

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 79

DATE OF PUBLICATION: 10 FEBRUARY 2011

Dr D T George (DA) to ask the Minister of Finance:

- (1) Whether he has received a report from the Auditor-General including a duration analysis of outstanding default and audit fees for each municipality owing funds to the Auditor-General; if not, what is the position in this regard; if so, what is the breakdown for each municipality;
- (2) what steps are (a) the National Treasury and (b) provincial treasuries taking to resolve the situation?

NW89E

REPLY

- (1) The Office of the Auditor-General has provided the National Treasury with a list of all outstanding audit fees for municipalities. The total outstanding audit fees amounts to R222 165 720, of which R63.9 million was outstanding for longer than 120 days as at 31 January 2011. The total duration analysis of the outstanding accounts is provided below.

The detailed breakdown per municipality is contained in Annexure A.

- 120 days and more: R63 975 872.09;
 - 91 – 120 days: R14 309 925.12;
 - 61 – 90 days: R27 547 837.48;
 - 31 – 60 days: R43 532 506.61;
 - 1 – 30 days: R47 538 600.09; and
 - Current billing: R25 260 978.02.
- (2) (a) The National Treasury has issued two circulars (Circular No. 49 “*Non Payment of Obligations*” and circular No. 50 “*Preparation of the Municipal*

Audit File”) in support of the implementation of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003. These circulars highlight the requirement that all accounts must be paid within 30 days, procedures to be followed, etc, and provide guidance to municipalities in the preparation of audit files and the content thereof to facilitate a smooth audit process. The intention of the latter circular is also to reduce time spent on municipal audits in order to reduce final audit fees. National Treasury has raised this matter during each of its quarterly co-ordination meetings with provinces, COGTA and SALGA. National Treasury has assisted poor, low-capacity municipalities with the payment of audit fees consistent with section 23 (6) of the Public Audit Act. In this regard, an amount of R19.6 million has been transferred to the Auditor-General for the 2009/10 financial year. This amount is in addition to the R23.8 million and R16.4 million transferred during the 2007/08 and 2008/09 financial years, respectively.

- (b) The National Treasury is engaging on an ongoing basis with the Office of the Auditor-General on all outstanding fees with a view to assisting where possible. We will identify those municipalities needing further assistance and render support consistent with the requirements of the Public Audit Act. Provinces were copied on all outstanding audit fee reports and were requested to make direct follow-ups with municipalities. All provinces have advised that they are in contact with municipalities and will raise this matter during municipal visits and through correspondence. Further information on progress made in this regard may be obtained from the provinces.