



treasury

Department
Treasury
PROVINCE OF KWAZULU-NATAL

145 Chief Albert Luthuli Street
Treasury House
Private Bag X9082, Pietermaritzburg 3200
Tel: 033 897 4307/4583 - Fax: 033 342 2486
simiso.magagula@kzntreasury.gov.za
lungile.mkhize@kzntreasury.gov.za

HEAD OF DEPARTMENT

Our Ref: 11/6/13/1
Enquiries: Mr F. Cassimjee
Date: 19 December 2019

**TO: MUNICIPAL MANAGERS
CHIEF FINANCIAL OFFICERS
KWAZULU-NATAL MUNICIPALITIES**

PROVINCIAL TREASURY CIRCULAR PT/MF 08 OF 2019/20

MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE FOR THE 2020/21 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

PURPOSE

The purpose of this circular is to remind municipalities to submit the reconciliation between the valuation roll data to that of their billing system to the National and Provincial Treasuries by 07 February 2020 to ensure that revenue anticipated from *Property rates* are accurate as per Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) Circular No. 98.

BACKGROUND

National Treasury MFMA Circular No. 93, item 3.1 and MFMA Circular No. 98, item 4.1 required municipalities to perform a reconciliation between their valuations roll data to that of their billing systems. The objective of this reconciliation is to ensure that revenue anticipated from *Property rates* is realistic. It is good accounting practise that municipalities reconcile their billing system against the general valuation roll, supplementary valuation roll and the deeds registry at least quarterly. Any exceptions arising from the reconciliation should be resolved to ensure maximum billing of properties within the municipal boundaries.

The information required by National Treasury and Provincial Treasury is detailed below for the 2019/20 financial year (01 July 2019 to date).

1. A copy of the approved current General Valuation Roll of the municipality;
2. A copy of the approved Supplementary Valuation Roll of the municipality;
3. An extract from the financial system showing the property rates information (preferably in excel);
4. The detail of the reconciliation between the GVR and the financial system illustrating the variances;
and
5. The proposed process to rectify the variances.

In addition, the format below (excel) is required that captures a high level summary of the exercise.

Rates Category	Approved General Valuation Roll		Financial System		Variance	Comments
	Number of Properties	Consolidated Value of Properties	Number of Properties	Consolidated Value of Properties		

WAY FORWARD

In the preparation of their 2020/21 MTREF budgets, the emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their budgets from realistically anticipated revenues to be collected therefore municipalities are cautioned against assuming collection rates that are unrealistic and unattainable.

It is therefore essential that municipalities pay attention to reconciling the valuation roll data to that of their billing system to ensure that revenue anticipated from *Property rates* are accurate and realistic.

In accordance with the National Treasury MFMA Circular No. 98, municipalities are reminded once again to prepare and submit the required information to the National Treasury and Provincial Treasury by no later than **07 February 2020** in respect of their 2020/21 MTREF Budgets.

The Provincial Treasury support team can be contacted should you require additional clarification.

CONCLUSION

The above information must be submitted on a CD or USB as follows:

(1) National Treasury for attention:

Posted documents:

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

Couriered documents:

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

(2) Provincial Treasury for attention:

The Provincial MFMA Coordinator
Provincial Treasury, 7th Floor Treasury House
145 Chief Albert Luthuli Street
Pietermaritzburg, 3201

Yours faithfully



Mr. LS Magagula
HOD: KZN Provincial Treasury

cc: **Mayors**

Administrators

Jan Hattingh, National Treasury

TV Pillay, National Treasury

Ntombifuthi Mhlongo, Business Executive (Auditor-General) – KwaZulu - Natal