

Legislation compliance status

Chapter 14



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The promulgation of the Municipal Finance Management Act (The Act) has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes. The budget preparation for 2009/10 – 2011/12 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with. The City's electronic reporting to National Treasury has also been complied with and has also improved over time. The monthly and quarterly returns to National Treasury have been submitted on time.

The City of Johannesburg, in its strides to comply with the act, has in its plan of compliance instructed departments to train all finance and non-finance officials from 2005. This has resulted in mass training programmes for officials in all sectors, including the municipal entities. This massive training schedule was also boosted by the on-line training provided by National treasury. Compliance on all critical elements of the Municipal Finance Management Act, for the next and future financial years, will be achieved easily, due the fact that most, if not all officials, are aware of the Act.

In accordance with the provisions of the Act, the City has an approved Supply Chain Management policy, which was extensively consulted on. The policy is intended at regulating the supply chain management environment within the City. Required resources (human, financial and otherwise) have been allocated to the Supply Chain Management department to enhance capacity to achieve the scorecards, as set out by the policy.

The reform agenda, set out through the Municipal Finance Management Act, includes new accounting standards, which includes national standards, such as Generally Recognised Accounting Practice (GRAP) and Generally Accepted Municipal Accounting Practice (GAMAP). These above mentioned accounting practices have been adhered to during the development of the budget.

The City's consolidated financial statements were prepared to comply with GAMAP since the 2004/05 financial year. The municipal entities financial statements were also prepared in line with GAAP.

When preparing the budget, the City has complied with the requirements of the MFMA Circular 28, which requires that the budget content and format must comply with the Act. The following processes were adhered to:

- The budget is legally compliant;
- The process has a strong political oversight;
- Performance of officials should meet the required standard;
- The Growth and Development Strategy is reflected in the budget;
- There are clear linkages between the budget and the Mayoral Priorities, and
- Public participation was key when the City involved its stakeholders in the whole process.