

Reference: T8/2/31

TREASURY CIRCULAR MUN NO 58 OF 2014

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THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR Z HOOSAIN)
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THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

REVISED MUNICIPAL GOVERNANCE REVIEW AND OUTLOOK (MGRO) CRITERIA AND MUNICIPAL GOVERNANCE ACTION PLAN (MGAP) TOOL – 2014/15

1. PURPOSE

- 1.1 The purpose of this circular is to communicate with municipalities the agreed upon 2014/15 MGRO criteria and MGAP tool.

2. BACKGROUND

- 2.1 In terms of section 5(3) of the Municipal Finance Management Act, (No 56 of 2003) [MFMA], Provincial Treasuries are obliged to assist, guide and monitor municipalities in terms of compliance with it and its regulations.
- 2.2 MGAP tool comprises of criteria per MGRO focus areas that outlines governance principles to enable sound financial management and clean governance. The criteria aims to assist municipalities in performing a self-assessment in terms of 1 - 6 governance maturity levels.
- 2.3 Due to the continuous evolvement of the MGRO process and the local government legislative framework it was agreed that MGRO criteria will be reviewed on an annual basis.
- 2.4 The review of the criteria will be facilitated by Provincial Treasury and the Department of Local Government. The consultation process with municipalities will take place via the respective forums and focus groups.

3. SELF-ASSESSMENT PROCESS

- 3.1 The process entails the following:
- Perform a municipal self-assessment in terms of level 1 – 6 governance maturity levels;
 - Identify gaps emanating from self-assessment;
 - Prioritise gaps i.t.o associated risks;
 - Compile Municipal Governance Action Plan (MGAP) taking into account available resources;
 - Identify support required from PT and DLG; and
 - Self-assessment process to inform the MGRO 1 & 2 discussions.

4. MONITORING AND REPORTING

- 4.1 Subsequent to the MGRO 2 engagements, PT and DLG will monitor the progress against the implementation of the MGAPs on a quarterly basis and municipalities are therefore requested to send updated MGAPs to the following addresses: MFMA.MFMA@westerncape.gov.za and Cc Nangamso.Sigwela@westerncape.gov.za on or before the submission dates as indicated below:

Quarters	Submission Date
July – December 2014	15 January 2015
January – March 2015	15 April 2015
April – June 2015	15 July 2015

5. CONCLUSION

All enquiries in this regard may be directed to:

Ms Nangamso Sigwela

Directorate Financial Governance: MFMA Compliance

Tel (021) 483 8223

Cell 076 503 9555

E-mail: Nangamso.Sigwela@westerncape.gov.za



MR A HARDIEN

CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING

DATE: 28 NOVEMBER 2014