



Reference: T12/2/1

TREASURY CIRCULAR MUN 28 OF 2014

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THE MAYOR, CEDERBERG MUNICIPALITY: MS L SCHEEPERS
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR F SCHIPPERS
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THE MAYOR, MOSSEL BAY MUNICIPALITY: MS M FERREIRA
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THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL
THE MAYOR, BITOU MUNICIPALITY: MR M BOOYSEN
THE MAYOR, KNYSNA MUNICIPALITY: MS J WOLMARANS
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THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR HT PRINCE

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THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR F LÖTTER
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THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN (ACTING)

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THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR Z HOOSAIN)
THE HEAD: PUBLIC POLICY SERVICES (MR H MALILA) (PRO TEM)
THE HEAD: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS JD GANTANA)
THE HEAD: LOCAL GOVERNMENT PUBLIC FINANCE (MR H MALILA) (PRO TEM)
THE HEAD: ASSET MANAGEMENT (MR IG SMITH)
THE HEAD: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)
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THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS T EVANS)
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THE SENIOR MANAGER: FISCAL POLICY (MR H MALILA) (PRO TEM)
THE SENIOR MANAGER: INFRASTRUCTURE (MS JD GANTANA) (PRO TEM)
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS N OLIPHANT)
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
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THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)

THE PROVINCIAL AUDITOR
MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT
THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)
THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

2013/14 MUNICIPAL ROLL-OVER PROCESS IN RESPECT OF UNSPENT PROVINCIAL ALLOCATIONS TO MUNICIPALITIES

1. Purpose

The purpose of this circular is to communicate the guidelines and requirements that will be applicable on the 2013/14 municipal roll-over process, on unspent provincial conditional allocations to municipalities as at 30 June 2014.

2. 2013/14 Western Cape provincial rollover process

The Western Cape Appropriation Act, Act 5 of 2013 (WCAA) regulates unspent provincial conditional allocations. The WCAA was circulated to all the Western Cape municipalities with the 2013/14 budget documents and is attached as Annexure A for reference. Section 10 of the WCAA sets specific requirements with respect to the unspent provincial conditional allocations and the requirements thereof.

Allocations for agency services delivered on behalf of the Provincial Government, or allocations dealt with on a claims back principle or reflected as transfer to households (as beneficiaries), will not be subject to the annual institutionalised rollover processes and therefore the requirements of this circular will not apply.

3. Criteria and requirements for the rollover of unspent provincial conditional grants

Municipalities may not automatically rollover unspent conditional grants in terms of section 28(2)(e) of the MFMA and municipalities must apply for the rollover of those unspent provincial conditional grant allocations to municipalities.

Section 10 of the 2013 WCAA requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the Provincial Revenue Fund, unless the receiving officer proves to the satisfaction of the Provincial Treasury and the transferring provincial officer that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying for the rollover of unspent conditional allocations that were appropriated through the 2013 main budget allocations (Provincial Gazette no 7100 dated 7 March 2013) and 2013 adjusted budget allocations (Provincial Gazettes no 7198 dated 21 November 2013, 7239 dated 13 March 2014 & 7243 dated 26 March 2014), municipalities must supply Provincial Treasury with the following information:

1. A formal letter in a specified format, see attached Annexure B, which must be addressed to the Provincial Treasury requesting the rollover of unspent provincial conditional grants;
2. List of all the projects that are linked to the unspent provincial conditional grants;
3. Evidence that work on each of the projects has commenced, namely either of the following:
 - a. Proof that the project tender was published and the period for tender submissions closed before 30 June; or
 - b. Proof that a contract for delivery of the project was signed before 30 June.
4. A progress report on the state of implementation of each of the projects;
5. The conditional allocation and amount of funds committed to each project; and
6. An indication of the time-period within which the funds are to be spent.

In addition, Provincial Treasury and transferring departments will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:

1. The 2013/14 provincial allocations must be correctly reflected on table SA18 of Schedule A and on table SB7 of Schedule B where there were adjustments;
2. Compliance with the periodic reporting requirements as per the published gazettes, including the Municipal Manager and Chief Financial Officer signing-off on the information sent to National Treasury and transferring departments on a quarterly basis;
3. Submission of the pre-audit Annual Financial Statements information to Provincial Treasury by 29 August 2014. It is noted that the act says that the submission of the annual financial statements must be within two months after the end of the financial year however the 31st of August falls on a Sunday;
4. Accurate disclosure of grant performance in the 2013/14 pre-audit Annual Financial Statements; and
6. Cash available in the bank as at 30 June 2014 to finance the rollover request.

Municipalities must note that these guidelines are applicable to the 2013/14 financial year and unspent conditional allocations will only be rolled over only once, i.e. a rollover of 2012/13 to 2013/14 will not be rolled over to 2014/15 and no rollover requests of previous financial years will be attended to.

The application must be received by Provincial Treasury by 29 August 2014 and if any of the above information is not provided, the application will be declined and unspent conditional allocations will be paid to the Provincial Revenue Fund by the municipality.

When approving any rollover requests, Provincial Treasury will use the latest provincial conditional grant expenditure information available at the time, which is the disclosure of grant performance in the June 2014 table SC7(2) of C Schedule, provincial allocation quarterly verification information and 2013/14 pre-audit Annual Financial Statements which need to be concluded and submitted by 29 August 2014.

A transferring provincial department will recommend on whether a rollover must be approved and will further decide on how the municipalities will report on the spending of conditional grant funds that are rolled over.

Attached to this circular as Annexure C is a folder for the Provincial Gazettes that were published during 2013/14 financial year in respect of Provincial Government allocations to municipalities.

All electronic applications for provincial rollovers must be sent to the following email address: MFMA.MFMA@westerncape.gov.za and hard copies must be posted for attention of Mr M Sigabi to:

The Head Official: Provincial Treasury
Western Cape Government
Private Bag X9165
CAPE TOWN
8000

Yours sincerely



MR M. SIGABI

DIRECTOR: LOCAL GOVERNMENT FINANCE GROUP 2

DATE: 24/8/2014