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Provinsiale Tesourie

Enquiries : Ms J Bezuidenhout X4519
Ref : MPT13/1/R

PROVINCIAL TREASURY CIRCULAR NO. 10 OF 2016

TO:

THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY: MS M SKOSANA
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY: ADV. H MBATHA
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY: MR. CA HABILE
THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY: MR. MF MAHLANGU
THE ACTING MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY:
MR. M MNGUNI
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY: MS.EK SHABALALA
THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY: MR. C LISA
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY: MR. MD NGWENYA
THE MUNICIPAL MANAGER: UMJINDI LOCAL MUNICIPALITY: MR DP MSIBI
THE ACTING MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY:
MR LM MOKOENA
THE MUNICIPAL MANAGER: MBOMBELA LOCAL MUNICIPALITY: MR. NM SEANEGO
THE MUNICIPAL MANAGER: DR.PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY:
MR PB MALEBYE
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY: MR. S SHONGWE
THE ACTING MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY: MR. C MABUZA
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY: MR. O NKOSI
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY: MR. VD NGCOBO
THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY:
MR. VN MPILA
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY: MR. LB TSHABALALA
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY: MR MJ MAHLANGU
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY: MR BS MAHLANGU
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY: MR. T VAN VUUREN

THE ACTING DIRECTOR-GENERAL: OFFICE OF THE PREMIER: MR T MDAKANE
THE ACTING ACCOUNTING OFFICER: DEPARTMENT OF CO-OPERATIVE GOVERNANCE
AND TRADITIONAL AFFAIRS: MR G NTOMBELA
THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT: MR M MADIKE
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT: MS E VISSER
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE: MS J BEZUIDENHOUT
PROGRAMME CO-ORDINATOR: MUNICIPAL FINANCE: MS B GUNQISA

COMMITMENTS BY MUNICIPALITIES TO IMPROVE AUDIT OUTCOMES

On 18 February 2016, EXCO Lekgotla resolved that the following commitments be honored by all Municipalities in the Province:

1. HUMAN RESOURCE MANAGEMENT

Actions to be taken	Timeframe
Identify all critical vacant positions	15 March 2016
Submit list of critical vacant positions to be filled to the Department of Co-operative Governance and Traditional Affairs	7 April 2016
Advertise vacant positions	30 April 2016
Finalise recruitment processes (shortlisting, interviewing and appointments)	31 May 2016

2. PERFORMANCE INFORMATION

Actions to be taken	Timeframe
Budget for and appoint a Performance Audit Committee to: a) Review the quarterly performance reports b) Review the performance management system and make recommendations to Council c) Submit an audit report to Council	1 July 2016
Ensure that internal audit: a) Reviews the performance measurements of the municipality b) Submit quarterly reports to the Municipal Manager and the Performance Audit Committee	1 July 2016 and quarterly
Document, approve and implement systems, processes and operating procedures for performance information	31 May 2016
Implement a records management system to maintain information that supports the reported performance in the annual performance report. This includes information that relates to the collection, collation, verification, storing and reporting of actual performance information	31 May 2016

3. MISSTATEMENTS ON ANNUAL FINANCIAL STATEMENTS

Actions to be taken	Timeframe
All municipalities to prepare Interim Financial Statements for six months and submit to Internal Audit	28 February 2016
Internal Audit to review Interim Financial Statements and submit recommendations for improvement	31 March 2016
Interim Financial Statements and Internal Audit report to be submitted to Provincial Treasury for review	15 April 2016
Municipalities without capacity to prepare financial statements to consider appointing service providers and this should be done only for one year with the intention to build capacity internally – SLA must indicate deliverables and timeframes	30 April 2016
The project plan to be submitted to Provincial Treasury to ensure that capacity is built during that process. The Plan to be submitted before the appointment of the service provider	31 March 2016
Municipalities to appoint officials who will specialise on financial reporting and financial statements. The names must be submitted to Provincial Treasury	30 April 2016
Submission of Financial Statements to Internal Auditors for quality check before submitting to Auditor-General	7 August 2016

4. RISK MANAGEMENT

Actions to be taken	Timeframe
Finalization of the appointment of the Risk Management Committees by those Municipalities that do not have Committees	31 March 2016
Appointment of the Chief Risk Officers by those Municipalities that do not have CROs	31 March 2016
Effective implementation of mitigating strategies to address the identified risks	31 March 2016 and monthly
Effective implementation of recommendations from oversight structures	31 March 2016 and monthly
Evaluation of the performance of the Risk Management Committee by the AO	30 June 2016
Integration of Risk Management into performance contracts and other municipal processes	30 June 2016

5. EXPENDITURE MANAGEMENT

Actions to be taken	Timeframe
Implement proper record keeping through an invoice register to ensure that all invoices are paid within 30 days	29 February 2016
Reconciliations should be done per supplier to identify long outstanding invoices for payment	29 February 2016
All bulk purchases expenditure invoices to be recorded upon receipt and not upon payment to ensure that all are recorded	29 February 2016
The valuation rolls should be reconciled against the general ledger to ensure that debtors are valued correctly and are complete	31 March 2016
Management to implement controls over daily and monthly processing and reconciliation of transactions	31 March 2016

6. SUPPLY CHAIN MANAGEMENT

Actions to be taken	Timeframe
Prepare, approve and implement SCM policies and procedures	30 April 2016
Submit 30-day payment reports	7 th of each month
Prepare and submit annual procurement plan	31 July 2016

7. ASSET MANAGEMENT

Actions to be taken	Timeframe
Review asset register information	Monthly
Prepare reconciliation of every fixed asset and ensure that all reconciling items are addressed timely	Monthly
Update asset register	Monthly
Verification of assets	Bi-annually
Prepare, approve and implement asset management policies and procedures	30 April 2016
Methodology of computing useful live is documented in line with GRAP requirements	30 April 2016
Ensure that all disposals are recorded and supported by a valid approved resolution on a monthly basis	Monthly
Identify all land/properties to be transferred to municipalities	31 May 2016

PROVINCIAL TREASURY CIRCULAR NO. 10 OF 2016

In order to allow for monitoring by oversight bodies, it will be appreciated if the above actions could be converted into an action plan and be submitted to the following officials **on or before 1 March 2016:**

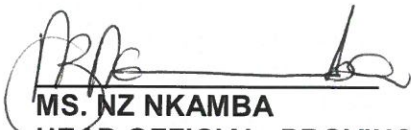
Ms B Gunqisa
Municipal Finance
E-mail: BGunqisa@mpg.gov.za

Ms J Bezuidenhout
Financial Governance
E-mail: bezuidenhout@mpg.gov.za

Progress reports on the above action plan must please be submitted to the above officials as well, together with the Auditor-general action plan progress reports, by the **7th of each month.**

Your cooperation in this regard is appreciated.

Regards,



MS. NZ NKAMBA
HEAD OFFICIAL: PROVINCIAL TREASURY
DATE: 24/2/2016