**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **1271** **[NW1405E]**

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**1271. Ms P Madokwe (EFF) to ask the Minister of Finance:**

(1) Whether the National Treasury is informed of any investigations into the affairs of municipalities; if not, why not; if so,

(2) whether he was informed of the squandered millions of Rand that were allocated to build the Ngcobo stadium in the Dr A B Xuma Local Municipality without being completed; if not, why not; if so, what are the relevant details;

(3) whether he has been informed that the stadium was not completed when the municipality asked for a top up for the Nogqala bridge in Ward 19 that was initially allocated a budget of approximately R12,9 million, but left incomplete; if not, why not; if so,

(4) whether the National Treasury has any obligation to regularly assess projects that municipalities claim to have spent money on and commission speedy investigations into corruption with the intention to ensure the prosecution of persons who are accountable; if not, why not; if so, what are the relevant details? NW1405E

**REPLY**

1. I presume the Honourable Member is referring to a criminal investigation by the South African Police Services (SAPS). Like all such criminal investigations, the National Treasury is generally not informed of such investigations, unless any specific request is required from the National Treasury by SAPS. In terms of section 106 of the Municipal System Act, the MEC for Local Government (Cooperative Governance and Traditional Affairs) may conduct investigations if there are allegations of maladministration, fraud and corruption and other serious malpractices. The MEC would generally inform the National Treasury of the outcome of the investigation.

Also in terms of Section 5(2)(d) of theMunicipal Financial Management Act (MFMA)*“National Treasury may investigate any system of financial management and internal control in any municipality or municipal entity and recommend improvements”*

1. National Treasury was not informed of the millions of Rand that was allocated by Dr A B Xuma Local Municipality to build Ngcobo Stadium.
2. The Transferring Officer i.e., the national department administering the conditional grant is responsible for the allocation and monitoring of funds to municipalities, as well as the approval of projects to be implemented and the budgets for the projects. The Department of Cooperative Governance (DCoG) administers the Municipal Infrastructure Grant (MIG) and National Treasury receives monthly financial reports, and quarterly financial and non-financial reports on the overall programme performance, and not on specific projects.
3. The specific details pertaining to the said project would be at the disposal of DCoG, i.e. the budgeted amount for the project, the progress on the project, and whether the project has been completed or not and also the reasons.
4. National Treasury was not informed that the stadium was incomplete when the municipality asked for a top up for the Nogqala bridge in Ward 19.
5. The National Treasury is not ordinarily informed of what projects have been approved for implementation and specific project budget for a particular year. The department administering the conditional grant is responsible for the administration of the programme and the said department must hold recipient municipalities of the grant accountable on the funding, approved projects and also ensure compliance with the conditions of the funding as outlined in the conditional grant framework.
6. Unless this is a conditional grant with such conditions, the DCoG is responsible to ensure compliance with the MIG framework in the Division of Revenue Act by holding municipalities accountable on allocated funding and approved projects to ensure projects are implemented and completed at the approved amounts, in compliance with the set conditions. Where funds are unspent at the end of the year and are not eligible for rollover and or funds are not spent in line with the intended purpose, the DCoG will not recognise such expenditure and, National Treasury will be duly informed and the said funds will be recouped from future transfers due to the municipality. Where maladministration, fraud and corruption and other serious malpractice is suspected, the onus is on the MEC of Cooperative Governance and Traditional Affairs to initiate an investigation in terms of section 106 of the Municipal Systems Act.