

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
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TREASURY CIRCULAR MUN 11-2009

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THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR C NTSOMI
THE MAYOR, BREEDE RIVER/WINELANDS MUNICIPALITY: MR SJ NGONYAMA
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THE MAYOR, OVERSTRAND MUNICIPALITY: MR T BEYLEVELDT
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THE MAYOR, SWELLENBAM MUNICIPALITY: MR J JANSEN
THE MAYOR, EDEN DISTRICT: MR J HARMSE (Acting)
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THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: ALDERMAN M FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MR BH DE SWART
THE MAYOR, OUDTSHOORN MUNICIPALITY: MS D DE JAGER
THE MAYOR, BITOU MUNICIPALITY: MR LL MVIMBI
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
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THE MAYOR, LAINGSBURG MUNICIPALITY: MS R MEYER
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MS M BENJAMIN
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MS J JONAS

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
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THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR I KENNEDE
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, BREEDE RIVER/WINELANDS: MR SA MOKWENI
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THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT
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THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR D ROSSOUW
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

File
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- ✓ THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON
- ✓ THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT: MR J KOEKEMOER
- ✓ THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR LJ BRUWER
- ✓ THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LOTTER
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- ✓ THE CHIEF FINANCIAL OFFICER, BREEDE RIVER/WINELANDS: MR CF HOFFMANN
- ✓ THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT: VACANT
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- ✓ THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT: MR J STANDER (Acting)
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- ✓ THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA
- ✓ THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR LH FOURIE
- ✓ THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR T MATHYSEN (Acting)
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- THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J VAN DER WESTHUIZEN
- THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR D LOUW
- 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 TC ARENDSE) (ACTING)
- THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
- THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
- THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
- THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
- THE CHIEF AUDIT EXECUTIVE (MS H ROBSON)
- THE CHIEF FINANCIAL OFFICER (MR A GILDENHUIS)
- THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS PG PIEDT)
- THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR H DU TOIT) (ACTING)
- THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS N OLIPHANT)
- THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
- THE SENIOR MANAGER: INTERNAL AUDIT: GOVERNANCE AND ADMINISTRATION CLUSTER (MS B CAIRNCROSS)
- THE SENIOR MANAGER: INTERNAL AUDIT: SOCIAL CLUSTER (MR M MALULEKA)
- THE SENIOR MANAGER: INTERNAL AUDIT: ECONOMIC CLUSTER (MR J RADEBE)
- THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MR PP PIENAAR) (ACTING)
- THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR L HARTLE) (ACTING)
- THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
- THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR G PAULSE)
- THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
- THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS A PICK) (PRO TEM)
- THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
- THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
- THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
- THE HEAD: OFFICE OF THE MINISTRY (MS J DAVIDS)
- THE PROVINCIAL AUDITOR
- MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT
- THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

GENERALLY RECOGNISED ACCOUNTING PRACTICES (GRAP) TOOLS

1. Purpose

- 1.1. To distribute GRAP tools developed by National Treasury to Municipalities.
- 1.2. To inform municipalities that the GRAP tools can be downloaded from National Treasury's website on www.oag.treasury.gov.za
- 1.3. These tools are intended as guidelines for use outside of the financial systems of the municipality and users are required to process any journals arising out of their application manually.

2. Background

- 2.1. National Treasury has undertaken the project to provide municipalities with useful tools to assist their finance staff in the preparation of GRAP-compliant annual financial statements.
- 2.2. The use of these tools is not compulsory but is encouraged to ensure uniformity of accounting methods and practices.

3. Disclaimer

- 3.1. The accounting tools contain no guarantee that the auditors will not conduct the audit procedures which they deem necessary to obtain necessary assurance as to the validity, existence, completeness and accuracy of information.
- 3.2. The accounting tools also contain no guarantee that every IFRS/SA GAAP, GRAP, GAMAP issue which may be applicable to the Municipality has been identified and addressed.
- 3.3. These accounting tools should be considered as a guideline only and provide no guarantee that every issue which may be applicable to the municipality / user has been identified and addressed.
- 3.4. Furthermore, the application of IFRS/SA GAAP/GRAP is a matter of professional judgment, and consequently different interpretations may arise. Consequently, this document contains suggested disclosures and calculations.
- 3.5. The format and layout of the disclosures is not prescribed by any Standard. It is the responsibility of the user of this document to check that all formulae are correct and provide the desired results.
- 3.6. National Treasury is furthermore not responsible for any matter arising out of any changes that were made to the original tools after they have been supplied to the user. National Treasury is also not responsible for any errors or differences in interpretation arising out of the use of the guidelines provided.
- 3.7. National Treasury reserves the right to from time-to-time revise or update its accounting tools in accordance with new interpretations and changes to the Standards.

4. Overall Guidance

- 4.1. Read through index and identify which tools will be applicable to the municipality.
- 4.2. When first making use of a specific tool, always read through the "Approach" tab first as this will give the user detailed guidance on what the worksheet is all about and how it should be used.
- 4.3. Please notice that almost all the tools will have comments to give the user guidance, e.g.: comments in excel may be hidden, therefore be on the lookout for the small red triangle in the top right hand corner of a cell.
- 4.4. Many of the tools include predetermined formulae and care should be taken not to remove, change or move the formulae as this can result inaccuracy of data and the final results.

5. Index

The CD distributed consists of the following information indicated below:

Number	Description	Purpose
A.1.1 & A.1.2	Lease register as lessee	To provide an example of a lease register to maintain detailed record of all leases entered into as lessee
A.2.1 - A.2.5	Finance lease calculations	To determine whether any of the leases identified in sheet 1.1 and 1.2 should be classified as finance leases i.t.o GRAP 13 and to provide the calculations of capitalised finance leases, including an amortisation table etc.
A.3.1 - A.3.3	Straight-lining of operating lease payments	To straight-line all leases not classified as a finance lease in sheet 2.1 as required by GRAP 13
B.1.1	Operating lease register lessor	To provide an example of a lease register to maintain a detailed record of all leases entered into as lessor (assuming all such leases would be operating leases in the case of a municipality)
B.2.1 - B.2.3	Straight-lining of operating lease receipts	To straight-line all leases identified in sheet 1.1 as required by GRAP 13
C.1	Leave register and calculation of leave provision	To maintain a detailed record of all leave days taken by employees and amount owed by municipality to employees as at reporting date
D.1	Calculation of provision for doubtful debts	To assist municipalities with the calculation of provision for doubtful debts as per IAS 39
E.1	Debtors and creditors reconciliations	To give guidance on how to perform debtors and creditors reconciliations
F.1	Schedule on asset counts	To provide an example on a schedule which should be used and completed when performing asset and inventory counts as at reporting date

G.1	Bank reconciliations	To give guidance on how to perform bank reconciliations
Number	Description	Purpose
H.1	Assessment of useful lives and residual values of PPE	To assess useful lives and residual values of all PPE as required by GRAP 17
I.1	Determining materiality levels	To provide guidance on determining materiality levels in a municipality
J.1	List of supporting documentation	To provide a list of possible key supporting documentation to be retained by the municipality and supporting documentation required to process transactions
K.1	Guide on audit file	To provide guidance on preparation of an audit file, including working papers and schedules to be prepared to support figures disclosed in the annual financial statements
Other tools identified:		
L.1	Financial instruments disclosure	To provide guidance on disclosure required by IFRS 7 which could be used in preparation of annual financial statements
M.1	Related party disclosure	To provide guidance on disclosure required by IAS 24 which could be used in preparation of annual financial statements
N.1	Employee cost disclosure	To provide a guidance disclosure required by IAS 19 which could be used in preparation of annual financial statements
O.1	Impairment of assets	To assist municipalities on testing assets for impairment as required by IAS 36
P.1	Calculation of VAT - input tax	To provide guidance on how to calculate input tax for mixed supplies based on the turnover based method

6. Enquiries

Any further enquiries in this regard may be directed to:

- **Ms M Fortuin:** Mifortuin@pgwc.gov.za - West Coast, Overberg & Central Karoo Districts.
- **Mr Thobelani Madondile:** Tmadondi@pgwc.gov.za - Cape Winelands & Eden Districts and Metro:


N. OLIPHANT

SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING

DATE: 11 JUNE 2009