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## PROVINCIAL TREASURY CIRCULAR NO. 36 OF 2026

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**TO:  
MUNICIPAL MANAGERS**

**CHIEF FINANCIAL OFFICERS**

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

**ACTING HEAD: CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
TRADITIONAL AFFAIRS**

**THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT**

**THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT**

**THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE**

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**SUBJECT: 2025/26 YEAR-END REPORTING GUIDANCE FOR MUNICIPALITIES**

### **1. LEGISLATIVE REQUIREMENTS**

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.

### **2. DIRECTIVE 5**

The Accounting Officers are advised to follow Directive 5 to ensure compliance to all accounting standards applicable to municipalities and municipal entities. Further details on Directive 5 are available on the ASB website <https://www.asb.co.za/>.

### **3. IMPLEMENTATION OF GRAP 104**

Municipalities are advised to have a proper plan to implement **GRAP 104** with clear timelines. The municipality should avoid unnecessary cost when implementing this standard. Special attention should be given to **ASB Fact Sheet 1 and FAQ 9.1**

#### 4. AFS REVIEW

The Provincial Treasury has commissioned resources to support your Municipality with the review of the AFS for the period ended 30 June 2026.

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 15 August 2026**.

#### 5. SUBMISSION OF AFS FOR AUDITS

The submission of the AFS for audit should be supported by a valid audit file. The 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 the Audit Steering Committees are established at the beginning of the audit process. The terms of reference and the constitution of the Audit Steering Committee should be established in line with the engagement letter from AGSA.

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

Kind regard,



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**MS. GUGU MASHITENG**  
**HEAD OF DEPARTMENT**  
**DATE: 22-04-2026**