

Reference number: RCS/C.5

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CAPE TOWN  
8000

## TREASURY CIRCULAR MUN NO. 16/2019

THE MAYOR, CITY OF CAPE TOWN: MR D PLATO  
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR H CLEOPHAS  
THE MAYOR, MATZIKAMA MUNICIPALITY: MR J VAN DER HOVEN  
THE MAYOR, CEDERBERG MUNICIPALITY: MR W FARMER  
THE MAYOR, BERGRIVIER MUNICIPALITY: MR R VAN ROOY  
THE MAYOR, SALDANHA BAY MUNICIPALITY: MR M KOEN  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: DR H VON SCHLICHT  
THE MAYOR, WITZENBERG MUNICIPALITY: MR BC KLAASEN  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MR CJ POOLE  
THE MAYOR, STELLENBOSCH MUNICIPALITY: ADV. G VAN DEVENTER  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MS A STEYN  
THE MAYOR, LANGEBERG MUNICIPALITY: MR HM JANSEN  
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR A FRANKEN  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MS CJM VOSLOO  
THE MAYOR, OVERSTRAND MUNICIPALITY: MR D COETZEE  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR PJ SWART  
THE MAYOR, SWELLEN DAM MUNICIPALITY: MR NG MYBURGH  
THE MAYOR, GARDEN ROUTE DISTRICT MUNICIPALITY: MR M BOOYSEN  
THE MAYOR, KANNALAND MUNICIPALITY: MS M BARRY  
THE MAYOR, HESSEQUA MUNICIPALITY: MR G RIDDLES  
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR HJ LEVENDAL  
THE MAYOR, GEORGE MUNICIPALITY: MR MG NAIK  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR CF SYLVESTER  
THE MAYOR, BITOU MUNICIPALITY: MR MP LOBESE  
THE MAYOR, KNYSNA MUNICIPALITY: MR M WILLEMSE  
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: DR A RABIE  
THE MAYOR, LAINGSBURG MUNICIPALITY: MR M GOUWS  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING  
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR N CONSTABLE

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THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR DP LUBBE  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR L VOLSCHENK  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV. H LINDE  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR H METTLER  
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ  
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THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON  
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR J LEIBBRANDT  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS  
THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR D BERETTI  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR G MATTHYSE  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR C GROENEWALD  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR D O'NEILL  
THE MUNICIPAL MANAGER, SWELLEN DAM MUNICIPALITY: MR A GROENEWALD  
THE MUNICIPAL MANAGER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR M STRATU  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR R STEVENS  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: ADV. MG GILIOME

THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR T BOTHA  
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR A PAULSE  
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: ADV. L NGOOO  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: DR S VATALA  
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THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MS A VORSTER  
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR K HAARHOFF

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY  
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THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR E ALFRED  
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THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR K JORDAAN  
THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR F LOTTER  
THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR V MKHEFA  
THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR M MEIMANI  
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THE HEAD OFFICIAL: PROVINCIAL TREASURY (MS J GANTANA) (ACTING)  
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THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR IG SMITH) (ACTING)  
THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MS R SLINGER) (ACTING)  
THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK) (ACTING)  
THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR M SIGABI) (ACTING)  
THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)  
THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE AND ACCOUNTING (MR A HARDIEN)  
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THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)  
THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

## 2018/19 MUNICIPAL ROLL-OVER PROCESS IN RESPECT OF PROVINCIAL CONDITIONAL ALLOCATIONS TO MUNICIPALITIES

### 1. PURPOSE

The purpose of this circular is to communicate the guidelines and requirements that will be applicable on the municipal roll-over process of unspent provincial conditional grant allocations to municipalities as at 30 June 2019.

### 2. 2018/19 WESTERN CAPE PROVINCIAL ROLL-OVER PROCESS

2.1 The Western Cape Appropriation Act, No. 3 of 2018 (WCAA) regulates unspent provincial conditional allocations. The WCAA was circulated to all the Western Cape municipalities with the 2018/19 budget documents and is attached as Annexure A for ease of reference. Section 10 of the WCAA sets specific requirements with respect to the unspent provincial conditional allocations and the requirements thereof.

2.2 Allocations for agency services delivered in respect of Vote 6: Health on behalf of the Provincial Government, dealt with on a claim-back basis/principle, will not be subject to the annual institutionalised roll-over process and therefore the requirements of this circular will not apply.

### 3. REQUIREMENTS FOR THE ROLL-OVER OF UNSPENT 2018/19 HUMAN SETTLEMENTS DEVELOPMENT GRANT (BENEFICIARIES)

3.1 Applications to roll-over funds that were transferred during 2018/19 financial year for Human Settlement Development Grant (beneficiaries) must be submitted to Provincial Treasury by **15 July 2019**, to ensure that the funds are included in the roll-over adjustments budget as required in section 28(2)(e) of the MFMA.

3.2 For this purpose, municipalities must ensure that the information reported as at 30 June 2019 for purposes of section 71 reporting is accurate and that it is aligned to the information reported to the transferring department.

3.3 Applications must comply with the requirements that are outlined in **paragraph four (4)** below and non-compliant applications will be declined.

3.4 Transferring department will verify the information and ensure that the reported information is aligned before the applications are approved and where there is misalignment, the applications will be declined.

### 4. CRITERIA AND REQUIREMENTS FOR THE ROLL-OVER OF UNSPENT PROVINCIAL CONDITIONAL GRANTS

4.1 Municipalities must first apply for the roll-over of unspent provincial conditional grant allocations to municipalities and **must not** automatically roll-over unspent conditional grants in terms of section 28(2)(e) of the MFMA without approval.

4.2 Section 10 of the 2018 WCAA requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the Provincial Revenue Fund, unless the receiving officer proves to the satisfaction of both Provincial Treasury and the transferring provincial officer that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

4.3 When applying for the roll-over of unspent conditional allocations that were appropriated through the 2018 main budget allocations (Provincial Gazette no 7890 dated 5 March 2018), 2018 adjusted budget allocations (Provincial Gazette no 7973 dated 24 August 2018, Provincial Gazette no 8005 dated 22 November 2018 and Provincial Gazette no 8043 dated 8 February 2019) municipalities must supply Provincial Treasury with the following information:

- 4.3.1 **One** formal letter for all unspent provincial allocations using the attached **Annexure B** specified format, which must be addressed to the Provincial Treasury requesting the roll-over of unspent provincial conditional grants;
- 4.3.2 The municipality must list all the projects that are linked to the unspent provincial conditional grants in the motivation section of Annexure B with a progress report on the state of implementation, the reason(s) why the grants were not fully spent in the year that it was originally allocated and amount of funds committed for each of the projects with an indicated time period on when the funds will be spent;
- 4.3.3 **Attach supporting evidence** as an annexure for each project that the work has commenced, namely either of the following:
- a. Proof that the project tender was published and the period for tender submissions closed before 31 March 2019;
  - b. Proof that a contractor or service provider was appointed for delivery of the project before 30 June 2019; or
  - c. Proof of a project tender or appointment of contractor/service provider for delivery of service was concluded before 30 June 2019 in cases where additional funding was allocated during the course of the final year of the project; and
  - d. Evidence that all projects linked to an allocation will be fully utilised by 30 June 2020 (attach cash flow projection for the applicable grant).
- 4.4 In addition, Provincial Treasury and transferring departments will also take into account the following information when assessing roll-over applications and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:
- 4.4.1 Compliance with the in-year reporting requirements in terms of sections 71 and 72 of the MFMA, **including the municipal manager and chief financial officer signing-off on the information** sent to National Treasury;
- 4.4.2 Submission of the **pre-audit Annual Financial Statements** information to Provincial Treasury by **31 August 2019**;
- 4.4.3 **Accurate disclosure of grant name** and performance in the 2018/19 pre-audit Annual Financial Statements; and
- 4.4.4 Cash available in the bank (net position including short term investments) as at 30 June 2019 and in line with the cash flow statements to finance the roll-over request. If the full amount that is requested for roll over is not entirely cash backed, such a roll over will not be approved. Provincial Treasury will not approve portions of roll over requests.
- 4.5 Municipalities must note that these guidelines are applicable to the **2018/19 financial year** allocations and approval will not be considered or granted for municipalities requesting rollover of a rollover. The application must be submitted to Provincial Treasury by **31 August 2019**.
- 4.6 **Late applications and applications that do not meet the requirements of this circular will be declined and the municipality will be requested to pay the funds back to the respective transferring department.**
- 4.7 When approving any roll-over requests, Provincial Treasury will use the last provincial conditional grant expenditure information available at the time, which is the disclosure of grants information in the June 2019 tables SC 6, 7(1) and 7(2) of the C-Schedule and the 2018/19 pre-audit Annual Financial Statements which need to be concluded and submitted by 31 August 2019.

- 4.8 A transferring provincial department will recommend on whether a roll-over be approved or not and will further advise on how municipalities will report on the spending of conditional grants funds that were approved to be rolled-over.
- 4.9 Attached to this circular as **Annexure C** is a folder for the Provincial Gazettes that were published during 2018/19 financial year in respect of Provincial Government allocations to municipalities.
- 4.10 All electronic applications for provincial roll-overs must be sent to [mfma.mfma@westerncape.gov.za](mailto:mfma.mfma@westerncape.gov.za) email address for the attention of Mr M Sigabi. Where documents are larger than 13 MB, municipalities are advised to use the lift server link: <http://lift.pgwc.gov.za/> and type in [mfma.mfma@westerncape.gov.za](mailto:mfma.mfma@westerncape.gov.za) email address in the space provided.
- 4.11 Municipalities are requested to also submit **updated grant reporting returns for the month of June 2019** as informed by the unspent amounts in the pre-audit Annual Financial Statements for 2018/19.
- 4.12 Any unspent allocations not applied for or not approved by Provincial Treasury must be repaid by the Municipality to the relevant transferring provincial department. The capital portion of the unspent funds must be deposited to the bank account of the transferring department and a proof of payment must be sent to [mfma.mfma@westerncape.gov.za](mailto:mfma.mfma@westerncape.gov.za) for the attention of Ms Z Malusi. The email must clearly indicate the department to which the repayment was made, the amount that was repaid, the year in which the allocation was published and the purpose of the allocation.

The bank account details of the transferring departments are clearly contained in the table below. Municipalities are advised to use the correct banking details for the respective Western Cape Government department and the municipality code as a reference.

Name of Department	Bank Name Account	Branch Code
Department of the Premier	Nedbank 1 452 045 038	145209
Provincial Treasury	Nedbank 1 452 045 054	145209
Department of Health	Nedbank 1 452 045 097	145209
Department of Human Settlements	Nedbank 1 452 045 046	145209
Department of Environment Affairs and Development Planning	Nedbank 1 452 045 003	145209
Department of Transport and Public Works	Nedbank 1 452 045 100	145209
Department of Economic Development and Tourism	Nedbank 1 452 045 135	145209
Department of Cultural Affairs and Sport	Nedbank 1 452 045 127	145209
Department of Local Government	Nedbank 1 452 055 661	145209

Note that all the accounts are with Nedbank and the branch code is the same for all the departments.



**MS JD GANTANA**  
**ACTING HEAD OFFICIAL: PROVINCIAL TREASURY**  
**DATE: 3 July 2019**