

## SECTION 14: FINANCIAL REPORTING

Local-level Governments are required to submit certain reports to the Provincial Treasurers for on forwarding to the Department of Finance.

There are two kinds of reports. *Monthly reports and Annual reports.*

### 14.1 Monthly Reports

Monthly Financial reports shall comprise one comprehensive statement. This statement is called "*Monthly Financial Statement*" broken up into three parts in the standard statement, Parts "A", "B" and "C".

#### **Part A: Bank Reconciliation.**

The guidelines to complete this part of the statement and the required attachments are given in the "*BANK RECONCILIATION*" **refer to Section 11 of the manual.**

#### **Part B: Trial Balance.**

These are summary balances from the General ledger.

This part of the statement has a Debit column and a Credit column. Once this part is completed the totals of these two columns should be exactly the same.

All the different types of ledger accounts are listed in this part. The balances of these ledger accounts are summarised and the totals are entered in the respective lines. For example the total of all the revenue ledger accounts such as the various grant revenues and all the internally raised revenue accounts will be summarised and the total of this summary will be entered against the heading "Revenue Ledger Account".

Similarly all the expenditure accounts such as salaries and wages, vehicle running expenses etc will be added together and the total will be entered against the heading "Expenditure Ledger Account".

All the ledger accounts listed in the statement may not be used in some Local-level Governments. In that case just write "NIL" against that heading.

#### **Part C: Funds Statement**

This part is simple to complete. All the figures required in this part are already there in Part B of the statement. Simply copy the figures from Part B and this part of the statement will balance. The balance shown in line 5 ("*CURRENT FUNDS*") will be exactly the same as the total shown in the last line.

## 14.2 Other Monthly Statements

It is mandatory for Local-level Governments to furnish monthly statements of accounts for:

- Grant related expenditure;
- Expenditures for other Cash Fund Certificates;
- National revenues collected in the Local - level Government area;
- Trust Receipts and Payments

Information needed to compile monthly statements of accounts may be extracted from the Accounts Source Listing generated by the PGAS computer system. Where manual records are maintained, it may be extracted from the manual commitment ledger and manual revenue ledger. These monthly reports including the account source listing must be sent to the Provincial Treasurer, for on forwarding to Public Accounts Division, within 7 working days of month end

## 14.3 Content and Accuracy

These financial statements should incorporate monetary transactions for Local-level Governments and the cash offices, which have been duly checked and verified by the District Treasurer and or the Provincial Treasurer.

The Treasurer will be held responsible for furnishing Statements of Account and any failure to comply with these reporting requirements will constitute negligence in the performance of the assigned duties and may lead to disciplinary action under the contract of employment.

This Monthly report should be submitted within 14 days after the end of every calendar month.

## 14.4 Annual Financial Reports

The Annual Financial Statement that shall be used to produce the Local-level Government full statement of the Financial position and of the affairs of the Local-level Government is outlined below:

- A. Statement of Local-level Government Account Balances**  
Statement of year-end Provincial Account Balances represented by year-end bank balances. This statement shall be supported by a Bank Reconciliation Statement.
- B. Summary of Receipts and Payments** A summary operating statement recognising the revenues actually received and expenditure

actually paid.

- C. Provincial Receipts and Payments of Trust Funds** A summary of all trust fund revenues actually received and expenditure actually paid.
- D. Statement of Sources and Application of Cash** A summary cash flow statement showing sources of revenue and where these funds were applied. The statement also shows a reconciliation of changes in bank balances to the net movement of the cash flow statement.
- E. Statement of Local-level Government Financial Investments** Schedule of all term deposits, debentures and similar instruments held by the Government.
- F. Statement of Direct Investment, Capital Contributions, Equity, Options and Rights** Schedule of all shareholdings and related investments held by the Government.
- G. Statement of Local-level Government Lending** Schedule of all funds lent by the Government, including on-lent loans funds.
- H. Statement of Borrowings** Schedule of all funds borrowed or loaned.
- I. Statement of Loans Guaranteed by the Local-level Government**  
  
A list of borrowings which have been guaranteed by the Government.
- J. Statement of receipts Classified Under Heads of Revenue Estimates** Schedule of revenues received and presented in accordance with budget appropriation classifications.
- K. Statement of Expenditure Classified Under Heads of Appropriation** Schedule of expenditure actually paid and formatted in accordance with budget appropriations.

The details of the Annual Financial Statements Format description are attached in this manual.

## 14.5 Presentation of the Annual Financial Statements

The presentation of the Annual Financial Statements shall comprise:

- a) A Local-level Government President's Statement on the Local-level

Government's Budget performance.

- b) A Council Executive Officer's Statement on Financial operation of the Local-level Government for the fiscal year.
- c) A Local-level Government and Treasury Accounting Organisation Chart.
- d) Description of the Government Accounting System which includes:
  - Legal Framework
  - Composition of the Local-level Government Accounts
    - Consolidated Revenue Fund
    - Trust Fund
  - Accounting Principles and Practices
  - Accounting Organisation
- e) The Annual Financial Statement (A-K) refer to Appendix 1

#### **14.6 Submission of Local-level Governments Accounts**

It is mandatory for Provincial/District Treasurers to prepare and furnish the Annual Financial Statements for each fiscal year as required under Section 114 of the Organic Law on Provincial Governments and Local-level Governments.

The Provincial Treasurer will be held responsible for any failure to comply with these reporting requirements.