



## PROVINCIAL TREASURY CIRCULAR NO. 44 OF 2024

**TO:**

**MUNICIPAL MANAGERS  
CHIEF FINANCIAL OFFICERS**

**ACTING DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA**

**HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT  
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT  
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE**

### 2023/24 YEAR-END REPORTING GUIDANCE

According to the Municipal Finance Management Act, No. 56 of 2003 (MFMA), Section 126(1)(a) the Accounting Officer of a municipality -

“must prepare the Annual Financial Statements (AFS) of the Municipality, and within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.”

The Provincial Treasury would thus like to advise the Municipalities to ensure that the following issues are attended to:

#### 1. DIRECTIVE 5

The Accounting Officers are advised to follow the **Directive 5** to ensure compliance to all accounting standards applicable to municipalities and municipal entities. Further details on Directive 5 is available on the ASB website:

<https://www.asb.co.za/determining-the-grap-reporting-framework-2023-24>

#### 2. MSCOA AFS SPECIMEN

National Treasury has issued an AFS specimen for all Municipalities for guidance and usage. It should be noted that the AFS specimen covers various standards as per Directive 5 above that might not be all applicable for the reporting period. Therefore, your Municipality must decide what is applicable / relevant to them in the specimen AFS and items that are material should be disclosed on the face on the financial statements.

## PROVINCIAL TREASURY CIRCULAR NO. 44 OF 2024

---

Furthermore, the attached specimen provides guidance on the preparation of a consolidated AFS. Municipalities that have controlled entities, associates and / or joint ventures are reminded to also prepare and submit consolidated AFS, as required in terms of Section 121(3)(a) of the MFMA.

Accounting Officers are reminded that it is their responsibility to ensure that the AFS is **consistent** with the Municipal Budget and Reporting Regulations (MBRR) and GRAP. Therefore, where information and disclosures required in terms of legislation are omitted in the specimen AFS, the Municipality **must** ensure that such information is included and disclosed in their 2023/24 AFS.

### 3. REVIEW OF AFS

The Provincial Treasury has commissioned resources to support your Municipality with the review of the AFS for the period ended 30 June 2024.

The review will be based on the submission of the set of draft AFS. For the support to be successful, your Municipality is required to commit to finalise and **submit the AFS on or before 21 August 2024**.

### 4. REPORTING ON MUNICIPAL DEBT RELIEF

The Accounting Officers participating under Debt Relief should take cognizance of the reporting requirement as guided by the **MFMA Circular No. 124** and its **Supplementary guide**. <https://mfma.treasury.gov.za/Circulars/Pages/default.aspx>

### 5. SUBMISSION OF AFS FOR AUDIT

The submission of the AFS for audit should be supported by a valid audit file. A thorough preparation of an audit file prior to the commencement of the audit will greatly streamline the audit process and lead to improvements in the audit outcome.

**MFMA Circular No. 50** provides guidance on what should constitute the audit file. This should be considered before AFS are submitted to the Auditor-General for audit.

### 6. AUDIT PROCESS

Municipalities should ensure that Audit Steering Committees have been established from the beginning of the audit process. Key personnel should be available to respond to audit queries timely as per the engagement letter agreement.

Please **NOTE** that the reporting guidance is not limited only to the issues identified in this Circular.

Your co-operation is highly appreciated

Kind regards

  
\_\_\_\_\_  
**MS GUGU MASHITENG**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 01/08/2024**