



**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO**



Verwysing
Reference
Isalathiso

T 8/2/31

Navrae
Enquiries
Imibuzo

MS T. Bowers

TREASURY CIRCULAR MUN: 10 OF 2010

THE MAYOR, CITY OF CAPE TOWN: MR D PLATO
THE MAYOR, WEST COAST DISTRICT: MRS H KITSHOFF
THE MAYOR, MATZIKAMA MUNICIPALITY: MR P BOK
THE MAYOR, CEDERBERG MUNICIPALITY: MS S NEWMAN
THE MAYOR, BERGRIVIER MUNICIPALITY: MR S CLAASSEN
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR J SKEI
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN
THE MAYOR, CAPE WINELANDS DISTRICT: MR B CHABAAN
THE MAYOR, WITZENBERG MUNICIPALITY: MS N MHLATI
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS C MANUEL
THE MAYOR, STELLENBOSCH MUNICIPALITY: MR C JOOSTE
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR C NTSOMI
THE MAYOR, LANGEBERG MUNICIPALITY: MR SJ NGONYAMA
THE MAYOR, OVERBERG DISTRICT: MS M GILLION
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR C PUNT
THE MAYOR, OVERSTRAND MUNICIPALITY: MR T BEYLEVELDT
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL
THE MAYOR, SWELLEN DAM MUNICIPALITY: MR J JANSEN
THE MAYOR, EDEN DISTRICT: MR L DORFLING
THE MAYOR, KANNALAND MUNICIPALITY: MR N VALENTYN
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE
THE MAYOR, MOSSEL BAY MUNICIPALITY: ALDERLADY FERREIRA
THE MAYOR, GEORGE MUNICIPALITY: MS M DRAGHOENDER
THE MAYOR, OUDTSHOORN MUNICIPALITY: MS D DE JAGER
THE MAYOR, BITOU MUNICIPALITY: MR LL MVIMBI
THE MAYOR, KNYSNA MUNICIPALITY: MS E BOUW-SPIES
THE MAYOR, CENTRAL KAROO DISTRICT: MR T PRINCE
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
THE MUNICIPAL MANAGER, WEST COAST DISTRICT: MR H PRINS
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR DG O'NEILL
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATHYSE
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C Le ROUX
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J FORTUIN
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT: MR M MGAJO
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR S KABANYANE
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR MP DU PLESSIS (ACTING)
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI
THE MUNICIPAL MANAGER, OVERBERG DISTRICT: MR D VAN DER HEEVER (ACTING)
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HSD WALLACE
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEVENS
THE MUNICIPAL MANAGER, SWELLEN DAM MUNICIPALITY: MR N NEL
THE MUNICIPAL MANAGER, EDEN DISTRICT: MR M HOOGBAARD (Acting)
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR K DE LANGE
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR M GRATZ
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR CM AFRICA
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR K JORDAAN (ACTING)
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR L NGOQO
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR J DOUGLAS
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT: MR S JOOSTE
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MS J FORTUIN
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

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THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LÖTTER
THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR K VAN NIEKERK
THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR J LUIS
THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER
THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT: MR JG MARAIS
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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: MR O MACKENZIE
THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR S JACOBS
THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG
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THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR LH FOURIE
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR K JORDAAN
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: MR CJ KYMDELL
THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD
THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR JJ 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 GILDENHUY)
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS PG PIEDT)
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR N VAN NIEKERK) (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 (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 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: IMMOVABLE 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 A SMIT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

GUIDELINE ON FEES FOR AUDITS DONE ON BEHALF OF THE AUDITOR-GENERAL

1. PURPOSE

- 1.1 The purpose of this circular is to provide municipalities with the rates for audit work done on behalf of the Auditor-General. Attached find Annexure A on audit fees as released by the South African Institute of Chartered Accountants (Circular 1/2010) during March 2010.

2. REQUEST

- 2.1 A number of municipalities have raised concerns during municipal engagements relating to the high cost of audit fees and have enquired as to how the fees are structured since the cost differs per municipality. The standard charge rates considered appropriate for audit work performed is therefore being provided. These rates are applicable from 1 April 2010 to 31 March 2011.

3. CONCLUSION

- 4.1. Any further queries relating to the above can be forwarded to the following officials:

- Elizabeth Letsoalo: **Central Karoo and Overberg District**
Tel No: (021) 483-3669
Email: eletsoalo@pgwc.gov.za

- Hayleen Carstens: **Cape Winelands District**
Tel No: (021) 483-4485
Email: hcarstens@pgwc.gov.za

- Tracy Bowers: **West Coast District and City of Cape Town**
Tel No: (021) 483-6694
Email: tbowers@pgwc.gov.za

- Wendy Arendse: **Eden District**
Tel No: (021) 483-4289
Email: warendse@pgwc.gov.za



BAZIL VINK
SENIOR MANAGER: CORPORATE GOVERNANCE

DATE: 15 MARCH 2010

GUIDELINE ON FEES FOR AUDITS DONE ON BEHALF OF THE AUDITOR-GENERAL

The Auditor-General has confirmed that the charge out rates set out in the .01
annexure to this circular are considered to be appropriate for audit work
performed by members on behalf of the Auditor-General. These rates
apply from 1 April 2010 to 31 March 2011.

The Auditor-General determined these rates after consultation with the .02
Standing Committee on the Auditor-General (SCoAG) and the National
Treasury. In addition, when discussing the rates with the Auditor-General,
representatives of the South African Institute of Chartered Accountants
(SAICA) take cognisance of the state of the economy, Government's
Budgetary Policy, and the steps taken by Government to contain the rate
of inflation.

The revised scale starts with an hourly rate of R71 (2009: R71) for .03
monthly earnings of R2 500 (2009: R2 500) and includes rates for
monthly earnings of up to R70 000 (2009: R70 000). The rate for monthly
earnings of R70 000 is R1 994 (2009: R1 864). The rate for partners has
been increased from R1 957 to R2 094 per hour and for specialists from
R1 957 to R2 094 per hour.

Rates are calculated by dividing the monthly earnings by recoverable .04
hours and multiplying by a factor of 2.86 (2009: 2.86) to accommodate
overhead costs. The rate per category continues to be calculated using the
midpoint of the earnings. The recoverable hours were reviewed for
2010/11 in order to keep pace with the change in recoverability trends in
the profession over the last few years.

The AGSA Engagement Manager will advise the audit firm of the .05
budgeted cost of the audit contracted out. Fees should be based on the
time spent on audits. Time records should be kept for individual staff or
grades of staff and should indicate the actual time spent on the audit.
Should it be necessary to spend more time than expected as a result of
exceptional circumstances, such as unforeseen problems requiring
additional work to be performed to express an opinion, the Auditor-
General should be advised in writing prior to any work being carried out.

- The increase in fees for these circumstances should be negotiated with the AGSA Engagement Manager.
- .06 Members are reminded that invoices to the Auditor-General must be accompanied by a schedule setting out the monthly earnings category for each employee, the associated rate and number of hours charged in respect of that invoice. Supporting schedules setting out the composition of the monthly earnings category of each employee, in terms of the items listed in the annexure, must be available for inspection by the Auditor-General, at members' offices.
 - .07 Professional liability for a member performing work on behalf of the Auditor-General is limited to a maximum of two (2) times the fees billed for the specific work.
 - .08 Members are exhorted to review their audit approaches to ensure that up to date techniques are used so as to reduce to a minimum the time spent on audits. The audit approach should be in line with the International Standards of Auditing and take into account the Auditor-General guidelines as indicated in Directives issued from time to time, in terms of the Public Audit Act. Members should also consider any other directives that may be issued during the period covered by the circular and should consult with the Audit Engagement Manager in this regard. However, auditors should carry out their duties free from any restrictions whatsoever.
 - .09 It is acceptable practice for public sector clients to make interim payments on account of fees. Such interim fees should not exceed the total fees for time spent up to the date of rendering the account.
 - .10 These rates are only applicable to audit work performed by members on behalf of the Auditor-General, as they are based on factors existing in this environment. Fees for other work performed for government entities should be negotiated directly with the entities concerned.

Johannesburg
10 March 2010

M Matlwa
Chief Executive Officer

Annexure

RATES FOR AUDITS DONE ON BEHALF OF THE AUDITOR-GENERAL

PERIOD: 1 APRIL 2010 TO 31 MARCH 2011

RATES (excluding Value Added Tax)

PARTNERS R2 094 per hour
SPECIALISTS (maximum) R2 094 per hour

STAFF

MONTHLY EARNINGS		RATE PER HOUR
R		R
2 500	and more	71
2 700	and more	76
2 900	and more	82
3 100	and more	87
3 300	and more	93
3 500	and more	99
3 800	and more	108
4 100	and more	116
4 400	and more	124
4 700	and more	132
5 000	and more	140
5 300	and more	148
5 600	and more	156
5 900	and more	165
6 200	and more	174
6 600	and more	185
7 000	and more	196
7 400	and more	207
7 800	and more	218
8 200	and more	229
8 600	and more	240
9 000	and more	250
9 400	and more	261
9 800	and more	278

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MONTHLY EARNINGS	RATE PER HOUR
R	R
10 600 and more	299
11 400 and more	321
12 200 and more	343
13 000 and more	348
13 800 and more	369
14 600 and more	390
15 400 and more	411
16 200 and more	432
17 000 and more	452
17 800 and more	473
18 600 and more	494
19 400 and more	515
20 200 and more	536
21 000 and more	556
21 800 and more	577
22 600 and more	598
23 400 and more	619
24 200 and more	644
25 000 and more	664
25 800 and more	685
26 600 and more	706
27 400 and more	727
28 200 and more	761
30 000 and more	817
32 500 and more	883
35 000 and more	948
37 500 and more	1014
40 000 and more	1079
42 500 and more	1144
45 000 and more	1210
47 500 and more	1275
50 000 and more	1434
52 500 and more	1504
55 000 and more	1574
57 500 and more	1644
60 000 and more	1714
62 500 and more	1784
65 000 and more	1854
67 500 and more	1924
70 000 and more	1994

Fee increases

Members are requested to refer and adhere to the guidelines set out in paragraph 5 of this Circular when dealing with issues of fee increases.

Monthly earnings

Monthly earnings include the total cost of the employee's remuneration package and are limited to the following:

- Basic salary;
- Travel allowance (as part of the salary structure);
- Housing allowance/subsidy (as part of the salary structure);
- Annual bonus (guaranteed portion only);
- Fringe benefit on the use of a company vehicle (as part of the salary structure);
- Computer allowance, irrespective of whether it is a salary sacrifice or not. The allowance should not necessarily be included in payslip;
- Proportionate amount of annual subscriptions payable to SAICA and/or the Independent Regulatory Board for Auditors;
- Company contributions to medical aid fund, pension fund, provident fund, group life insurance and unemployment insurance fund;
- Entertainment allowance (as part of the salary structure).

Should any uncertainty exist in respect of the composition of employees' packages, the SAICA Project Director – Public Sector should be contacted.

Reimbursement of expenses

Claims should comply with the requirements as stipulated in the *Reporting Guideline* issued from time to time by the Auditor-General. The Guideline can be obtained from the Auditor-General.

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