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Provinsiale Tesourie

Enquiries : Ms BS Gunqisa x 8682
Ref : MPT 12/1/1

PROVINCIAL TREASURY CIRCULAR NO. 25 OF 2017

TO:

THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MR C LISA)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)
THE MUNICIPAL MANAGER: CITY OF MBOMBELA (MR N SEANEGO)
THE ACTING MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MR L E MALUNGANA)
THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (MR FS SIBOZA)
THE ACTING MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR M MNGUNI)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR O NKOSI)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MR MJ MAHLANGU)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MS EK TSHABALALA)
THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR T VAN VUUREN)
THE MUNICIPAL MANAGER: DR JS MOROKA LOCAL MUNICIPALITY (MR BS MAHLANGU)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKOSANA)
THE ACTING MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR M DLAMINI)
THE MUNICIPAL MANAGER: DIPALESENG LOCAL MUNICIPALITY (MR SL NETSHIVALE)
THE MUNICIPAL MANAGER: DR PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY
(MR PB MALEBYE)
THE MUNICIPAL MANAGER: GOVAN MBEKI LOCAL MUNICIPALITY (MR MF MAHLANGU)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MR L TSHABALALA)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR MJS MABUZA)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR ZT SHONGWE)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)

HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: (MR TP NYONI)
THE PROVINCIAL EXECUTIVE OFFICER: SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
(MS G LANGA)
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE: PROVINCIAL TREASURY
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT: PROVINCIAL TREASURY
THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT: PROVINCIAL TREASURY

GENERAL REPORTING OBLIGATION

In terms of Section 74(1) of the Municipal Finance Management Act, No. 56 of 2003, (MFMA): “The Accounting Officer of a municipality must submit to the National Treasury, the Provincial Treasury, the Department of Local Government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or required.”

On a quarterly basis Provincial Treasuries are required to report on MFMA compliance based on a format prescribed by National Treasury. The templates are therefore sent to municipalities for completion, however municipalities are continuously submitting incomplete information.

Your municipality is required to provide progress on the following issues based on the 2014/15 financial year:

1.1 Unauthorised Expenditure

- a. Indicate the total amount disclosed for unauthorised expenditure for the 2014/15 financial year.
- b. Specify the root causes of the unauthorised expenditure.
- c. Date when the unauthorised expenditure was reported to Council for consideration in terms of section 32(2)(a) of the MFMA as was identified during the 2014/15 audit.
- d. Date when Council referred the unauthorised expenditure to the Municipal Public Accounts Committee (MPAC) for investigation in terms of recoverability of the expenditure in terms of section 32(2)(a) of the MFMA. Attach a copy of the council resolution.
- e. Indicate if the Council has acted on recommendations provided by the MPAC.
- f. Date when unauthorised expenditure was submitted to the Municipal Council for authorization via an adjustment budget in terms of section 28 of the MFMA read with the Municipal Budget and Reporting Regulations as identified during the 2014/15 financial year audit.
- g. Indicate the amount of unauthorised expenditure submitted to Council for authorisation through an adjustment budget. Further, indicate the amount that was authorised by Council through an adjustment budget.
- h. Date when Council passed an adjustment budget to authorise the expenditure identified during the 2014/15 financial year.
- i. Measures in place to avoid a recurrence of this expenditure.
- j. Provide the amount disclosed in audited 2015/16 financial year Annual Financial Statements on unauthorised expenditure.

1.2 Irregular Expenditure

- a. Indicate the total amount disclosed for irregular expenditure for the 2014/15 financial year.
- b. Specify the root causes of the irregular expenditure.
- c. Date when the irregular expenditure was reported to Council for consideration in terms of section 32(2)(b) of the MFMA as was identified during the 2014/15 audit.
- d. Date when Council referred the irregular expenditure to the MPAC for investigation in terms of recoverability of the expenditure. Attach a copy of the Council resolution.
- e. Indicate if the MPAC undertook the investigation as per the referral.
- f. Date when MPAC recommendations were submitted to Council for consideration to write-off or recover the expenditure.
- g. Indicate if the Council has acted on recommendations provided by the MPAC.

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- h. Measures in place to avoid a recurrence of this expenditure.
- i. Indicate the acts of non-compliance which resulted in the irregular expenditure investigated for financial misconduct in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- j. If so, indicate if the alleged financial misconduct also reported to the South African Police Service for criminal investigation and relevant case number issued.
- k. If the act of non-compliance was investigated for potential financial misconduct, kindly advise on the status quo of the process.
- l. Provide the amount disclosed in the audited 2015/16 financial year Annual Financial Statements on irregular expenditure.

1.3 Fruitless and Wasteful Expenditure

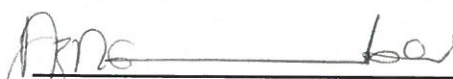
- a. Indicate the total amount disclosed for fruitless and wasteful expenditure for the 2014/15 financial year.
- b. Specify the root causes of the fruitless and wasteful expenditure.
- c. Date when the fruitless and wasteful expenditure was reported to Council for consideration in terms of section 32(2)(b) of the MFMA as was identified during the 2014/15 audit.
- d. Date when Council referred the fruitless and wasteful expenditure to the Municipal Public Account Committee (MPAC) for investigation in terms of recoverability of the expenditure in terms of section 32(2)(a) of the MFMA. Attach a copy of the Council resolution.
- e. Indicate if the MPAC undertook the investigation as per the referral.
- f. Date when MPAC recommendations were submitted to Council for consideration to write-off or recover the expenditure.
- g. Indicate if the Council has acted on recommendations provided by the MPAC.
- h. Measures in place to avoid a recurrence of this expenditure.

Please provide detailed information per category of these expenditures as these expenditures are also reported in the Provincial Legislature, including corrective measures taken to address such.

All responses should be forwarded on or before **24 April 2017** to mokoenal@mpg.gov.za and copy the relevant Provincial Treasury official.

Your co-operation is appreciated.

Kind Regards


MS NZ NKAMBA
HEAD: PROVINCIAL TREASURY
DATE: 13/04/2017