

PROVINSIALE TESOURIE • PROVINCIAL TREASURY • UNONDYEBE WEPHONDO



Verwysing
Reference
Isalathiso

PT 18/5

Navrae
Enquiries
Imibuzo

M Basson

TREASURY CIRCULAR MUN: 19 of 2006

THE MAYOR, CITY OF CAPE TOWN: MS H ZILLE
THE MAYOR, WEST COAST DISTRICT: MR PJ ALBERTYN
THE MAYOR, MATZIKAMA MUNICIPALITY: MR D JENNER
THE MAYOR, CEDERBERG MUNICIPALITY: MS S NEWMAN
THE MAYOR, BERGRIVIER MUNICIPALITY: MRS SIJ SMIT
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR O DE BEER
THE MAYOR, SWARTLAND MUNICIPALITY: MR AW BREDELL
THE MAYOR, CAPE WINELANDS DISTRICT: MR NCW JOHNSON
THE MAYOR, WITZENBERG MUNICIPALITY: MS K ROBYN
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS C MANUEL
THE MAYOR, STELLENBOSCH MUNICIPALITY: MS EL MAREE
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MRS L SIBEKO
THE MAYOR, BREEDE RIVER/WINELANDS MUNICIPALITY: MR SJ NGONYAMA
THE MAYOR, OVERBERG DISTRICT: MR JJ JANUARY
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR C PUNT
THE MAYOR, OVERSTRAND MUNICIPALITY: MR T BEYLEVELD
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MS E MARTHINUS
THE MAYOR, SWELLENDAAM MUNICIPALITY: MR J JANSEN
THE MAYOR, EDEN DISTRICT: MR L DORFLING
THE MAYOR, KANNALAND MUNICIPALITY: MRS M BARRY
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: MS M FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MR B PETRUS
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR J SWARTBOOI
THE MAYOR, BITOU MUNICIPALITY: MR L ZENZI
THE MAYOR, KNYSNA MUNICIPALITY: MS J COLE
THE MAYOR, CENTRAL KAROO DISTRICT: MR SA PITI
THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR A CLAASEN
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR P LONG

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM
THE MUNICIPAL MANAGER, WEST COAST DISTRICT: MR W RABBETS
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR DG O'NEILL
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MR A HENDRICKS (Acting)
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR F DANIELS
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR JT STEENKAMP
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT: MR K CHETTY
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D DU PLESSIS
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR S KABANYANE
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR JJ FRANS
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, BREEDE RIVER/WINELANDS: MR N NEL
THE MUNICIPAL MANAGER, OVERBERG DISTRICT: DR J PRINS (Acting)
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HDD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV J KOEKEMOER
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR PJ BEZUIDENHOUT
THE MUNICIPAL MANAGER, SWELLENDAAM MUNICIPALITY: MR T BOTHA
THE MUNICIPAL MANAGER, EDEN DISTRICT: MR MC BOTHA
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR N DELO
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: MR E TYATYA
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR GW LOUW
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR MP MAY
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR T NQOLO
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR D DANIELS
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT: MR NW NORTÉ (Acting)
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR N WICOMB
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN (Acting)

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT: MR B KOEKEMOER
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR LJ BRUWER
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR B LALOR
 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA NIEKERK
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR J LUUS
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER
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 THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR CM PETERSEN
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR I KENNED
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR M BOONZAAIER
 THE CHIEF FINANCIAL OFFICER, BREEDE RIVER/WINELANDS: MR JJ VAN DER WESTHUIZEN
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT: DR J PRINCE (Acting)
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 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR R BUTLER
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 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO
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 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR E NIEWOUDT
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR DCJ NEL
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT: MR CJ KYMDELL
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MR MS GROENEWALD
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR GS BOTHMA
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
 THE HEAD: RESOURCE MANAGEMENT (MS SMA ROBINSON)
 THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
 THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)
 THE HEAD: PUBLIC FINANCE (MR H MALILA)
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
 THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS C PAUL)
 THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)
 THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MR F JACOBS) (ACTING)
 THE SENIOR MANAGER: RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR L NENE)
 THE CHIEF AUDIT EXECUTIVE (MS R JAFTHA)
 THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS B BOQWANA)
 THE SENIOR MANAGER: FISCAL POLICY (MR D CORNELIUS)(ACTING)
 THE SENIOR MANAGER: BUDGET OFFICE (MS AJ HICKEY) (ACTING)
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MR DG BASSON)
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)
 THE SENIOR MANAGER: PHYSICAL (FIXED) ASSETS AND PPPs (MR NB LANGENHOVEN)
 THE SENIOR MANAGER: SUPPLY CHAIN MANAGEMENT (MR L MUNSAMY)
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE ACTING HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

MONITORING OF THE ANNUAL REPORTING PROCESS IN TERMS OF THE MFMA BY MEANS OF AN ANNUAL REPORTING PROGRAMME

1. As a result of the implementation of the Municipal Finance Management Act (No.56 of 2003)[MFMA] the Provincial Treasury as an oversight functionary is expected to perform a host of activities. One such activity is the monitoring of the Annual Reporting process in which the various steps are highlighted in the attached Annual Reporting Programme (2005/06), (See Annexure A).
2. The **Normative Financial Management: Local Government** and **Accounting: Local Government** components within the **Chief Directorate: Financial Governance** will be

tasked with monitoring the process as mentioned above. Examples of activities that these components are mandated to engage in (to mention a few) are as follows:

- a) Assessing the municipalities' readiness to submit Annual Financial Statements to the Auditor-General by 31 August or 30 September in terms of Sections 126(1) or (2) of the MFMA. **(Accounting)**
 - b) Review the annual financial statements for compliance and appropriateness and analyse the audit report. **(Accounting)**
 - c) Follow up with the Auditor-General advice of any delays in the auditing of municipal annual financial statements. **(Accounting)**
 - d) Follow up with municipalities for receipt of their annual reports once tabled. **(Normative Financial Management)**
 - e) Review the annual report for compliance and appropriateness. **(Normative Financial Management)**
 - f) Provide comment to municipalities on the annual reports. **(Normative Financial Management)**
 - g) Follow-up with municipalities for receipt of minutes of meetings where the annual report was discussed. **(Normative Financial Management)**
3. Kindly note that the aim of making use of a programme of this nature not only gives us as Treasury an indication of the level of compliance with the provisions of the MFMA (*in respect of Annual Reporting and its prescribed due dates*) but also highlights the areas where assistance may be required by municipalities in order to comply. Furthermore this programme can also be used as a management tool for the municipality in order to achieve the required compliance in respect of the timelines set by the MFMA. It is envisaged that this programme will be sent out via Circular on an annual basis in preparation of the Annual Reporting process.
4. In the monitoring of this programme the team members of the **Normative Financial Management: Local Government** and **Accounting: Local Government** components will communicate with municipalities on a regular basis either telephonically, via email or by fax in order to ascertain the progress or status of each step within the programme. Please note that the following officials will be conducting such follow-ups for their respective Districts and the local municipalities that resorts under that district:

Norms and Standards:

- Tracy Bowers: ***West Coast District and City Cape Town***
- Thandabantu Dinga: ***Central Karoo District***

- Babalwa Tsipa: ***Overberg District and Cape Winelands District***
- Melissa van Niekerk: ***Eden District***

Accounting:

- Sonwabo Tshoko: ***Overberg District and Cape Winelands District***
- Micheline Fortuin: ***West Coast District and Central Karoo District***
- Thobelani Madondile: ***Eden District and City of Cape Town***

5. In adhering to the attached programme, and for further guidance as to the manner in which the steps in the programme should be approached, your attention is directed to the National Treasury Circulars in this regard, more particularly the following:

- **NT Circular No. 11** - Annual Report Guidelines - 14 January 2005
- **NT Circular No. 18** - New Accounting Standards - 23 June 2005
- **NT Circular No. 32** - The Oversight Report - 15 March 2006
- **NT Circular No. 36** - Annual Financial Statements for 2005/06 - 11 July 2006

6. Note that the programme does not reflect the internal activities within the Municipality in order to perform the required functions, but rather focuses on the critical deadlines as prescribed, directed and guided in the relevant legislation and guidelines.

7. Your assistance and co-operation regarding the Annual Reporting Programme will be greatly appreciated.

MR. F JACOBS

ACTING SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT

DATE: 06 OCTOBER 2006

2005/06 AFS AND ANNUAL REPORTING PROGRAMME

ACTIVITY	DATE	RESPONSIBILITY	PROGRESS/STATUS
1. Training presented by National Treasury on GRAP <ul style="list-style-type: none"> • Logistical Support <ul style="list-style-type: none"> - Time and venue - Confirmation of attendees - Refreshments 	4 TH & 5 TH April 2006	WCPT - Accounting	Completed
2. Visits to Municipalities at year end to assess readiness for closure: Planning: <ul style="list-style-type: none"> - Obtain Audited Annual Financial Statements for the past 3 years - Formulating Questionnaire to Assess Municipal compliance with GRAP and MFMA requirements on Annual Financial Statements 	6 April 2006	WCPT - Accounting	Completed
3. Prepare Annual Financial Statements consisting of: <ul style="list-style-type: none"> • Disclosure of the financial position of the municipality, its performance against its budget, its management of revenue expenditure, assets and liabilities, its business activities, its financial results, the state of affairs of the municipality and information required in terms of section 123,124 and 125 of the MFMA 	30 June – 30 August 2006	Municipal Manager	<ul style="list-style-type: none"> • 3/30 Municipalities have completed this task • 7/30 Municipalities financial statements are incomplete.
4. Municipalities to submit Annual Financial Statements to the A-G's office	31 August 2006	Municipal Manager	<ul style="list-style-type: none"> • 22/30 Municipalities completed task • 1/30 Municipalities - late submission (07/09/06) <p>7/30 Municipalities have not yet submitted</p>
5. Submit municipal entity Annual Financial Statements to parent	31 August 2006	Municipal Entity & Municipal Manager	

ACTIVITY	DATE	RESPONSIBILITY	PROGRESS/STATUS
municipality			
6. Submit consolidated Annual Financial Statements to the A-G's office	30 September 2006	Municipal Manager	
7. Submit unaudited annual consolidated financial statements to the Auditor-General and WCPT-Accounting: <ul style="list-style-type: none"> - Check whether the unaudited financial statements are compliant to GRAP or IMFO. - Compare financials of previous year to this years unaudited financial statements and check closing and opening balances are more or less the same. 	02 October 2006	Municipal Manager	
8. Submit an audit report on financial statements to municipalities	30 November 2006	Auditor-General	
9. Submit an audit report on consolidated financial statements to municipalities	31 December 2006	Auditor-General	
10. Municipality must address any issues raised by the Auditor-General and prepared action plans to address issues and include these in annual report	On receipt of audit report	Municipal Manager	
11. Municipal Entity to submit Annual Report to Municipal Manager	Immediately after tabling	Municipal Manager	
12. Tabling of annual report by Mayor in the Municipal Council	31 January 2007	Municipal Manager	
13. Submit to council a written explanation (referred to in section 133(1)(a)) setting out the reasons why the Annual report could not be tabled in council	Non compliance to tabling on 31 January 2007	Mayor	
14. Make annual report public and invite comment	Immediately after tabling	Municipal Manager	

ACTIVITY	DATE	RESPONSIBILITY	PROGRESS/STATUS
15. Submit annual report to relevant Provincial Treasury, Auditor-General and the Department for Local Government in the province	07 February 2007	Municipal Manager	
16. Submit copies of the minutes of council and/or council committee meetings at which the annual report is discussed.	31 March 2007	Municipal Manager	
17. Make an oversight report public (e.g. notices, websites, etc) within 7 days after its adoption - inviting comments from the public.	Within 7 days after adopting the oversight report	Municipal Manager	
19. Submit annual report /or components of annual report that were tabled in terms of section 127(3) and oversight report to provincial legislature	Within 7 days after adopting the oversight report	Municipal Manager	