



cogta

Department:
Cooperative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

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MUNICIPAL FINANCE

Enquiries:	My Reference:	Date:
Imibuzo: HB Krishnan	Inkomba Yami: KZN 252	Usuku: 24/02/2016
Navrae:	My Verwysing:	Datum:

**The Municipal Manager
Newcastle Municipality
Private Bag X6621
Newcastle
2940**

Per facsimile 034 – 312 1570

Dear Sir

ANALYSIS OF THE REPORTING AND DISCLOSURE REQUIREMENTS IN THE ANNUAL REPORT

1. Thank you for submitting your 2014/15 annual report to the Department as required by section 127(5) of the MFMA.
2. The Department has perused your annual report in terms of the reporting and disclosure requirements as set out in Chapter 12 of the Municipal Finance Management Act (No.56 of 2003) (MFMA), in particular sections 121(3) and (4), section 46 of the Local Government Municipal Systems Act (No. 32 of 2000) (MSA) and the MFMA Circular 63 on the Annual Report.

The analysis highlights that the following items are not included in your annual report:

- 2.1 An assessment by the municipality accounting officer of any arrears on municipal taxes and service charges;
 - 2.2 An assessment by the municipality's accounting officer on the municipality's performance against the measureable performance objectives referred to in section 17(3) of the revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year; and
 - 2.3 The annual report appears not to be in the format as recommended by the MFMA Circular 63.
3. In terms of section 129(1) of the MFMA your municipal council is required to consider the annual report of the municipality and adopt an Oversight Report on the annual report by no later than 31 March 2016.

Kindly ensure that the Oversight report, adopted by your council, addresses the deficiencies highlighted above and it is forwarded to our office with the responses for the deficiencies.

4. We also draw your attention to the fact that the review of your Audit Response Plan is a separate process undertaken in terms of section 131(2)(a). In this regard we suggest that our comments be considered and any amendments to the audit response plan be included in the oversight report.

The oversight report should also include pertinent issues raised during the public participation process of the annual report.

5. The comments provided by CoGTA are from a compliance perspective, are not exhaustive nor are they prescriptive. However, the municipality is strongly encouraged to consider our comments together with the comments from the National and Provincial Treasuries as this would contribute towards an improved annual report and assist in the ensuing budget and IDP cycle.

Yours faithfully,



H.B. KRISHNAN
GENERAL MANAGER: MUNICIPAL FINANCE

Date: 24.02.2016