



Financial Management and Restructuring Grants

Select Committee on Finance (SCoF)
National Treasury
10 October 2006



Financial Management Grant



Objectives

- Preparation & implementation of multi-year budgets
- Implementation of accounting reforms
- Improvements in internal & external reporting on implementation of budgets & status of finances
- General implement the MFMA



Performance Outcomes

- Council resolution committing to reforms and compliance with conditions of FMG
- The employment of an appropriately skilled Chief Financial Officer
- Completion & submission of a checklist identifying critical financial management weaknesses
- Submission of a plan to implement financial management reforms
- Participation in the internship programme
- Better trained officials

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Priority areas

- Preparing Implementation plans
- Allocating responsibilities to AO=MM and delegations, approving SDBIP
- Establish senior management team and steering committees
- Meeting financial commitments on timely basis
- Preparing for quality s71 reports on revenue and expenditure performance to council and public
- Implementing and establishing Supply Chain Management systems and policies
- Reporting on entities
- Finalising financial statements
- Building capacity in the form of graduate internship programme

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Transfers

- Transfers
 - July : R 75 million to 146 municipalities
 - September : R29 million to 57 municipalities
- Not transferred
 - September : R41 million to 80 municipalities
 - Delays due to non-responsiveness by municipalities on grant conditions, not submitting monthly reports, no appointment of interns, lack of information

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Training/Workshops

- Development of training DVD on MFMA (6 Modules)
- Workshop for Advisors (30 people)
- 9 x Capacity building sessions at Provincial Treasuries (175 people – Aug/Sept 06)
- Joint workshops NT, LG & DPLG (35 people)
- Presentation on Data Management project (July 06)
- 5 Roving advisors in Provincial Treasuries

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Presentations

- Capacity building workshop with Donors, DFID, USAID, GTZ (300 people – August 06)
- Presentation to Debt Issuers Association on MFMA – borrowing (50 people- July 06)
- Presentation to DWAF and Water boards on MFMA – pricing process (25 people –Sept06)
- Presentations to the SCOF

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Regulations, guides, projects

- Draft regulations on Competencies (planning publication Oct/Nov06)
- Regulations on Debt disclosure (planning publication Oct/Nov06)
- Assisted 3 municipalities in obtaining credit ratings
- Capital investment planning (Mangaung, Tshwane, Polokwane)
- WIP - Asset transfer framework municipalities
- Guiding circulars x 4

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Circulars published in 2006

- MFMA Circular No 38 - Implementation Priorities - 22 September 2006
- MFMA Circular No 37 - Municipal Public Private Partnership - 16 August 2006
- MFMA Circular No 36 - Annual Financial Statements for 2005/06 - 11 July 2006
- MFMA Circular No 35 - Interactive Multimedia Learning - 3 July 2006

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Restructuring Grant



Restructuring Grant

Aim

- Support large municipalities with restructuring initiatives

Conditions

- Municipality develop own restructuring plans
- Contractual obligations on plans
- Adopt resolution committing to implementing plans
- Show progress in quarterly reports
- Transfers will depend upon the progressive implementation and achievements of agreed milestones
- Grant agreements continue until 2008

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Restructuring Grant

Indicators

- Institutional and Organisational
 - Optimal staff complement
 - Frequency of meetings
 - Structure of organisation
 - Service delivery mechanisms and service levels
- Economic Development
 - Innovative programmes
 - Job creation activities
- Financial
 - Credit ratings
 - Debt ratios
 - Revenue collection ratios
 - Infrastructure spending levels
 - Budget implementation

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Transfers

- Budget 2006/07 – R445 million (R350 million and R95 million withheld for 2005/06)
- Partial payment (Tshwane, Cape Town, Emfuleni and NMBM) due to low levels of spending and partial compliance with conditions
- Transferred R160 million for the quarter (July – September 2006)

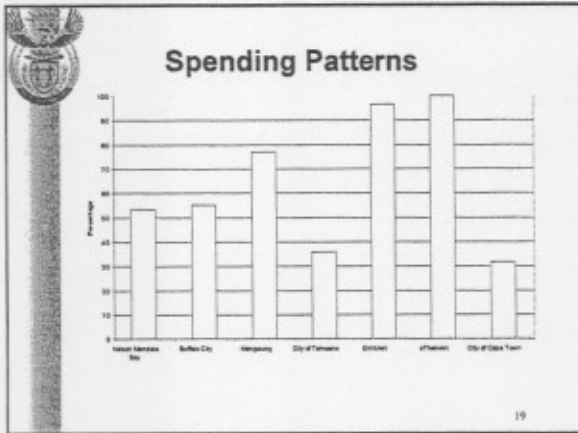
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Allocations and Transfers

Municipality	Withheld for 2006/06 R'M billion	Allocation for 2006/07 R'M billion	Amounts paid Sept 2006 (R' million)
Buffalo City	-	35	15
Emfuleni	35	35	20
Tshwane	-	75	80
City of Tshwane	-	75	25
City of Cape Town	30	75	25
Ngqweni	10	-	-
Western Cape Bay	20	65	25
Total	95	360	160

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- ### Measures Instituted
- Feedback on evaluation of performance - quarterly basis
 - Visits undertaken 1st Quarter:
 - City of Cape Town, Emfuleni, NMBM, Mangaung
 - Issues addressed:
 - Grant conditions and non compliance with reporting
 - Improvement in the submission, quality and content of reports
 - Low levels of expenditure
 - Confirmation of commitment
 - Notice with intention to withhold allocations
 - Continue to follow up outstanding matters during this quarter
 - Varied degree of commitment and ownership to achieving grant conditions
 - Changes in institutional landscape affects continuity and some wanting to re-negotiate agreement

Thank You
