

NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 94 [CW102E]
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94. Mr D R Ryder (Gauteng: DA) to ask the Minister of Finance:

(a) How many municipalities are no longer in compliance with the Municipal Regulations on Standard Chart of Accounts requirements, (b) what are their names and (c) what have been the consequences for non-compliance in each case? CW102E

REPLY

- (a) From a compliance view most municipalities adhere to *mSCOA*, however, municipalities are at different levels of implementing the *mSCOA* reform.
- (b) Notwithstanding the fact that most municipalities are currently complying with *mSCOA*, from the reports received, the following municipalities are experiencing persistent *mSCOA* implementation challenges:

Eastern Cape:

- Nelson Mandela Bay Metro

Free State:

- Mafube Local Municipality
- Moqhaka Local Municipality
- Nala Local Municipality

Gauteng:

- City of Tshwane
- Mefarong Local City

KwaZulu-Natal:

- eThekweni Metro
- Msunduzi Local Municipality
- Mpofana Local Municipality

Northern Cape:

- Kareeberg Local Municipality

North West:

- Ditsobotla Local Municipality
- Mamusa Local Municipality
- Ratlou Municipality

- (c) In terms of the Regulations on the *mSCOA*, municipalities must submit the reports in compliance with the Municipal Budget and Reporting Regulations (MBRR) in the form of a *mSCOA* data string (which constitutes the standard classification

framework) monthly to the Local Government Database and Reporting System (LGDRS).

Municipalities that are persistently non-compliant in terms of the submission and the corrections of data strings errors are issued with non-compliance letters and respective treasuries subsequently meet with them and their system vendors to resolve these issues.

Furthermore, this transgression has led to National Treasury enforcing compliance. Section 38 of the MFMA empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution, which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

For example, the equitable share instalments for Nelson Mandela Bay Metro, the City of Tshwane, Msunduzi Municipality and Mogale City has been withheld in the past due to non-compliance with *mSCOA*.