



Minimum Competency Level Regulations, Gazette 29967 of 15 June 2007

This circular provides an approach to managing the requirements of the above regulations towards the remaining eight-month deadline. MFMA sections 83, 107 and 119 outline the competency levels of financial officials. The Municipal Regulations on Minimum Competency Levels prescribe the required competency levels for uniform and consistent application of the Act.

Detailed information covering the regulations, implementation guidelines for the affected positions, list of training providers and modules, applicable unit standards can be viewed on the National Treasury website, www.treasury.gov.za/legislation/mfma/trainingandvalidation.

This circular addresses the following:

- a) Background to recent developments;
- b) An outline of the initiatives already undertaken to support municipalities in complying with the regulations;
- c) Recognitions of Prior Learning;
- d) Non-compliance with the regulations;
- e) Consideration for municipal special merit cases;
- f) Accreditation of competency requirements;
- g) The role of the accounting officer in ensuring compliance with the regulations;
- h) The responsibilities of the municipality to provide assistance to officials in attaining competency levels;
- i) Reporting requirements; and
- j) Performance Agreements

Background

The issue of how these regulations impact on service delivery has been previously discussed in Parliament and among other stakeholders, prior to and after promulgation of the Regulations in June 2007.

The Ministers and Members of the Executive Council (MINMEC) at its December 2011 meeting re-affirmed the importance of the link with these Regulations and improved service delivery.

The regulations have been designed to provide municipalities with sufficient time to address skills gaps and ensure compliance in a manner that will not disrupt day-to-day operations. They take into account the differences in size and scope of municipalities, differentiating between the size of budgets of municipalities, prescribing different requirements in terms of educational qualifications, financial and SCM competencies and the requirements for core and

managerial competencies dependent on the relevant positions. We are also mindful of the value of experience and previously attained qualifications.

Differentiation and timelines were addressed during the consultation phase when the regulations were developed with key stakeholders, including the former Department of Cooperative Governance (DCOG) and the South African Local Government Association (SALGA).

We have issued this circular to address matters raised and to address any points of clarification sought by other stakeholders.

Support

A number of support initiatives have been undertaken by government over the last five years to support municipalities and municipal entities in complying with the above regulations. These include:

- Increasing number of regionally based accredited training providers through the Local Government Sector and Education Training Authority (LGSETA);
- Providing funded expert resources to LGSETA to fast track issuance of statements of results for learners registered for the financial and supply chain management (SCM) competency training;
- Discounting training through the Development Bank of Southern Africa (DBSA) Vulindlela Academy and Palama;
- The Financial Management Grant (FMG), disbursed annually through the Division of Revenue Act (DoRA);
- Providing access to the LGSETA Skills Levy (if registered as levy paying through SARS) to fund Work Skills Plans;
- Issuing MFMA circulars 9, 17, 24 and 47 on the implementation of the regulations;
- Providing standard training, facilitation and assessment instruments;
- Providing fully funded training opportunities;
- Providing implementation support through MFMA and provincial capacity building coordinators;
- CFO forums;
- Specific municipal support visits;
- MFMA helpdesk to provide expert guidance and interpretation on implementation;
- Extensive written communication to municipalities on training and development.

Supporting guidelines for affected positions were issued in 2007 that provided municipalities with further information and guidance to assist in the implementation process. The guidelines highlighted the requirement for an assessment of the current educational qualifications of affected officials prior to undertaking any training in order to avoid duplication of effort.

The purpose of the initial assessment was to evaluate the following:

- Higher education qualifications held by incumbents of the positions;
- Work-related experience;
- Core managerial and occupational competencies requirements;
- Prescribed financial and SCM competencies.

This information is already available in the human resource management systems of municipalities and therefore accessing and processing the information in line with the requirements of the above evaluation should be easily completed by municipalities.

It is anticipated that once municipalities had undertaken this initial assessment and skills gaps were identified, municipalities would be better placed to develop appropriate measures and training initiatives to fast track compliance with the regulations.

Recognition of Prior Learning

The South African Qualification Authority (SAQA) framework makes provision for Recognition of Prior Learning (RPL). RPL is a formal process that takes into account and values all learning that people have gained through their various experiences (at home, school, universities, at work and in their community). This could be in the form of formal, informal or experiential in nature.

The regulations make provision to recognize prior learning in which exemptions from certain unit standards may apply. Officials can approach training providers for RPL who will then need to consider such applications for assessment purposes. A decision based on the appropriateness of the prior learning and outcomes of the assessment may lead to an award of the relevant credits.

For example, if an official has a formal qualification attained from an institution of higher learning (such as a Bachelor of Commerce or Master of Business Administration degree) the official may apply to the relevant accredited or programme approved training provider (as listed on the National Treasury website and accredited by the LGSETA), for an exemption from attending certain contact sessions covering the unit standards but earn equivalent credits through the normal assessment process.

The training provider will assess the learner's qualifications and experience against the full qualifications, e.g. Certificate in Municipal Finance Management, SAQA ID 48965, NQF level 6, 166 credits.

Learners must bear in mind that there is a specific framework that governs this process and it is unlikely that the training provider may recommend exemptions or credits on more than 50 per cent of the prescribed unit standards for the qualification. This is because all training received by individuals may not be directly applicable to the local government sector. Therefore, it is important to note that gaps identified will have to be addressed by attending the relevant financial and SCM competency training. Officials who have more than three years work experience but lack formal qualifications to prove their knowledge and skills, may also opt for this process.

Non- Compliance with the Regulations

Failure to implement the requirements of the regulations will result in non-compliance with the legislation.

If officials have not met the requirements of the regulations including the support provided in this Circular by the due date, Regulation 15 and 18 will immediately apply.

Therefore, the continued employability of affected officials will be impacted upon.

Whilst the provisions of these regulations will apply consistently across all municipalities and municipal entities from the effective date of enforcement, National Treasury will consider, "Special Merit Cases", delaying enforcement of certain provisions for a period up to eighteen months from 1 January 2013.

Consideration of Special Merit Cases

Officials currently in the employ of the municipality

If a municipality is experiencing difficulties in complying with the legislation for officials already in the employ of the municipality, it may apply to the National Treasury seeking its consideration to delay enforcement of certain provisions of the regulations as a "Special Merit Case" (SMC). Such cases will be considered for the municipality as a whole, based on the particular circumstances faced by the municipality. Municipalities must demonstrate that they have taken reasonable steps toward compliance e.g. officials registered for the relevant training who have attended and completed part of the planned training but who may still need time to complete the remaining training, post the deadline date, may be considered. The National Treasury will consider each case individually based on the application provided by the municipality for all affected officials. The process that municipalities are required to follow is described below:

1. The municipality must write to the National Treasury formally seeking its consideration to delay the enforcement of the Minimum Competency Regulations in terms of the legislated deadline for officials to obtain the required competency levels;
2. This application for SMC must be accompanied by information as contained in Annexure B, namely, details of affected officials, higher education qualification, work related experience, core managerial and occupational competencies, financial management and SCM competency levels.
3. A covering letter outlining plan of action, signed by the Municipal Manager, committing the Council to fast-track requirements for officials to complete their competency training within eighteen months of the deadline of 1 January 2013;
4. Progress on SMC must be reported on a quarterly basis using Annexure B to map progress in achieving full compliance with the regulations. This will also be used for audit purposes;
5. Municipalities have four months to prepare and submit requests for SMC which must be received by National Treasury on 7 September 2012 to allow for time to review, process and feedback. All requests must be submitted to the MFMA helpdesk, mfma@treasury.gov.za.
6. Consideration will be given to delay enforcement of the deadline period by up to **eighteen months, to 1 July 2014** provided that the municipality has submitted a strong motivation in terms of the SMC above.
7. Progress will be reviewed by National Treasury each quarter. If it is found that unsatisfactory progress has been made, we will revoke the SMC determination and Regulation 18 will apply.

Officials appointed from the date of the circular

The regulations do not preclude the appointment of any official to a municipality or municipal entity from other spheres of government or the private sector, provided that the official possess the required competencies for the job. It must be noted that training opportunities are available to all person whether they are current or future employees in municipalities or municipal entities. Appointment of an official by a municipality from the effective date of this circular is subject to the following:

1. The municipality must write to the National Treasury seeking its consideration and concurrence to delay the enforcement of the Minimum Competency Regulations by providing advice of its intention to appoint an official not in possession of the minimum competency requirements. However, that person must have already attained the following requirements relevant to the position being filled:
 - Higher education qualification
 - Work related experience
 - Core managerial and occupational competencies
2. This application must be accompanied by information which outlines why the municipality was unable to appoint a duly qualified person in terms of the regulations, and a commitment from the Council that all required training will be completed within eighteen months of the deadline of 1 January 2013, thereby ensuring the affected official is qualified and compliant in terms of the regulations.
3. The municipality must have a specific plan of action that it will commit to in order to ensure the official will meet the required competency levels. This plan including progress made must be submitted to the National Treasury on a quarterly basis. All requests must be submitted to the MFMA helpdesk, mfma@treasury.gov.za using Annexure B.
4. Progress will be reviewed by National Treasury each quarter. If it is found that unsatisfactory progress has been made, we will revoke the SMC determination and Regulation 18 will apply.

Accreditation of Training Providers and Proof of Financial and SCM Competency Achievement

The LGSETA, as the Education and Training Quality Assurance (ETQA) body, is responsible for the quality assurance processes of the two registered qualifications and the related unit standards aligned to these regulations. This process includes accreditation of training providers, registration of assessors and moderators, verification and endorsement of learner achievements.

Therefore, all prospective learners can be assured that the training providers appearing on the National Treasury website have met the requirements of the LGSETA to be granted accredited training status. This information is being updated regularly.

All stakeholders will only recognize learner achievements against the financial and SCM competencies that have been endorsed by the LGSETA. If officials have undertaken training

with any training provider and have not been issued with a statement of results endorsed by the LGSETA that emphasises the “competent” outcome, then officials would not be deemed to have complied with the regulations in terms of the financial and supply chain management competencies. An example of the correct format for the statement of results is **attached** (see Annexure A). Municipalities can verify the authenticity of the certificate or statement of results with the SAQA directly, at saqainfo@saqa.org.za

It is therefore important that municipalities and individual learners ensure that the training providers that they engage with are accredited and that the statements of results received from the accredited institutions are endorsed by the LGSETA.

Please note that municipalities and municipal officials have been repeatedly advised not to attend training offered by unregistered providers relating to MFMA, unless, these have been validated and accredited by the National Treasury and LGSETA, respectively. This ensures that all training in the interpretation and implementation of the MFMA is appropriate, competency based and consistent with the reforms. This measure is intended to ensure that municipalities derive value for money from MFMA related training.

The Role of the Accounting Officer

MFMA section 60 states that the accounting officer of the municipality must exercise the functions and powers assigned to the accounting officer in terms of this Act. Failure to implement the provision of the Act may lead to non-compliance in terms of the financial misconduct provisions in section 171. The accounting officer must also meet these competency requirements in terms of section 83 of the MFMA.

Responsibilities of the Municipality

According to Regulation 17 and section 83 (2) of the MFMA, municipalities and municipal entities have an obligation to assist financial and SCM officials to attain the requisite competency levels under certain circumstances, by providing the resources or opportunities necessary for the training of that official. Failure to do so by the municipality means that the municipality is in direct contravention of the regulations.

Reporting Requirements

All municipalities are required to report ongoing progress in line with Regulation 14, such reporting shall continue on a six-monthly basis. Municipalities are also required to ensure that a copy of the relevant information is included in the annual report.

The abovementioned areas will be closely monitored for compliance and each municipality will receive regular feedback.

Performance Agreements and Competencies

All performance agreements must, where applicable, be concluded immediately after the start of the financial year. These must include financial performance targets as prescribed in the Municipal Systems Act as well as the requirements of the Minimum Competency Regulations for all affected positions, if not already attained; Performance Agreements must be published in terms of section 75 of the MFMA.

The municipal manager, by signing and submitting information required in Annexure B relating to SMC, agrees to the relevance, accuracy and motivation supporting the application.

Conclusion

Capacity building is an ongoing process that requires continuous engagements with all stakeholders, improved planning and regular evaluation of progress made to ensure appropriate resource allocation is made to address shortcomings. It is imperative that municipalities embrace the support measures provided in order to ensure that their institutions are able to respond effectively to the changes and to improve service delivery.

A number of programmes are in place to support municipalities, including the Municipal Finance Management Internship Programme, the Municipal Finance Improvement Programme, a technical advisory programme and sector specific support measures. All these initiatives are aimed at building capacity of municipal officials to execute their responsibilities.

The primary aim of the regulations, and of the initiatives designed to support its implementation, is to ensure greater accountability to the citizenry and improved and sustained financial management practices as envisaged through the Constitution, the MFMA and other related legislation.

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20 April 2012

Annexure A



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Individual Statement of Result - Unit Standard Achievement

First Name:

Last Name:

National ID:

Alternate ID:

Listed amount of linked unit standards :

Individual SOR is part of Batch endorsement number

LGSR-US120202/0941

Listed unit standards were endorsed on

2012/02/02

Unit Standard Title	ID	Endorsement Number	Achievement	
			Status	Date
1 Apply the principles of budgeting within a municipality	116345	US-116345-73446	ACHIEVED	20100720
2 Apply costing principles to municipal operational and service-based costing	116340	US-116340-68114	ACHIEVED	20100720
3 Apply approaches to managing municipal income and expenditure within a multi-year framework	116342	US-116342-69447	ACHIEVED	20100720
4 Apply the principles of ethics in a municipal environment	116343	US-116343-70781	ACHIEVED	20100720
5 Apply the Inter-governmental Fiscal Relations Act to municipal financial management	116344	US-116344-72114	ACHIEVED	20100720
6 Conduct auditing planning and implementation in a South African municipality	116351	US-116351-114311	ACHIEVED	20100720
7 Conduct performance management to a South African municipal environment	116341	US-116341-114312	ACHIEVED	20100720
8 Design internal control and internal control evaluation framework	116357	US-116357-114313	ACHIEVED	20100720
9 Apply risk management in South African municipalities	116339	US-116339-66780	ACHIEVED	20100720
10 Manage information technology resources in a municipal finance environment	116360	US-116360-114315	ACHIEVED	20100720

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