



PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO



Verwysing
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Navrae
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THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE) (ACTING)
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THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
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THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

USE OF MUNICIPAL FUNDS TO BUY 2010 FIFA WORLD CUP TICKETS AND T-SHIRTS

1. PURPOSE

1.1 The purpose of this circular is to advise municipalities on the implications of using municipal funds to buy 2010 FIFA World Cup tickets and T-shirts for councilors and their spouses and senior municipal officials.

2. BACKGROUND

- 2.1 It came to the attention of both National and Provincial treasuries that some municipalities are contemplating using municipal funds to procure 2010 FIFA World Cup tickets and T-shirts for councillors and their spouses, and in some instances senior municipal officials as well.
- 2.2 The National Treasury communicated within an e-mail from Mr Jan Hattingh – Chief Director: Local Government Budget Analysis on 10 February 2010, to all municipalities the legislative requirements and implications when expenditure of such nature is incurred.
- 2.3 To reiterate, the National Treasury instruction is quite clear and the Provincial Treasury fully concurs with the instruction from National Treasury which specifies the following:
- 2.3.1 *The Code of Conduct for Councillors in the Municipal Systems Act 32 of 2000, specifies that:*
- (2) *A councillor must at all times act in the best interests of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and*
- (6) *Personal gain (1) A councillor may not use the position or privileges of a councillor... for private gain or to improperly benefit another person.*
- 2.3.2 *Similarly section 61(2) of the MFMA specifies that an accounting officer may not use the position or privileges ... of accounting officer for personal gain or to improperly benefit another person.*
- 2.3.3 *Therefore National Treasury hereby advises that these proposed expenditures will constitute irregular, as well as fruitless and wasteful expenditure, in terms of the MFMA, and therefore must not be incurred.*
- 2.3.4 *Anyone who instructs the expenditures to proceed to make these expenditures will be liable for the expenditure in terms of section 32 of the MFMA, and may be charged for financial misconduct in terms of Chapter 15 of the MFMA.*

3. REQUEST

- 3.1 Municipalities are herewith advised and requested to refrain from using municipal funds to buy 2010 FIFA World Cup tickets and T-shirts for councilors and their spouses and municipal officials since it is in contravention with the legislation.
- 3.2 In addition, cursory observations of patterns suggest an increase in debtors across all municipalities and a decrease in the budgeted revenue from service charges and augmentation fees from new developments. Municipalities will subsequently consider to the mid-year assessment review, to adjust revenue projections downwards to accommodate the impact of the prevailing economic conditions and fiscal challenges.

4. CONCLUSION

- 4.1 To reiterate, Municipal Managers, as Accounting Officers of the respective municipalities should please ensure that municipalities do not contravene the relevant legislation.
- 4.2 In conclusion, as highlighted by National Treasury within Municipal Budget Circular for the 2010/11 MTREF, MFMA Circular No. 51 dated 19 February 2010, given the constraints on municipal revenue , priority should be given to improving spending efficiencies which include, amongst others the following:
- *Ensuring drinking water meets the required quality standards at all times.*
 - *Protecting the poor from the worst impacts on the economic downturn.*
 - *Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation.*
 - *Securing the health of the asset base.*
 - *Expediting spending on capital projects that are funded by conditional grants.*

5. Your co-operation in this regard will be appreciated.

A handwritten signature in black ink, appearing to read 'G. W. Paulse', written in a cursive style.

GW PAULSE
SENIOR MANAGER: LOCAL GOVERNMENT FINANCE

DATE: 04 MARCH 2010