



Reference: T8/10/7 (2010/11)

TREASURY CIRCULAR MUN NO 43/2011

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS
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, SWELLENDAM 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: MS E NEL
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 G MATTHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LIEBENBERG
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR N VAN STADE (Acting)
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THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO
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THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: MR D SMIT (Acting)
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THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR WP RABBETS (Acting)
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THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEPHENS
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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)
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THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER (Acting)
THE MUNICIPAL MANAGER, BEAUFORTWEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON
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THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LÖTTER
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK
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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, KNYSNA 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, BEAUFORTWEST 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)
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 (MS N EBRAHIM) (ACTING)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
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

SUBMISSION OF ANNUAL AND OVERSIGHT REPORTS

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 regards to the tabling and submission of the Annual Report and the adoption of Oversight Reports.

2. BACKGROUND

- 2.1 In terms of section 127(2) of the MFMA, the Mayor must within seven months (by end January) of the financial year, table in the municipal council the annual report of the municipality.
- 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 5 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.
- 2.3 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.
- 2.4 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. This 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.
- 2.5 Section 129(2) of the MFMA further states that minutes of the council meetings and council 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.
- 2.6 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 oversight report.

3. REQUEST

3.1 Draft Annual Report

- 3.1.1 Immediately after an Annual Report is tabled in the council in terms of section 127(5), the Accounting Officer of the municipality must make the Annual Report public; invite the Local community to submit representations in connections with the Annual Report; and submit the Annual Report to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for Local Government in the province.
- 3.1.2 It is also important to note that the annual report must be placed on the municipal website not later than five days after its tabling in council or on the date on which it is made public, whichever occur first in terms of section 75 of the MFMA.
- 3.1.3 Municipalities are requested to submit (preferably via courier services) electronic versions and at least seven (7) hard copies of the Draft Annual Report 2010/11 to the Provincial Treasury at the address provided below in paragraph 3.2.3.

3.2 Approved/Adopted Annual and Oversight Reports

- 3.2.1 Municipalities are also requested to ensure that the Approved/Adopted Annual and Oversight Report be submitted to the Provincial Legislature within seven (7) days after the oversight report is adopted.
- 3.2.2 The Provincial Legislature has requested that municipalities submit twenty (20) copies of the annual and oversight reports to the following address:

Via Post:

**The Office of the Speaker
PO Box 648
Cape Town
8000**

Or

Via Courier:

**The Office of the Speaker
Legislature Building
6th Floor, 7 Wale Street
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.

- 3.2.3 The Approved Annual Report and Oversight Report should also be forwarded (electronic and hard copies) to the Provincial Treasury together with the copies of the minutes of meetings and the council resolution where the Annual Reports were approved to:

**Mr Paul Pienaar
Private Bag X9165
Room No. 3-30
7 Wale Street
Cape Town
8000**

Or

**Physical Address:
7 Wale Street
Legislature Building
3rd Floor, Room 3-30
Cape Town
8000**

4. CONCLUSION

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



SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT

DATE: 5 December 2011