

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 108 [CW158E]
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108. Mr F Essack (Mpumalanga: DA) to ask the Minister of Finance:

(a) How will the National Treasury monitor funds that are provided for the transitional grant in order to assist municipalities and (b) what accountable structure will be in place to ensure strict use of funds related to demarcations?

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REPLY:

- a) All conditional grants, including the Municipal Demarcation Transition Grant (MDTG) are monitored through the Division of Revenue Act (DoRA) on a monthly and quarterly basis. The monitoring is done through financial and non-financial reports that are submitted to National Treasury by municipalities and by the administering department of a grant in this case Department of Cooperative Governance (DCoG). These reports are analysed and checked to confirm if the grant funds are being spent as per approved plans and in compliance with DoRA. National Treasury, DCoG, and provincial departments (Provincial Treasuries and CoGTAs) are jointly responsible for monitoring and overseeing the expenditure on the MDTG and to ensure that the grant delivers outputs as stated in the grant framework.
- b) Since the affected municipalities have been delegated to their respective provinces, in depth monitoring and support is further undertaken by the provincial treasury on our behalf. However, the Transferring Officer (TO) i.e. DCoG is responsible for the MDTG and is obliged to provide monthly and quarterly progress reports on performance validated through regular on-site inspections. National Treasury ensures that funding is transferred to the municipalities as planned and spending reports are submitted. This expenditure and performance monitoring assists in detecting any potential misuse of the grant funds.

In instances where the transfers are misused or are used for unintended purposes, National Treasury in consultation with CoGTA have the prerogative to withhold the funds while allowing support to take course by both National and Provincial CoGTA. Hence the importance of transferring the funds as per the schedule which allows payments in tranches to be released as and when there is progress on the ground and compliance with the conditions of the grant.