

STRENGTHENING MUNICIPAL FINANCE MANAGEMENT ACT | Compliance Report 2024/25



WHAT IS THIS REPORT ALL ABOUT?

This report assesses the compliance of municipalities with the Municipal Finance Management Act (MFMA). This report draws data from the Muni eMonitor system, the Financial Management Capability Maturity Model, the Audit Action Plan system and related documents to assess compliance.

WHY IS THIS REPORT IMPORTANT?

The report assesses municipal performance in areas such as asset management; cost containment; unauthorised, irregular, fruitless and wasteful expenditure (UIFWE); consequence management; supply chain management; internal audit and audit committee reviews; the use of consultants to prepare annual financial statements (AFS).

WHAT ARE THE MAIN FINDINGS OF THE REPORT?

The report confirms incremental progress in reporting and cost containment, but deep seated weaknesses persist in leadership stability, consequence management and implementation discipline.

WHAT DOES THE REPORT PROPOSE AS SOLUTIONS TO IDENTIFIED CHALLENGES?

It supports decisive action to stabilise senior management, enforce accountability and shift oversight from policy presence to measurable outcomes in order to address financial governance and service delivery risks.

ROLE OF NATIONAL TREASURY AND PROVINCIAL TREASURIES

The National Treasury and provincial treasuries are responsible for monitoring municipal compliance with the Municipal Finance Management Act 56 of 2003 (MFMA), as required by sections 5(2)(c)(i) and 5(4)(a)(i).

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