <i>municipality</i> to identify the causes of, and potential solutions for, these financial problems;						
(e) may, with the approval of the Director-General of the <i>National Treasury</i> , obtain the services of any financial expert to perform any specific work for the Service; and						
(f) may collect information on municipal financial problems and on best practices in resolving such problems.						

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Appointment of Head						
159. (1) The <i>Minister</i> must appoint a person as the <i>Head</i> of the Service, subject to subsection (2) and legislation governing the public service.	Noted	Effective 1.7.2005				
(2) A person appointed as the <i>Head</i> of the Service holds office in the <i>National Treasury</i> on terms and conditions set out in a written employment contract. which must include terms and conditions setting performance standards.	See subsection (1)					
Responsibilities of Head						
160. (1) The <i>Head</i> of the Service -	Noted	Effective 1.7.2005				
(a) is responsible for the performance by the Service of its functions and the exercise of its powers, and						
(b) takes all decisions of the Service in the performance of its functions and the exercise of its powers, except those decisions of the Service taken in consequence of a <i>delegation</i> in terms of section 162.						
(2) The <i>Head</i> of the Service performs the functions of office subject to the directions of the Director-General of the <i>National Treasury</i> .						
Staff						
161. The staff of the <i>Municipal Financial Recovery Service</i> consists of -	Noted	Effective 1.7.2005				
(a) the <i>Head</i> of the Service;						
(b) persons in the service of, or contracted by, the <i>National Treasury</i> and designated by the Director-General of the <i>National Treasury</i> for						

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the work of the Service; and						
(c) persons seconded from an organ of state or organisation to the Service by agreement between the Director-General and that organ of state or organisation.						
Delegations						
162. (1) The <i>Head</i> of the Service may delegate, in writing, any of the powers or duties of the Service to a member of the staff of the Service.	Noted See section 160(1)(b) See subsection (2) and (3)	Effective 1.7.2005				
(2) A <i>delegation</i> in terms of subsection (1) -						
(a) must be in writing;						
(b) is subject to the limitations or conditions which the <i>Head</i> of the Service may impose; and						
(c) does not divest the <i>Head</i> of the Service of the responsibility concerning the exercise of the delegated power or the performance of the delegated duty.						
(3) The <i>Head</i> of the Service may confirm, vary or revoke any decision taken in consequence of a <i>delegation</i> in terms of subsection (1), provided that no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.						

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CHAPTER 14						
GENERAL TREASURY MATTERS						
Liabilities and risks payable in foreign currencies						
163. (1) No <i>municipality</i> or <i>municipal entity</i> may incur a liability or risk payable in a foreign currency.	See section 5(4)(i) See subsection (2)	Effective 1.7.2004	PT: NFM			
(2) Subsection (1) does not apply -						
(a) to <i>debt</i> regulated in terms of section 47; or						
(b) to the procurement of goods or services denominated in a foreign currency but the Rand value of which is determined at the time of procurement, or where this is not possible and risk is low, at the time of payment.						
Forbidden activities						
164. (1) No <i>municipality</i> or <i>municipal entity</i> may -	See subsection 2 See section 66(f) See subsection (2)	Effective 1.7.2004	M			
(a) conduct any commercial activities -			M		Define " <i>commercial activities</i> ".	Clarity required from NT.
(i) otherwise than in the exercise of the powers and functions assigned to it in terms of the Constitution or national or provincial legislation: or			M			
(ii) outside the borders of the Republic;			M			
(b) provide a <i>municipal service</i> in an area outside its jurisdiction except with the approval of the <i>council</i> of the <i>municipality</i>	See subsection (2)		M			

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having jurisdiction in that area: or						
(c) make loans to -	Clarify possible inconsistency with regard to loans and advances with section 66(f)	Effective 1.7.2004	DLG			
	Obtain definition of loans	Effective 1.7.2004	PT: NFM			
	Develop guidelines and related accounting practices	Effective 1.7.2004	PT: NFM DLG			
	Establish extent of forbidden activities	Effective 1.7.2004	DLG			
(i) <i>councillors or officials of the municipality;</i>					What if a loan is included as part of a service benefit of officials (eg. motor or study loan – also note cases where officials have to pay back bursary amounts due to unsuccessful performance)?	Clarity required from NT.
(ii) <i>directors or officials of the entity; or</i>						
(iii) <i>members of the public.</i>					Loans to a trust and a sports club not addressed?	Clarity required from NT.

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
					MATTER RAISED	DECISION TAKEN
(2) If a <i>municipality</i> or <i>municipal entity</i> on the date on which this section takes effect is engaged in any activity prohibited by subsection (1)(a) or (b) and which is otherwise lawful, the <i>municipality</i> or entity must take all reasonable steps to rectify its position and to comply with that subsection as soon as may be reasonable in the circumstances.	See subsection 1					
Internal audit unit						
165. (1) Each <i>municipality</i> and each <i>municipal entity</i> must have an internal audit unit, subject to subsection (3).	See section 5(4)(i) See section 166(1)	Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	PT: NFM			
	Establish current situation		DLG			
	Develop guidelines		Jointly DLG & PT: FG			
(2) The internal audit unit of a <i>municipality</i> or <i>municipal entity</i> must -	See subsection (3)					
(a) prepare a risk-based audit plan and an internal audit program for each <i>financial year</i> ;			M			
(b) advise the <i>accounting officer</i> and report to the audit committee on the implementation of the internal audit plan and matters relating to -			M		To whom is the Internal Audit unit accountable, operationally and functionally?	Clarity required from NT.

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(i) internal audit;			M			
(ii) internal controls;			M			
(iii) accounting procedures and practices;			M			
(iv) risk and risk management;			M			
(v) performance management			M			
(vi) loss control; and			M			
(vii) compliance with <i>this Act</i> , the <i>annual Division of Revenue Act</i> and any			M			
other applicable legislation; and			M			
(c) perform such other duties as may be assigned to it by the <i>accounting officer</i> .			M			
(3) The internal audit function referred to in subsection (2) may be outsourced if the <i>municipality</i> or <i>municipal entity</i> requires assistance to develop its internal capacity and the <i>council</i> of the <i>municipality</i> or the <i>board of directors</i> of the entity has determined that this is feasible or cost-effective.	See subsection (1)		M			
Audit committees						
166. (1) Each <i>municipality</i> and each <i>municipal entity</i> must have an audit committee, subject to subsection (6).	See section 165	Effective High : Implemen- tation delayed until 30 June 2005 Medium : Implemen- tation delayed until 30 June 2006 Low : Implemen- tation delayed until 30 June 2007	M		No explicit reference on remuneration for audit committee members. Central Karoo District indicated that remuneration is based on councilors tariffs. Overberg District indicated that	Clarity required from NT. Refer to current guidelines issued by NT (PT to circulate).

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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					remuneration is based on evaluation court tariffs.	
					To whom is the internal audit committee accountable?	Clarity required from NT.
					Who approves the audit plan/ programme in view of the fact that audit committee is an advisory body [S166(2)]?	Clarity required from NT.
(2) An audit committee is an independent advisory body which must -			M			
(a) advise the <i>municipal council</i> , the <i>political office-bearers</i> , the <i>accounting officer</i> and the management staff of the <i>municipality</i> , or the <i>board of directors</i> , the <i>accounting officer</i> and the management staff of the <i>municipal entity</i> , on matters relating to -			M			
(i) internal financial control and internal audits;						
(ii) risk management;						
(iii) accounting policies;						
(iv) the adequacy, reliability and accuracy of financial reporting and information;						
(v) performance management;						
(vi) effective governance; and						
(vii) compliance with <i>this Act</i> , the <i>annual Division of Revenue Act</i> and any other						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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applicable legislation:						
(viii) performance evaluation; and						
(ix) any other issues referred to it by the <i>municipality</i> or <i>municipal entity</i> :						
(b) review the annual <i>financial statements</i> to provide the <i>council</i> of the <i>municipality</i> or, in the case of a <i>municipal entity</i> , the <i>council</i> of the parent <i>municipality</i> and the <i>board of directors</i> of the entity, with an authoritative and credible view of the financial position of the <i>municipality</i> or <i>municipal entity</i> , its efficiency and effectiveness and its overall level of compliance with <i>this Act</i> , the <i>annual Division of Revenue Act</i> and any other applicable legislation:						
(c) respond to the <i>council</i> on any issues raised by the <i>Auditor-General</i> in the audit report;						
(d) carry out such investigations into the financial affairs of the <i>municipality</i> or <i>municipal entity</i> as the <i>council</i> of the <i>municipality</i> , or in the case of a <i>municipal entity</i> , the <i>council</i> of the parent <i>municipality</i> or the <i>board of directors</i> of the entity, may request; and						
(e) perform such other functions as may be <i>prescribed</i> .	Obtain prescripts		PT: NFM			
(3) In performing its functions, an audit committee -			M			
(a) has access to the financial records and other relevant information of the <i>municipality</i> or <i>municipal entity</i> ; and			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) must liaise with -			M			
(i) the internal audit unit of the <i>municipality</i> ; and			M			
(ii) the person designated by the <i>Auditor-General</i> to audit the <i>financial statements</i> of the <i>municipality</i> or <i>municipal entity</i> .			M			
(4) An audit committee must -			M			
(a) consist of at least three persons with appropriate experience. of whom the majority may not be in the employ of the <i>municipality</i> or <i>municipal entity</i> , as the case may be; and			M		Considering possible conflict of interest, may an employee of a municipality also be a member of an audit committee? The risk of employees being members of an audit committee, is the possible conflict of interest, as such official's performance may be subjected to audit.	Clarity required from NT.
(b) meet as often as is required to perform its functions, but at least four times a year.			M			
(5) The members of an audit committee must be appointed by the <i>council</i> of the <i>municipality</i> or, in the case of a <i>municipal entity</i> , by the <i>council</i> of the parent <i>municipality</i> . One of the members who is not in the employ of the <i>municipality</i> or <i>municipal entity</i> , must be appointed as the chairperson of the committee. No councilor may be a			M		How should employees be identified and what is their role as audit committee members? How are members	Confirm with principles set out in King Report 2. Consider uniform

ACT	ACTION	TIMEFRAME	RESPON-SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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member of an audit committee.					of AC remunerated and what is their role?	guidelines for remuneration.
(6) A single audit committee may be established for -	See subsection (1)		M			
(a) a <i>district municipality</i> and the <i>local municipalities</i> within that <i>district municipality</i> ; and			M			
(b) a <i>municipality</i> and <i>municipal entities</i> under its <i>sole control</i> .			M			
Councillors' remuneration						
167. (1) A <i>municipality</i> may remunerate its <i>political office-bearers</i> and members of its <i>political structures</i> , but only -	Develop monitoring mechanism See subsection 2 and 3(a)	Effective 1.7.2004	DLG			
(a) within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those <i>political office-bearers</i> and members; and						
(b) in accordance with section 219(4) of the Constitution.						
(2) Any remuneration paid or given in cash or in kind to a person as a <i>political office-bearer</i> or as a member of a <i>political structure</i> of a <i>municipality</i> otherwise than in accordance with subsection (1), including any bonus, bursary, loan, advance or other benefit, is an <i>irregular expenditure</i> , and the <i>municipality</i> -	See subsection 1		M		What is the distinction between a bursary and expenditure for provision of training?	Clarity required from NT. Municipalities to consider out of pocket advance policy.
(a) must, and has the right to, recover that remuneration from the <i>political office-bearer</i> or member; and						

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(b) may not write off any expenditure incurred by the <i>municipality</i> in paying or giving that remuneration.						
(3) The <i>MEC for local government</i> in a province must report to the provincial legislature -	See subsection 1					
	Develop reporting format	Effective 1.7.2004	DLG			
(a) any transgressions of subsection (1); and						
(b) any non-compliance with sections 17(3)(k)(i) and (ii) and 124(1)(a).						
Treasury regulations and guidelines						
168. (1) The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government, may make regulations or guidelines applicable to <i>municipalities</i> and <i>municipal entities</i> , regarding -	Obtain regulations and guidelines from NT See section 32(8) See section 156 See subsection(3) See section 169(1) and (2) See section 170(2)	Effective 1.7.2004	PT: NFM DLG			
(a) any matter that may be <i>prescribed</i> in terms of <i>this Act</i> ;	Obtain prescripts	Effective 1.7.2004	DLG			
(b) financial management and internal control;						
(c) framework for regulating the exercise of municipal fiscal and tariff-fixing powers;						
(d) a framework regulating the financial commitments of <i>municipalities</i> and <i>municipal entities</i> in terms of public-private partnership agreements;						
(e) the establishment by <i>municipalities</i> of, and						

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control over -						
(i) <i>municipal entities</i> ; and						
(ii) business units contemplated in section 76(a)(ii) of the <i>Municipal Systems Act</i> ;						
(f) the safe-guarding of the financial affairs of <i>municipalities</i> and of <i>municipal entities</i> when assets, liabilities or staff are transferred from or to a <i>municipality</i> or a <i>municipal entity</i> ;						
(g) the alienation, letting or disposal of assets by <i>municipalities</i> or <i>municipal entities</i> ;						
(h) internal audit units and their functioning;						
(i) the information to be disclosed when <i>municipalities</i> or <i>municipal entities</i> issue or incur <i>debt</i> and the manner in which such information must be disclosed, including by way of a prospectus or other document;						
(j) the circumstances under which further or specific disclosures are required after money has been borrowed by a <i>municipality</i> or <i>municipal entity</i> ;						
(k) the circumstances under which documentation or information pertaining to municipal <i>debt</i> must be lodged or registered;						
(l) the establishment of a registry for the registration of documentation and information pertaining to municipal borrowing;						
(m) the settlement of claims against a <i>municipality</i> following an order of court in terms of section 153;						
(n) the information that must be placed on the websites of <i>municipalities</i> ;						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(o) a framework regulating <i>investments</i> by <i>municipal entities</i> ; and						
(p) any other matter that may facilitate the enforcement and administration of <i>this Act</i> .						
(2) A regulation or guideline in terms of this section may -						
(a) differentiate between different -						
(i) kinds of <i>municipalities</i> , which may, for the purposes of this section, be defined either in relation to <i>categories</i> , types or budgetary size of <i>municipalities</i> or in any other manner;						
(ii) <i>categories of municipal entities</i> ;						
(iii) <i>categories of accounting officers</i> ; or						
(iv) <i>categories of officials</i> ; or						
(b) be limited in its application to a particular -						
(i) kind of <i>municipality</i> , which may, for the purposes of this section, be defined either in relation to a <i>category</i> , type or budgetary size of <i>municipality</i> or in any other manner;						
(ii) <i>category of municipal entities</i> ;						
(iii) <i>category of accounting officers</i> ; or						
(iv) <i>category of officials</i> .						
(3) No guidelines issued in terms of subsection (1) are binding on -	Develop an adoption process framework (See Systems Act)	Effective 1.7.2004	PT: NFM DLG		To note.	Municipalities attention were drawn to this section.
(a) a <i>municipality</i> unless adopted by its <i>council</i> ; or						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) a <i>municipal entity</i> unless adopted by the <i>council</i> of the entity's parent <i>municipality</i> .						
Consultative processes before promulgation of regulations						
169. (1) Before regulations in terms of section 168 are promulgated, the <i>Minister</i> must -	Noted	Effective 1.7.2004				
(a) consult <i>organised local government</i> on the substance of those regulations; and						
(b) publish the draft regulations in the Government Gazette for public comment.						
(2) Regulations made in terms of section 168 must be submitted to Parliament for parliamentary scrutiny at least 30 days before their promulgation.						
Departures from treasury regulations or conditions						
170. (1) The <i>National Treasury</i> may on good grounds approve a departure from a treasury regulation or from any condition imposed in terms of <i>this Act</i> .	Clarify communication channels	Effective 1.7.2004	PT: NFM DLG		What procedure must be followed to obtain approval?	Clarity required from NT.
	If delegated to province develop pro forma application	Effective 1.7.2004	PT: NFM DLG			
(2) Non-compliance with a regulation made in terms of section 168, or with a condition imposed by the <i>National Treasury</i> in terms of <i>this Act</i> , may on good grounds shown be condoned by the Treasury.						

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CHAPTER 15						
FINANCIAL MISCONDUCT						
Part 1: Disciplinary proceedings						
Financial misconduct by municipal officials	Develop “idiots guide” to promote drivers of sound financial management	Effective 1.7.2004	PT: NFM			
	Develop procedural guidelines to identify and confirm irregular, fruitless, wasteful and <i>unauthorised expenditure</i>	Effective 1.7.2004	PT: NFM			
	Obtain misconduct procedures applicable to <i>municipalities</i> , assess latter and develop uniform guidelines to link procedures to financial misconduct processes	Effective 1.7.2004	PT: NFM			
171. (1) The <i>accounting officer</i> of a <i>municipality</i> commits an act of financial misconduct if that <i>accounting officer</i> deliberately or negligently -	Noted See section 32(1)	Effective 1.7.2004	M			
(a) contravenes a provision of <i>this Act</i> ;			M			
(b) fails to comply with a duty imposed by a provision of <i>this Act</i> on the <i>accounting officer</i> of a <i>municipality</i> ;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(c) makes or permits, or instructs another <i>official</i> of the <i>municipality</i> to make, an unauthorised, irregular or <i>fruitless and wasteful expenditure</i> ; or			M			
(d) provides incorrect or misleading information in any document which in terms of a requirement of <i>this Act</i> must be -			M			
(i) submitted to the <i>mayor</i> or the <i>council</i> of the <i>municipality</i> , or to the <i>Auditor-General</i> , the <i>National Treasury</i> or other organ of state; or			M			
(ii) made public.						
(2) The <i>chief financial officer</i> of a <i>municipality</i> commits an act of financial misconduct if that officer deliberately or negligently -			M			
(a) fails to carry out a duty delegated to that officer in terms of section 79 or 81(1)(e);			M			
(b) contravenes or fails to comply with a condition of any <i>delegation</i> of a power or duty in terms of section 79 or 81(1)(e);			M			
(c) makes or permits, or instructs another <i>official</i> of the <i>municipality</i> to make, an unauthorised, irregular or <i>fruitless and wasteful expenditure</i> ; or			M			
(d) provides incorrect or misleading information to the <i>accounting officer</i> for the purposes of a document referred to in subsection (1)(d).	See subsection 2(d) and 3(d)		M			
(3) A <i>senior manager</i> or other <i>official</i> of a <i>municipality</i> exercising financial management responsibilities and to whom a power or duty was delegated in terms of section 79, commits an act of financial misconduct if that	Clarify the effect of this section on non-compliance with section 78	Effective 1.7.2004	PT: NFM			

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<i>senior manager</i> or <i>official</i> deliberately or negligently -						
(a) fails to carry out the delegated duty;						
(b) contravenes or fails to comply with a condition of the delegated power or duty;						
(e) makes an unauthorised, irregular or <i>fruitless and wasteful expenditure</i> : or						
(d) provides incorrect or misleading information to the <i>accounting officer</i> for the purposes of a document referred to in subsection (l)(d).						
(4) A <i>municipality</i> must -						
(a) investigate allegations of financial misconduct against the <i>accounting officer</i> , the <i>chief financial officer</i> , a <i>senior manager</i> or other <i>official</i> of the <i>municipality</i> unless those allegations are frivolous, vexatious, speculative or obviously unfounded; and						
(b) if the investigation warrants such a step, institute disciplinary proceedings against the <i>accounting officer</i> , <i>chief financial officer</i> or that <i>senior manager</i> or other <i>official</i> in accordance with systems and procedures referred to in section 67 of the <i>Municipal Systems Act</i> , read with Schedule 2 of that Act.						
Financial misconduct by officials of municipal entities						
172. (1) The <i>accounting officer</i> of a <i>municipal entity</i> commits an act of financial misconduct if that <i>accounting officer</i> deliberately or negligently -	Noted	Effective 1.7.2004	M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(a) contravenes a provision of <i>this Act</i> ;			M			
(b) fails to comply with a duty imposed by a provision of <i>this Act</i> on the <i>accounting officer</i> of a <i>municipal entity</i> ;			M			
(c) makes or permits, or instructs another <i>official</i> of the <i>municipal entity</i> to make, an irregular or <i>fruitless and wasteful expenditure</i> ; or			M			
(d) provides incorrect or misleading information in any document which in terms of <i>this Act</i> must be -	See subsection (2)(d)		M			
(i) submitted to the entity's <i>board of directors</i> or parent <i>municipality</i> or to the <i>Auditor-General</i> ; or			M			
(ii) made public.			M			
(2) A <i>senior manager</i> or other <i>official</i> of a <i>municipal entity</i> exercising financial management responsibilities and to whom a power or duty was delegated in terms of section 106, commits an act of financial misconduct if that <i>senior manager</i> or <i>official</i> deliberately or negligently -	Clarify the effect of this section on non-compliance with section 105	Effective 1.7.2004	PT: NFM			
(a) fails to carry out the delegated duty;						
(b) contravenes or fails to comply with a condition of the delegated power or duty;						
(c) makes an irregular or <i>fruitless and wasteful expenditure</i> ; or						
(d) provides incorrect or misleading information to the <i>accounting officer</i> for the purposes of a document referred to in subsection (1)(d).						

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(3) A <i>municipal entity</i> must -						
(a) investigate allegations of financial misconduct against the <i>accounting officer</i> , a <i>senior manager</i> or other <i>official</i> of the entity unless those allegations are frivolous, vexatious, speculative or obviously unfounded; and						
(b) if the investigation warrants such a step, institute disciplinary proceedings against the <i>accounting officer</i> , <i>senior manager</i> or <i>official</i> in terms of Schedule 3 of the <i>Municipal Systems Act</i> .						
Part 2: Criminal proceedings						
Offences						
173. (1) The <i>accounting officer</i> of a <i>municipality</i> is guilty of an offence if that <i>accounting officer</i> -	See section 174	Effective 1.7.2004	M			
(a) deliberately or in a grossly negligent way-			M			
(i) contravenes or fails to comply with a provision of section 61(2)(b), 62(1), 63(2)(a) or (c), 64(2)(a) or (d) or 65(2)(a), (b), (c), (d), (f) or (i);			M			
(ii) fails to take reasonable steps to implement the <i>municipality's</i> supply chain management policy referred to in section 111;			M			
(iii) fails to take all reasonable steps to prevent unauthorised, irregular or <i>fruitless and wasteful expenditure</i> ; or			M			
(iv) fails to take all reasonable steps to prevent corruptive practices -			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(aa) in the management of the <i>municipality's</i> assets or receipt of money; or			M			
(bb) in the implementation of the <i>municipality's</i> supply chain management policy;			M			
(b) deliberately misleads or withholds information from the <i>Auditor-General</i> on any bank accounts of the <i>municipality</i> or on money received or spent by the <i>municipality</i> ; or			M			
(c) deliberately provides false or misleading information in any document which in terms of a requirement of <i>this Act</i> must be -			M			
(aa) submitted to the <i>Auditor-General</i> , the <i>National Treasury</i> or any other organ of state; or			M			
(bb) made public,			M			
(2) The <i>accounting officer</i> of a <i>municipal entity</i> is guilty of an offence if that <i>accounting officer</i> -			M			
(a) deliberately or in a grossly negligent way -			M			
(i) contravenes or fails to comply with a provision of section 94(2)(b), 95(1), 96(2), 97(a) or 99(2)(a), (c) or (e);			M			
(ii) fails to take all reasonable steps to prevent irregular or <i>fruitless and wasteful expenditure</i> ; or			M			
(iii) fails to take all reasonable steps to prevent corruptive practices in the management of the entity's assets, receipt of money or supply chain management system;			M			

ACT	ACTION	TIMEFRAME	RESPON- SIBILITY	PROGRESS	WORKSHOP WITH MUNICIPALITIES 5 – 9 JULY	
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(b) deliberately misleads or withholds information from the <i>Auditor-General</i> or the entity's parent <i>municipality</i> on any bank accounts of the <i>municipal entity</i> or on money received or spent by the entity; or			M			
(c) deliberately provides false or misleading information in any document which in terms of a requirement of <i>this Act</i> must be -			M			
(aa) submitted to the entity's parent <i>municipality</i> , the <i>Auditor-General</i> , the <i>National Treasury</i> or any other organ of state; or			M			
(bb) made public.			M			
(3) A <i>senior manager</i> or other <i>official</i> of a <i>municipality</i> or <i>municipal entity</i> exercising financial management responsibilities and to whom a power or duty was delegated in terms of section 79 or 106, is guilty of an offence if that <i>senior manager</i> or <i>official</i> deliberately or in a grossly negligent way contravenes or fails to comply with a condition of the <i>delegation</i> .			M			
(4) A <i>councillor</i> of a <i>municipality</i> is guilty of an offence if that <i>councillor</i> -			M			
(a) deliberately influences or attempts to influence the <i>accounting officer</i> , the <i>chief financial officer</i> , a <i>senior manager</i> or any other <i>official</i> of the <i>municipality</i> to contravene a provision of <i>this Act</i> or to refrain from complying with a requirement of <i>this Act</i> ;			M			
(b) interferes in the financial management responsibilities or functions assigned in terms of <i>this Act</i> to the <i>accounting officer</i> of the <i>municipality</i> or delegated to the <i>chief financial officer</i> of the <i>municipality</i> in terms of <i>this Act</i> ;			M			

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(c) interferes in the financial management responsibilities or functions assigned in terms of <i>this Act</i> to the <i>accounting officer</i> of a <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> ; or			M			
(d) interferes in the management or operational activities of a <i>municipal entity</i> under the sole or <i>shared control</i> of the <i>municipality</i> .			M			
(5) A <i>councillor</i> , an <i>official</i> of a <i>municipality</i> or <i>municipal entity</i> , a member of the <i>board of directors</i> of a <i>municipal entity</i> or any other person is guilty of an offence if that person deliberately or in a grossly negligent way -			M			
(a) impedes an <i>accounting officer</i> from complying with a provision of <i>this Act</i> ;			M			
(b) gives incorrect, untrue or misleading information material to an <i>investment</i> decision relating to borrowing by a <i>municipality</i> or <i>municipal entity</i> ;			M			
(c) makes a withdrawal in contravention of section 11;			M			
(d) fails to comply with section 49;			M			
(e) contravenes a provision of section 115(2), 118 or 126(5); or			M			
(f) provides false or misleading information for the purposes of any document which must in terms of a requirement of <i>this Act</i> be-			M			
(i) submitted to the <i>council</i> , <i>mayor</i> or <i>accounting officer</i> of a <i>municipality</i> or to the <i>Auditor-General</i> or the <i>National Treasury</i> ; or			M			

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(ii) made public.			M			
Penalties						
174. A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation.		Effective 1.7.2004	M			
Part 3: General						
Regulations on financial misconduct procedures and criminal proceedings						
175. (1) The <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government, may make regulations prescribing-	Obtain prescripts from NT See subsection (2)	Effective 1.7.2004	PT: NFM			
(a) the manner, form and circumstances in which allegations and disciplinary and criminal charges of financial misconduct must be reported to the <i>National Treasury</i> , the <i>MEC for local government</i> in the province and the <i>Auditor-General</i> , including-						
(i) particulars of the alleged financial misconduct; and						
(ii) steps taken in connection with such financial misconduct;						
(b) matters relating to internal investigations by <i>municipalities</i> and <i>municipal entities</i> of allegations of financial misconduct;						
(c) the circumstances in which the <i>National Treasury</i> or the <i>MEC for local government</i> in the province may direct that disciplinary steps						

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be taken or criminal charges be laid against a person for financial misconduct;						
(d) criteria for the composition and functioning of a disciplinary board which hears a charge of financial misconduct;						
(e) the circumstances in which the findings of a disciplinary board and any sanctions imposed by the board must be reported to the <i>National Treasury</i> , the <i>MEC for local government</i> in the province and the <i>Auditor-General</i> ; and						
(f) any other matters to the extent necessary to enforce the provisions of <i>this Act</i> .						
(2) A regulation in terms of subsection (1) may-						
(a) differentiate between different-						
(i) kinds of <i>municipalities</i> , which may, for the purposes of this section, be defined either in relation to <i>categories</i> , types or budgetary size of <i>municipalities</i> or in any other manner;						
(ii) <i>categories of municipal entities</i> ;						
(iii) <i>categories of accounting officers</i> ; or						
(iv) <i>categories of other officials</i> ; or						
(b) be limited in its particular-						
(i) kind of <i>municipality</i> , which may, for the purposes of this section, be defined either in relation to a <i>category</i> , type or budgetary size of <i>municipality</i> or in any other manner;						
(ii) <i>category of municipal entities</i> ;						
(iii) <i>category of accounting officers</i> ; or						

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(iv) category of other officials.						
CHAPTER 16						
MISCELLANEOUS						
Liability of functionaries exercising powers and functions in terms of <i>this Act</i>						
176. (1) No <i>municipality</i> or any of its <i>political structures, political office-bearers or officials, no municipal entity or its board of directors or any of its directors or officials, and no other organ of state or person exercising a power or performing a function in terms of this Act, is liable in respect of any loss or damage resulting from the exercise of that power or the performance of that function in good faith.</i>	Obtain legal interpretation of the application of this section	Effective 1.7.2004	PT: NFM			
	Develop relevant recovery procedures	Effective 1.7.2004	PT: NFM			
(2) Without limiting liability in terms of the common law or other legislation, a <i>municipality</i> may recover from a <i>political office-bearer or official</i> of the <i>municipality</i> , and a <i>municipal entity</i> may recover from a director or <i>official</i> of the entity, any loss or damage suffered by it because of the deliberate or negligent unlawful actions of that <i>political office-bearer or official</i> when performing a function of office.						
Delays and exemptions						
177. (1) The <i>Minister</i> may by notice in the Gazette-	Maintain a database of notices of delays and exemptions (link with	Effective 1.7.2004	MFMA unit			

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	<i>delegations</i>)					
	Develop a pro forma document to request delays and exemptions and its routing See subsection (2)	Effective 1.7.2004	PT: NFM			
(a) delay the implementation of a provision of <i>this Act</i> for a transitional period not exceeding five years from the date when this section takes effect; or						
(b) where practicalities impede the strict application of a specific provision of <i>this Act</i> , exempt any <i>municipality</i> or <i>municipal entity</i> from, or in respect of, such provision for a period and on conditions determined in the notice.						
(2) A delay or exemption in terms of subsection (1) may-						
(a) apply to -						
(i) <i>municipalities</i> generally; or						
(ii) <i>municipal entities</i> generally; or						
(b) be limited in its application to a particular-						
(i) <i>municipality</i> ;						
(ii) kind of <i>municipality</i> , which may, for the purposes of this section, be defined either in relation to a <i>category</i> , type or budgetary size of <i>municipality</i> or any other manner;						
(iii) <i>municipal entity</i> ; or						
(iv) <i>category of municipal entities</i> .						

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(3) To facilitate the restructuring of the electricity industry as authorised by the Cabinet member responsible for such restructuring, the <i>Minister</i> , acting with the concurrence of the Cabinet member responsible for local government and after consultation with <i>organised local government</i> , may, by notice in the Gazette, exempt any <i>municipality</i> or <i>municipal entity</i> from any specific provision of <i>this Act</i> for a period of not more than four years and on conditions determined in the notice, provided that such exemption may not be understood as obligating any <i>municipality</i> to transfer any staff, assets or liabilities.						
Transitional provisions						
178. (1) Anything done in terms of a provision repealed by section 179(1), which can be done in terms of a provision of <i>this Act</i> , must be regarded as having been done in terms of <i>this Act</i> .		Effective 1.7.2004				
(2) All <i>municipalities</i> must within three <i>months</i> of the date on which this section takes effect, submit to the <i>National Treasury</i> a list of-	Distribute reminder to <i>municipalities</i>	Effective 1.7.2004	PT: NFM			
	Arrange routing of info through PT to NT	Effective 1.7.2004	PT: NFM			
	Update relevant PT databases (see definitions)	Effective 1.7.2004	PT: NFM PT; PP PT: RA			
(a) all corporate entities in which the <i>municipality</i> or a <i>municipal entity</i> under its sole or <i>shared control</i> has an interest, specifying -						

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(i) the name and address of the corporate entity;						
(ii) the purpose, extent and other particulars of the interest;						
(iii) if such corporate entity is a <i>municipal entity</i> , whether the entity is under the sole or <i>shared control</i> of the <i>municipality</i> ; and						
(iv) such other information as may be required by the <i>National Treasury</i> ;						
(b) all public-private partnerships to which the <i>municipality</i> is a party, with a value of more than one million Rands in total or per annum, specifying-						
(i) the name and physical address of the private party participating in the public-private partnership;						
(ii) the purpose and other particulars of the public-private partnership; and						
(iii) such other information as may be required by the <i>National Treasury</i> ; and						
(c) all other types of contracts of the <i>municipality</i> for a period beyond 1 January 2007 and with a value of more than one million Rands in total or per annum.						
Repeal and amendment of legislation						
179. (1) The legislation referred to in the second column of the Schedule is hereby amended or repealed to the extent indicated in the third column of the Schedule.	Obtain and record notice See section 178(1) See subsection (2)	Effective 1.7.2004	PT: NFM			

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(2) Despite the repeal of section 10G of the Local Government Transition Act, 1993 (Act No. 209 of 1993), by subsection (1) of this section, the provisions contained in subsections (6), (6A) and (7) of section 10G remain in force until the legislation envisaged in section 229(2)(b) of the Constitution is enacted.	Noted					
(3) The repeal of the Municipal Accountants Act, 1988 (Act No. 21 of 1988). takes effect on a date determined by the <i>Minister</i> by notice in the Gazette.	Noted					
Short title and commencement						
180. (1) <i>This Act</i> is called the Local Government: Municipal Finance Management Act, 2003, and takes effect on a date determined by the <i>Minister</i> by notice in the Gazette.	Obtain notice See subsection (2)	Effective 1.7.2004	PT: NFM			
(2) Different dates may in terms of subsection (1) be determined for different provisions of the Act.	Obtain notices	Effective 1.7.2004	PT: NFM			