

Reference: T8/2/31

## **TREASURY CIRCULAR MUN NO. 61 OF 2014**

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE  
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS  
THE MAYOR, MATZIKAMA MUNICIPALITY: MR J BOTHA  
THE MAYOR, CEDERBERG MUNICIPALITY: MS L SCHEEPERS  
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL  
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR F SCHIPPERS  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN  
THE MAYOR, WITZENBERG MUNICIPALITY: MR J KLAZEN  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER  
THE MAYOR, STELLENBOSCH MUNICIPALITY: MR CJ SIDEGO  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN  
THE MAYOR, LANGEBERG MUNICIPALITY: MS D GAGIANO  
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR L DE BRUYN  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR CB PUNT  
THE MAYOR, OVERSTRAND MUNICIPALITY: MS N BOTHA-GUTHRIE  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL  
THE MAYOR, SWELLENDAM MUNICIPALITY: MR N MYBURGH  
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUIZEN  
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON  
THE MAYOR, HESSEQUA MUNICIPALITY: MS E NEL  
THE MAYOR, MOSSEL BAY MUNICIPALITY: MS M FERREIRA  
THE MAYOR, GEORGE MUNICIPALITY: MR C STANDERS  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL  
THE MAYOR, BITOU MUNICIPALITY: MR M BOOYSEN  
THE MAYOR, KNYSNA MUNICIPALITY: MS J WOLMARANS  
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR E NJADU  
THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING  
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR HT PRINCE

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM  
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS  
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR M BOLTON (ACTING)  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR I KENNED  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV H LINDE  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR L SCHEEPERS  
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ  
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO  
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON  
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR J METTLER  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS C LIEBENBERG  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR G MATTHYSE  
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HSD WALLACE  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL  
THE MUNICIPAL MANAGER, SWELLENDAM MUNICIPALITY: MR CM AFRICA  
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR GW LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR M HOOGBAARD  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR M GRATZ  
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA  
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR R LOTTERING (ACTING)

THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR A PAULSE  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR G EASTON (ACTING)  
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE  
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS  
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER  
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY  
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER  
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR M BOLTON  
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED  
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK  
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER  
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER  
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS FA DU RAAN-GROENEWALD  
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THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS  
THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR CF HOFFMANN  
THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J TESSELAAR  
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR D LOUW  
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MS S REYNEKE-NAUDE  
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H VAN BILJON  
THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH  
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK  
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THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR MK BOTHA  
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN  
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: ADV F HUMAN (ACTING)  
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR F LÖTTER  
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON  
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR N NORTJE (ACTING)  
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD  
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING  
THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR F SABBAT

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
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 (MS M KORSTEN)  
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)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE HEAD: OFFICE OF THE FINANCE MINISTRY (ADV E PRETORIUS)  
THE SENIOR MANAGER: BUSINESS INFORMATION AND DATA MANAGEMENT (MR PP PIENAAR)  
THE SENIOR MANAGER: FINANCIAL GOVERNANCE (MR B VINK)  
THE SENIOR MANAGER: FISCAL POLICY (MR H MALILA) (PRO TEM)  
THE SENIOR MANAGER: INFRASTRUCTURE (MR P CHANDAKA)  
THE SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING (MS M FORTUIN) (ACTING)  
THE SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE (MR ML BOOYSEN)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MR E JOHANNES) (ACTING)  
THE SENIOR MANAGER: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)  
THE SENIOR MANAGER: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MR TL RADEBE)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT ACCOUNTING (MR A REDDY)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT BUDGET OFFICE (MS M KORSTEN) (PRO TEM)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (EXPENDITURE MANAGEMENT) (MS A PICK)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS N EBRAHIM)  
THE SENIOR MANAGER: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS A SMIT)  
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)

# **SUBMISSION OF MID-YEAR, ANNUAL AND OVERSIGHT REPORTS TO THE PROVINCIAL TREASURY**

## **1. PURPOSE**

1.1 The purpose of this circular is to encourage municipalities to adhere to the timeframes stipulated in the Municipal Finance Management Act (No. 56 of 2003) [MFMA] with respect to the finalisation and submission of:

- S72 Reports: Mid-year Budget and Performance Assessment Reports; and
- Annual Reports and Oversight Reports.

## **2. DISCUSSION**

### **2.1 Mid –year Budget and Performance Reports**

2.1.1 Section 72(1)(a) of the MFMA prescribes that the Accounting Officer of a municipality must by 25 January each year assess the performance of the municipality during the first half of the financial year taking into account:

- a) The monthly statements referred to in section 71 of the MFMA for the first half of the financial year;
- b) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- c) The past year's Annual Report and progress on resolving problems identified in the annual report; and
- d) The performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 of the MFMA from any such entities.

2.1.2 In terms of section 72(1)(b) of the MFMA, the Accounting Officer must also by 25 January of each year submit a report on such assessment to the Mayor of municipality, National Treasury and Provincial Treasury.

2.1.3 Section 72(3) of the MFMA further states that the Accounting Officer must, as part of the review:

- a) Make recommendations as to whether an adjustment budget is necessary; and
- b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

2.1.4 The Mid-year Budget and Performance Report (or section 72 report) must include both financial and non-financial information as stipulated in sections 2(1)(a)(i) and 72(1)(a)(ii) of the MFMA.

2.1.5 Accounting Officers are alerted to the fact that 25 January 2015 is on a Sunday, hence Accounting Officers need to ensure compliance with section 72 by finalising the mid-year assessments and submit the reports by **Friday, 23 January 2015**.

## 2.2 **Annual Reports**

2.2.1 Section 127(2) of the MFMA, prescribes that the Mayor of a municipality must within seven months (by end of January) of the financial year, table in the municipal council the Annual Report of the municipality.

2.2.2 In terms of section 121(3) the Annual Report of a municipality must include:

- a) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- b) The Auditor-General's audit report in terms of section 126(3) on those financial statements;
- c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- d) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
- e) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- f) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) above;
- h) Any explanations that may be necessary to clarify issues in connection with the financial statements;

- i) Any information as determined by the municipality;
- j) Any recommendations of the municipality's audit committee; and
- k) Any other information as may be prescribed.

2.2.3 Municipalities are encouraged to prepare and submit the Annual Report in the new template as outlined in MFMA Circular No. 63.

2.2.4 In the unlikely event that the Mayor is unable to table the Annual Report in Council by 31 January 2015, the mayor has to comply with section 127(3) of the MFMA. Section 127(3) states that if the Mayor, for whatever reason, is unable to table in council the Annual Report of the municipality, or the Annual Report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the Mayor must -

- a) Promptly submit to the council a written explanation referred to in section 133(1)(a) setting out the reasons for the delay, together with any components of the Annual Report listed in section 121(3) or (4) that are ready; and
- b) Submit to council the outstanding Annual Report or the outstanding components of the Annual Report as soon as may be possible.

## 2.3 **Oversight Reports**

2.3.1 Section 129(1) of the MFMA prescribes that the council of a municipality must consider the Annual Report (as tabled) and by no later than two months from the date on which the Annual Report was tabled, adopt an oversight report containing the council's comments on the annual report. In the event that a municipality chose to table the annual report earlier, the adoption moves forward by two months from the date of tabling the Annual Report in council.

2.3.2 The Oversight Report should in terms of section 129(1)(a) - (c) include a statement on whether the council:

- a) Has approved the Annual Report with or without reservations;
- b) Has rejected the Annual Report; or
- c) Referred the Annual Report back for revision of those components that can be revised.

2.3.3 Section 129(2) of the MFMA further states that minutes of the council meetings and oversight committee meetings at which the annual report is discussed should be submitted to the Auditor General, Provincial Treasury and the provincial department responsible for local government in the province.

2.3.4 In terms of section 132(2) of the MFMA, the Annual Report and the Oversight Report must be submitted to the Provincial Legislature within seven (7) days after the adoption of the hereof.

3. **REQUEST**

3.1 The Provincial Treasury would therefore request municipalities to submit the said reports in hard and electronic copy as follows:

3.1.1 Mid-year Budget and Performance Reports (Council resolutions to be included) – **23 January 2015**.

3.1.2 Tabled Annual Reports – **6 February 2015**.

3.1.3 Final adopted Annual Reports and Oversight Reports – **10 April 2015** (or earlier depending if the Annual Report was tabled in Council earlier than 30 January 2015).

3.2 Municipalities are requested to submit hard copies (preferably via courier services) of the above reports to the following address:

Mr Keith Roman	Or	Physical address:
Private Bag X9165		7 Wale Street
Room No. 3-30		Legislature Building
7 Wale Street		3 <sup>rd</sup> Floor, Room 3-30
Cape Town		Cape Town
8000		8000

3.3 The Provincial Legislature has requested that municipalities submit 50 copies of the final annual and oversight reports, for use at standing committee meetings, to the following address:

Via post:	Or	Via courier:
The Office of the Speaker		The Office of the Speaker
PO Box 648		Legislature Building
Cape Town		6 <sup>th</sup> Floor, 7 Wale Street
8000		Cape Town
Attention: Ms Jasmin Glass		Attention: Ms Jasmin Glass

Should you have any further queries regarding the above, Ms Jasmin Glass is contactable on tel. 021 487 1677.

3.4 Electronic versions of the above reports can be e-mailed to:  
[MFMA.MFMA@westerncape.gov.za](mailto:MFMA.MFMA@westerncape.gov.za).

4. **CONCLUSION**

4.1 Municipalities are encouraged to ensure compliance with the provisions of the MFMA as stated above.

4.2 Provincial Treasury would like to express its appreciation for your cooperation in this regard.



**MR ML BOOYSEN**

**SENIOR MANAGER: LOCAL GOVERNMENT BUDGET OFFICE**

**DATE:** 12 December 2014