



PROVINCIAL TREASURY

Provincial Government of the Western Cape

LOCAL GOVERNMENT FINANCE

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REFERENCE: T12/2/6
ENQUIRIES: Mr E Johannes

TREASURY CIRCULAR MUN 41 OF 2011

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS (Acting)
THE MAYOR, MATZIKAMA MUNICIPALITY: MS D GOEDEMAN
THE MAYOR, CEDERBERG MUNICIPALITY: MR B ZASS
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL
THE MAYOR, SALDANHA BAY MUNICIPALITY: MS R JAGER
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN
THE MAYOR, WITZENBERG MUNICIPALITY: MR S LOUW
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER
THE MAYOR, STELLENBOSCH MUNICIPALITY: ALDERMAN CP JOOSTE
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR BD KIVEDO
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, SWELLENBAM MUNICIPALITY: COUNCILLOR N MYBURGH
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUISEN
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR 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 HD 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 DG O'NEILL
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR L VOLSCHENK
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LIEBENBERG
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR N VAN STADE (Acting)
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 D SMIT (Acting)
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR D DANIELS
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS (Acting)
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR W RABBETS (Acting)
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEVENS
THE MUNICIPAL MANAGER, SWELLENBAM MUNICIPALITY: MR N NEL
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 (Acting)
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR M MOKGALE (Acting)
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR D DU PLESSIS (Acting)
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MS L WARING (Acting)
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE (Acting)
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER (Acting)
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON
THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER
THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR K BRUWER
THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LÖTTER
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: MR JG MARAIS
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THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR H BARNARD (Acting)
THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M BOLTON
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 R BUTLER
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR S JACOBS
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG
THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H SCHLEBUSCH
THE CHIEF FINANCIAL OFFICER, SWELLENBAM MUNICIPALITY: MR J KRAPOHL
THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MS L HOEK (Acting)
THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO
THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN
THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA
THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: DR C KAPP (Acting)
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR M MOKGALE (Acting)
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR D LOTT
THE CHIEF FINANCIAL OFFICER, KNY SNA MUNICIPALITY: MR G EASTON
THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR CJ KYMDELL
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING (Acting)
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 MAULA)
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILIPS)
THE HEAD: PUBLIC FINANCE (MR H MAULA) (PRO TEM)
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY)
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)
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 FINANCE MINISTRY (MS A SMIT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL 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)

ESTABLISHMENT OF A MANAGEMENT ACCOUNTING FORUM AS A SUB-COMMITTEE TO THE MUNICIPAL CHIEF FINANCIAL OFFICERS FORUM

1. PURPOSE

- 1.1 The purpose of this circular is to invite Heads or Managers of Budget and or Treasury Offices or any other senior municipal officials that is responsible for driving budget and reporting reforms and involved in the preparation of the municipal budget to a meeting that would serve as a start of the Management Accounting Forum, which will take place on 9 December 2011.

2. BACKGROUND

- 2.1 In terms of Section 16 (1) of the Municipal Finance Management Act (MFMA), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- 2.2 Section 20 (1) of the MFMA stipulates that the Minister acting with the concurrence of the Cabinet member responsible for local government –
- i. must prescribe the form of the annual budget for municipalities; and
 - ii. may prescribe –
 - 1. the form of resolutions and supporting documentation relating to the annual budget ;
 - 2. the number of years preceding and following the budget year for which revenue and expenditure history or projections must be shown in the supporting documentation;
 - 3. inflation projections to be used with regard to the budget;
 - 4. uniform norms and standards concerning the settling of municipal tariffs , financial risks and other matters where a municipality uses a municipal entity or other external mechanism for the performance of a municipal service or other function;
 - 5. uniform norms and standards concerning the budgets of municipal entities ; or
 - 6. any other uniform norms and standards aimed at promoting transparency and expenditure control.

- 2.3 On 17 April 2009 the Minister of Finance promulgated the Municipal Budget and Reporting Regulations (Government Gazette 32141). These regulations were applicable to all municipalities as from 1 July 2009.
- 2.4 The objective of this reform is, amongst others, to improve the Local Government sphere's ability to deliver basic services by addressing financial sustainability and facilitating informed policy choices and medium term planning of service delivery.
- 2.5 The regulations achieve this through formalising norms and standards, which will improve credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities and municipal entities.
- 2.6 Observations from the 2011 LG MTEC 3 process were that the consistency of the assessments and aggregation of municipal information was influenced by the variable levels of detail and information as contained in the draft municipal budget submissions, simply as a number of municipalities did not complete the budget documentation in the required formats as prescribed by the Municipal Budget Reporting Regulations. Reasons highlighted during the engagements included inadequate capacity in Budget and Treasury Offices and vacancies in key positions.
- 2.7 Patchy accounting reforms also further contributed to inconsistencies in how municipalities have accounted for amongst others: non-cash items; asset recognition and depreciation; repairs and maintenance; etc.
- 2.8 Further observations have been that municipalities have taken a variable approach as to how they have allocated, spent and recorded expenditure on the Local Government Equitable Share.
- 2.9 A need was consequently identified that a forum of this nature be established to identify best practices and similarly find amicable solutions to the many challenges relating to budget management and the implementation of budget reforms.

3. LOGISTICAL ARRANGEMENTS

3.1 Confirmation of attendance or apologies should reach the Secretariat at the Provincial Treasury by no later than 30 November 2011.

3.2 The details to the Management Accounting Forum meeting are as follows:

Date: 9 December 2011

Time: 9h00 – 14h00

Venue: Auditorium, Overstrand Municipality, Magnolia Avenue, HERMANUS

3.3 Furthermore, Municipalities are requested to submit any additional items for the agenda which should reach our offices by no later than 30 November 2011 and should be submitted to:

Attention: Mr Elton Johannes

Fax: 021 483 4411 / 7356

Tel: 021 483 4229

Email: mfma@pgwc.gov.za / Elton.johannes@pgwc.gov.za

3.4 A detailed agenda will be forwarded pursuant to receiving inputs from Municipalities.

Your co-operation in this regard will be appreciated.

Yours faithfully



pp

MR F SABBAT

SENIOR MANAGER: LOCAL GOVERNMENT FINANCE

DATE: 23 NOVEMBER 2011