



Reference: RCS/C.5

TREASURY CIRCULAR MUN NO. 18/2018

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THE MAYOR, MATZIKAMA MUNICIPALITY: MS G STEPHAN
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THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT
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THE MAYOR, DRAKENSTEIN MUNICIPALITY: MR CJ POOLE
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THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN
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THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR S FRANKEN
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THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEVENDAL
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR CF SYLVESTER
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
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THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR J VAN DER LINDE

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THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: DR P VOGES
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THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI
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THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD
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THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV MG GILLOMEE

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THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR THABO NDLOVU
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR K CHETTY
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD (ACTING)
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR K HAARHOFF

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
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THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR G GOLIATH
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THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR H SCHLEBUSCH
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: (VACANT)
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR DM ASMAL
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR F LÖTTER
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR V MKHEFA
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEMANI
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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 CJ KYMDELL

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THE DEPUTY DIRECTOR GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR IG SMITH) (ACTING)
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THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR M SIGABI)
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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)

REGULATIONS PRESCRIBING STANDARDS OF GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP)

1. PURPOSE

- 1.1 The purpose of this circular is to inform municipalities and municipal entities that National Treasury issued Government Notice No. 207 of 2018, prescribing nine GRAP Standards with effect from financial years beginning on or after **1 April 2019 and 1 April 2020**.
- 1.2 To ensure that municipalities and municipal entities develop GRAP Implementation Plans to ensure that Annual Financial Statements comply with the new Standards of GRAP.
- 1.3 This information can be accessed via the following link:
<http://www.asb.co.za/GRAP/Government-Gazettes>

2. DISCUSSION

- 2.1 In terms of section 122(3) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), both annual financial statements and consolidated annual financial statements must be prepared in accordance with generally recognised accounting practice prescribed in terms of section 91(1)(b) of the Public Finance Management Act, No. 1 of 1999 (PFMA).
- 2.2 The Minister of Finance has, in terms of section 91 of the PFMA, made regulations prescribing the following Standards as set by the Accounting Standards Board in terms of section 89 of the PFMA, as set out below:

Standard	Topic	Application
GRAP 18	Segment Reporting	Applies to municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality with effect from financial years beginning on or after 1 April 2020 .
GRAP 20	Related Parties	Applies to, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, with effect from financial years beginning on or after 1 April 2019 .
GRAP 32	Service Concession Arrangements: Grantor	

Standard	Topic	Application
GRAP 105	Transfer of Functions Between Entities Under Common Control	No effective date provided for municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality.
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	
GRAP 107	Mergers	
GRAP 108	Statutory Receivables	Applies to, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, with effect from financial years beginning on or after 1 April 2019 .
GRAP 109	Accounting by Principals and Agents	
GRAP 110	Living and Non-living Resources	Applies to municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality with effect from financial years beginning on or after 1 April 2020 .

3. REQUEST

- 3.1 As per Government Gazette Notice No. 207 of 2018, municipalities and municipal entities should implement the GRAP standards as per the table above.
- 3.2 Early application/adoption is permitted. Please refer to 2018/19 Directive 5, paragraph 11.
- 3.3 Please find attached the National Treasury Notice No. 207 of 2018 for your reference.
- 3.4 For any queries regarding the above please contact:

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MR L BRINDERS

DIRECTOR: LOCAL GOVERNMENT ACCOUNTING

DATE: 29 May 2018

NATIONAL TREASURY**NOTICE 207 OF 2018****PUBLIC FINANCE MANAGEMENT ACT, 1999
REGULATIONS PRESCRIBING STANDARDS OF GENERALLY RECOGNISED
ACCOUNTING PRACTICE**

The Minister of Finance has, in terms of section 91 of the Public Finance Management Act, 1999 (Act No. 1 of 1999 – “the Act”), made regulations prescribing the following Standards as set by the Accounting Standards Board in terms of section 89 of the Act and set out below:

Reference	Topic
GRAP 18	Segment Reporting
GRAP 20	Related Parties
GRAP 32	Service Concession Arrangements: Grantor
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

applicable in respect of –

- (i) GRAP 18, to municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality with effect from financial years beginning on or after 1 April 2020;
- (ii) GRAP 18, 105, 106 and 107, to trading entities, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2019;
- (iii) GRAP 20, 32, 108 and 109 to public entities, constitutional institutions, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2019;
- (iv) GRAP 110 to public entities, constitutional institutions, municipalities and boards, commissions, companies, corporations, funds or entities under the ownership control of a municipality, Parliament and the provincial legislatures with effect from financial years beginning on or after 1 April 2020;

The Modified Cash Standard set by the National Treasury remains applicable in respect of national and provincial departments in the absence of any implementation dates for the Standards as set by the Accounting Standards Board.