



provincial treasury

MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA

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## PROVINCIAL TREASURY CIRCULAR NO. 26 OF 2021

**TO:-**

**THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (MR FS SIBOZA)**  
**THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MS C NKUNA)**  
**THE MUNICIPAL MANAGER: CITY OF MBOMBELA (MR W KHUMALO)**  
**THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)**  
**THE MUNICIPAL MANAGER: THABA CHWEU LOCAL MUNICIPALITY (MS SS MATSI)**  
**THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)**  
**THE MUNICIPAL MANAGER: CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR MA DLAMINI)**  
**THE MUNICIPAL MANAGER (ACTING): DIPALESENG LOCAL MUNICIPALITY (MS B KHAYE)**  
**THE MUNICIPAL MANAGER: (ACTING): DR PIXLEY KA SEME (MR N MOKOKA)**  
**THE MUNICIPAL MANAGER: (ACTING): GOVAN MBEKI LOCAL MUNICIPALITY (MR ME MICHELE)**  
**THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MS GP MHLONGO-NTSHANGASE)**  
**THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR M KUNENE)**  
**THE MUNICIPAL MANAGER: (ACTING): MSUKALIGWA LOCAL MUNICIPALITY (MR SI MALAZA)**  
**THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKHOSANA)**  
**THE MUNICIPAL MANAGER: (ACTING): DR JS MOROKA LOCAL MUNICIPALITY (MR BM MHLANGA)**  
**THE MUNICIPAL MANAGER (ACTING): EMAKHAZENI LOCAL MUNICIPALITY (MR G MTHIMUNYE)**  
**THE MUNICIPAL MANAGER: EMALAHLENI LOCAL MUNICIPALITY (MR HS MAISELA)**  
**THE MUNICIPAL MANAGER: STEVE TSHWETE LOCAL MUNICIPALITY (MR B KHENISA)**  
**THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR O NKOSI)**  
**THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS ST MATLADI)**

**THE DIRECTOR GENERAL: (ACTING) OFFICE OF THE PREMIER OF MPUMALANGA (MR TP NYONI)**  
**HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR S NGUBANE)**

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

## 2020/21 YEAR-END REPORTING 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 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 municipalities to ensure that the following issues are attended to:

### 1. PREPARATION OF FINANCIAL STATEMENTS

- a) All control accounts should be reconciled and cleared by 30 June 2021 to enable the municipality to provide complete financial information on expenditure and revenue.
- b) Stock counts for inventory and assets verification must be performed.
- c) The expenditure management report should be scrutinized to ensure that all expenditure is properly allocated to the budget appropriated.
- d) All supporting documentation for all transactions, and other important records should be made available for audit purposes.

### 2. SUBMISSION OF PERFORMANCE INFORMATION

Municipalities are required to submit Annual Performance Report to the Auditor-General by 31 August 2021, to enable the auditors to perform the necessary audit procedures before 30 November 2021.

### 3. AUDIT PROCESS

Municipalities should ensure that Audit Steering Committees are established at the beginning of the audit process. The terms of reference and the constitution of the Audit Steering Committee are outlined in **Annexure A**.

Attached is a checklist for other issues to be made available for audit purposes. (**Annexure B**)

A work plan is also attached as **Annexure C** to provide guidance of when to complete the annual financial statements and annual reports.

Your cooperation is appreciated.

Regards

  
**MS GUGU MASHITENG**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 09/10/2021**

## ANNEXURE A

### AUDIT STEERING COMMITTEE

The aim of the Audit Steering Committee is to establish a formal communication channel between the Municipality and the Auditor-General South Africa (AGSA) and in the way to accomplish a sound co-operation between the parties. The Audit Steering Committee provides the parties with an opportunity to discuss problems and in this way:

- Creating the opportunity for the Municipality to provide inputs in good time.
- Preventing any unnecessary written communication, which can be time consuming and costly.

Matters that could be discussed during the meetings of the Audit Steering Committee are, *inter alia*;

- Audit plan for the year, (i.e. which activities should be subjected to an audit and the reasons thereof).
- Estimated audit costs (The estimated costs of the audit period must be furnished, as the Municipality must budget for the expenditure)
- The identification of contact persons for enquiries and mutual communication.
- Problems emerging during audits, e.g. availability of records, etc.
- Any deficiencies or irregularities revealed during audits.
- Discussion of audit reports, Management letters and queries of a serious nature to obtain unanimity on the contents and to expedite the finalisation thereof.

#### **Constitution of the Committee**

In order to ensure the efficient functioning of the Audit Steering Committee, the committee should consist of the following members:

- Municipal Manager
- Chief Financial Officer
- Departmental Managers
- Head of Internal Audit
- Representatives from the Office of the Auditor-General;
- Treasury and COGTA officials (on invitation)
- Secretariat - in order to ensure proper minutes taking for the meeting and distribution to all members.