

# RATEPAYERS' INTEREST IN MUNICIPAL ANNUAL REPORTS IN SOUTH AFRICA

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## ABSTRACT

Municipal ratepayers are considered to be interested in and significant users of municipal annual reports. An empirical study was conducted to determine the interest of South African ratepayers in their municipal annual reports. To obtain a representative population of municipal ratepayers with e-mail contact details, two reliable databases for the identification of the samples were used. These were from the Department of Trade and Industry (DTI) and Companies Intellectual Property Registration Office (CIPRO) of the Companies and Intellectual Properties Commission (CIPC). The results suggest that ratepayers had little interest either in participating in the survey or in municipal annual reports. According to the findings, ratepayers are concerned about and interested in service delivery. Considering the effort and financial resources required to prepare and publish a comprehensive annual report, the results of this study indicate that a significant user group does not use it; this would seem to indicate the need for a reassessment of the format, preparation and publication of the report.

**Keywords:** Municipal ratepayers, municipal, annual report, municipal annual financial statements, municipal annual report users, municipal service delivery

## INTRODUCTION

In terms of section 46.1(b) of the Local Government: Municipal Systems Act 32 of 2000, a municipality must prepare an annual report for each financial year, including the financial statements for that financial year, in accordance with the standards of

generally recognised accounting practice (GRAP) referred to in section 89 of the Public Finance Management Act 1 of 1999 (PFMA). All municipalities in South Africa must also comply with the standards of GRAP, issued in terms of Chapter 11 of the PFMA. In 2002, the public sector Accounting Standards Board (ASB) came into operation, with the primary objective of setting standards of GRAP for, *inter alia*, municipalities and other entities under the ownership and control of a municipality (ASB 2007). Municipalities must comply with GRAP; compliance is audited by the Auditor-General during the annual statutory audit process and an audit opinion is expressed (see section 188 of the Constitution and section 4 of the Public Audit Act 25 of 2004) (South Africa 1996; South Africa 2004b).

The Accounting Standards Board (ASB) of the United Kingdom (ASB 2003, 29) views ratepayers as the primary funders and financial supporters of a municipality, and therefore as important users of the audited financial statements and annual reports. Although municipal ratepayers are regarded as a significant user group of municipal financial information and the formal audited financial statements as part of the annual report of municipalities (GASB 1987, 12; ASB 2003, 29; Brusca and Montesinos 2006, 205; NT 2012, 1), the research reported on in this article indicates otherwise.

The ratepayers in a municipality are represented primarily by households, businesses and industry within the jurisdiction of the municipality (South Africa 2004a, s7 (1)). The literature includes ratepayers in the definition of external users of municipal financial information. External users of the municipal annual report are all ratepayers, including political constituents, investors, lenders and researchers (Fourie, Opperman, and Scott 2011, 528).

Formal “in-year” municipal financial information for monitoring and reporting, available to external users on the municipal websites, includes monthly and quarterly reports, mid-year budgets and performance assessments (see Local Government: Municipal Finance Management Act (MFMA) 56 of 2003s.75 (1) (k) and s.52 (d); Municipal Structures Act 117 of 1998 (as amended) s.21A, s.41 (1) (e) and s.41 (2)) (South Africa 2003; South Africa 1998). The annual report, however, is a summary of all municipal activities, including financial and performance data (NT 2012, 3).

The guidelines for the publication of municipal annual reports require that the audited annual report be made public and posted on the municipality’s website before the end of December of each financial year (NT 2012, 8). One of the purposes of the annual report is “to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity” (1). The local community comprises the ratepayers for whom the annual report is prepared and published.

In terms of section 127(5) of the MFMA, immediately after it has been tabled the accounting officer of a municipality must make the annual report public, invite

the local community to submit representations in connection with it, and submit it to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

Although compliance of the annual financial statements with GRAP is audited, the GRAP requirements are questioned by “accounting purists,” and no evidence could be found of any research establishing the needs of ratepayers in terms of timing, frequency, applicability, simplicity and usefulness. This research should promote a better understanding of these needs and indicate whether ratepayers are in fact using the municipal annual report to assess “accountability” as anticipated by National Treasury.

The empirical information obtained from a representative sample of non-statutory ratepayers in South Africa is analysed in this article and used to clarify the interest of ratepayers in the municipal annual reports. The article concludes with a summary of the findings, recommendations for further research, and suggestions for action to assist decision-makers.

## PROBLEM STATEMENT

The use of municipal annual reports by ratepayers in South Africa has not been researched before.

Although municipal legislation requires the publication of various documents and even invites local communities to submit representations to enhance public accountability, the most comprehensive and publicly known publication, the municipal annual report, which is perceived to be commonly used by ratepayers, is not used by this significant user group as expected.

## THE AIM AND PURPOSE OF THE STUDY

The aim of the study reported on in this article was to determine the interest of ratepayers in the municipal annual report. The objective of the study was to determine the use of the municipal annual report by municipal ratepayers, identify the issues influencing the use of the annual report, and recommend interventions to enhance use of the annual report.

## BACKGROUND TO THE STUDY

### A brief history of the municipal annual report

There were no legislative requirements for the preparation or publication of municipal annual reports until 1990. Although municipalities in South Africa generally

maintained sound and fairly sophisticated accounting systems, prepared reliable budgets, kept impeccable financial records and were financially well disciplined before 1990, no formal accounting format or practices for annual reports were available. Municipalities operated on the principles of accrual accounting. Larger municipalities had carefully designed internal costing systems, and major municipal services were generally operated on an economic or even profitable basis (Oates 2003, 2). The accounting system, income and expenditure accounts and balance sheet were audited; audit qualifications were regarded as a disgrace, and disclaimers unheard of. Ratepayers were afforded the opportunity to comment on the budgeting allocations and had access to the annual financial statements made available for scrutiny at municipal offices as required by the provincial legislation.

Since 1990, the Institute of Municipal Treasurers and Accountants (IMTA), which later became the Institute of Municipal Finance Officers (IMFO), has published guidelines on various aspects of municipal accounting and local government financial administration. IMFO guides and influences legislation, policy-formulating commissions and national and provincial directives concerning municipal finances. The institute also works closely with the office of the Auditor-General with a view to establishing uniform standards and criteria for the auditing of municipalities.

During the early 1990s, IMFO produced three substantial guidelines for municipalities: a Framework for the Preparation and Presentation of Financial Statements for Local Authorities in South Africa (IMFO 1995), a Guide on the Published Annual Financial Statements for Local Authorities in South Africa (IMFO 1996b) and Code of Accounting Practice for Local Authorities in South Africa (IMFO 1996a). These guidelines were based on the principles of accrual accounting, and were used until Generally Accepted Municipal Accounting Practice (GAMAP) and subsequently Generally Recognised Accounting Practice (GRAP) became the accounting standard to be complied with. A copy of the audited financial statements, together with the auditor's report, was and is still considered by most to be the major component of the annual report.

National Treasury, the custodian of the accounting standards for municipalities, from time to time publishes circulars guiding municipalities on the implementation of accounting practices and year-end reporting. These circulars refer to reporting timeframes, content requirements and formats. These guidelines and requirements are focussed on operational users to promote efficacy.

No known academic research on ratepayers' needs in terms of municipal information in annual reports could be identified.

## The statutory requirements for municipal annual reporting

It is stated in section 127 of the MFMA that a municipality must prepare an annual report and table it in council by 31 January of the year following the end of each financial year. Section 121(3) stipulates that the annual report must contain a copy of the audited financial statements, the audit report by the Auditor-General and an assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection.

Early in 2005, National Treasury published Circular 11, which was the first to provide guidance on the preparation of the annual report by municipalities (NT 2005a). Its aim was to encourage continuous improvement in the standard of reporting by municipalities and to promote accountability to stakeholders.

In September 2012, National Treasury published Circular 63 (NT 2012) to provide guidance to municipalities and municipal entities on a new annual report format and its content. The major change relates to information on the progress made on service delivery, which is considered by ratepayers to be a significant indicator of accountability by a municipality.

A number of *forward-looking* documents, such as the Service Delivery and Budget Implementation Plan (SDBIP), which is the implementation plan for the Integrated Development Plan (IDP), and the Medium-term Revenue and Expenditure Framework (MTREF), which sets out what the municipality intends to do and the funds it will raise and spend, are also published by a municipality and available for public input. The annual report, however, is *backward looking*, as it reports on actual performance at the end of the financial year, setting out how the IDP and budget were implemented (NT 2005b, 4).

## The purpose of the municipal annual report

The municipal annual report is regarded as an important formal mechanism for communicating with ratepayers, and is aimed at satisfying accountability objectives (Fourie, Opperman, and Scott 2011, 270). According to the National Treasury, the annual report is "to be used as a decision-making tool by municipalities." The only reference to ratepayers in the National Treasury circular updating the municipal annual report is found in an explanation of the purpose, that is, "to promote accountability to the local community for the decisions made throughout the year" (NT 2012, 1).

Since the annual report, in audited and council-approved format, is only available on 31 January of the year following the financial year-end (30 June), the purpose as indicated by Circular 11, namely use as a decision-making tool, is not achieved. Effective decision-making has to be based on the most recent information

that is available to the municipal management from the internal information systems, and not the annual report, which by then is outdated. The claim that accountability to the local community (ratepayers) throughout the year will be promoted cannot be upheld either. Accountability to the community is demonstrated by continuous service delivery, of a quality and at a quantity agreed upon during the budgeting process. Based on the above, the annual report seems to have limited accountability value for ratepayers.

## The users of the municipal annual report

The overall objective of reporting is to provide relevant information to the users of the information reported on. It is thus important to have clarity as to who the users of the information are, and what their information needs are (Wilson 1998, 218). The value and usefulness of reporting is largely reflected in the interest in it, as demonstrated by use.

Opinions vary as to who the users of municipal annual reports are. Drebin (1981, 127) and Lapsley (1992, 282) identify the main user groups as:

- Providers of resources such as finance, labour and materials
- Resource allocation decision-makers, e.g. management, central government
- Elected officials and those electing them (the electorate or ratepayers)
- External parties in transactions with the municipalities

The Government Accounting Standards Board in the United States (GASB 1987, 12), which is also supported by the International Federation of Accountants (IFAC) Public Sector Committee (IPSAS 2000, 3), argues that there are three groups of primary users of governmental financial reports, namely:

- those to whom the government is primarily accountable (the citizens, voters),
- those who directly represent the citizens (legislative and oversight bodies), and
- those who lend or who participate in the lending process (investors and creditors).

Except for a project undertaken by the Public Service Commission in 1999 (PSC 1999) to assess the usefulness of the annual reports of South African public service departments, no other relevant studies have been conducted for the South African public sector, including the municipal environment. Internationally, several relevant studies have been conducted. Atamian and Ganguli (1991, 8) identified city employees (internal users) and “other municipalities” as significant categories of users of municipal annual reports. In a study by Steccolini (2002, 3), Italian local government entities revealed that they were not aware of external users of their annual report, claiming that the annual report is prepared only in order to comply with legal

requirements, and is mainly for internal use. Furthermore, other local governments, lenders, suppliers and citizens are not perceived to be strongly interested in local government reports (15).

The King III Report (IOD 2009, 14) states that “stakeholders can be considered to be any group who can affect, or be affected by the company or its reputation.” In light of this definition, municipal stakeholders represent a broad spectrum of potential users of municipal financial information. The users of municipal financial reports are listed by Fourie, Opperman, and Scott (2011, 528) as follows:

- **constituents**, comprising the electorate, ratepayers, businesses, public interest groups, the news media and the general public;
- **elected and appointed representatives and officials** of the municipality;
- **other statutory agencies** such as national government departments, provincial government and Statistics SA;
- **investors and lenders**, including professional analysts and rating and loan agencies;
- **developers**, both existing and potential, of residential, industrial and commercial projects; and
- **researchers**.

The users of municipal financial information can be divided into internal and external users. From the researcher's perspective, the perceived external users of municipal financial information are the same as in the above list, excluding the elected and appointed representatives and officials, who are regarded as internal users. The internal users have access to a variety of updated interim internal financial management reports, limiting the usefulness of the outdated formal annual reports.

The external users can be further divided into statutory and significant users. Statutory users are those who do not have significant decision-making responsibilities, but are guided by legislative compliance requirements. The significant users are an important group, mainly responsible for paying the rates and taxes, and represented by the industries, businesses and residential communities within the municipal area of jurisdiction. These significant users need regular, timely, up-to-date and accurate financial information for business decision making. These decisions may include strategic decisions relating to, for instance, relocation and up- or downsizing their activities, and operational decisions such as alternative energy usage, working hours for different categories of labour in light of public transport facilities, and outsourcing of selected operating activities.

Municipal ratepayers can thus be regarded as important users of the municipal annual report.

## The needs of ratepayers in terms of the municipal annual report

Ratepayers, as primary funders of municipalities, do have a right to assess the accountability of their municipality. In order to exercise this right, they need relevant information. Although the municipality publishes a number of reports during the year, the municipal annual report is the most publicly known document summarising the municipality's activities and performance.

The municipal annual report is prepared and published in a format as published in National Treasury Circular 63 (NT 2012). Although it is claimed that this format will promote accountability to the local community for the decisions made by the municipality throughout the year, the information should comply with the needs of the community to enhance interest in it and the use of it.

In a recent study by the Association of Government Accountants (AGA), which has a mandate to "promote public sector accountability and transparency, to encourage good government and increase citizens' confidence (AGA 2011, 3), it was found that although public entities claim that they achieve transparency by publishing relevant documentation, the information is not being read or used by the citizens. One of the reasons is that it is too difficult to assimilate and understand in context.

Critical information in the municipal annual report is found in the audited financial statements. In chapter 3, paragraph 5, of the reporting guide by the Auditor-General, the auditor evaluates whether "the financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements" (Auditor-General 2009, 101). The specific use of the term "intended users" by an important authority such as the Auditor-General seems to indicate that some users are not intended to understand the effect of material transactions and events on the information conveyed in the financial statements.

In order for the annual report to be productive and effective, the needs of users of municipal information should be analysed and used as a basis to structure the content, format and communication (distribution). If the annual report is not used, it does not serve its purpose.

## RESEARCH METHODOLOGY

A literature study was conducted as a means to identify the purpose, objective and users of the municipal annual report. Before the research was conducted, the required ethical clearance for an empirical study was obtained. A questionnaire to determine ratepayers' understanding and use of the municipal annual report was developed and presented to a representative sample of municipal ratepayers. The sample was



based on a list of companies in South Africa as published by the Department of Trade and Industry (DTI) and the Companies and Intellectual Properties (CIPRO) database of the Companies and Intellectual Properties Commission (CIPC). The companies listed range from single-proprietorships to large corporations undertaking a broad spectrum of economic activities, including basic service delivery, administrative and financial services and farming and manufacturing. The empirical information obtained was processed and statistically analysed to determine the use and usefulness of the formal municipal annual report as published by municipalities and the information needs of ratepayers. The data was collected by means of an open-source online Limesurvey administered by Unisa. IBM SPSS Statistics was used for the data analysis. SPSS uses Cronbach's alpha as the most common measure of internal consistency ("reliability"). It is most commonly used when there are multiple Likert questions in a survey or questionnaire that form a scale, and the researcher wishes to determine whether the scale is reliable.

A limitation of the study was the low response rate. Whereas an average response rate of between 10 and 30 per cent is claimed for Limesurveys in general (Wadia and Parkinson 2010, 4), the response rate for this specific survey was 2.55 per cent. Although two surveys were administered using different databases for the representative samples, the response rate was low. I am of the view that the low response could be attributed to a general lack of interest, a lack of trust, or ignorance in matters relating to the municipal environment.

## ANALYSIS AND FINDINGS

The first survey consisted of a sample of 680 e-mail addresses (from the DTI database) of registered companies countrywide. Only 10 responses (1.47 %) were received, and because some e-mail addresses were returned as unknown (or invalid), it was decided to broaden the sample. The second survey consisted of 1161 e-mail addresses of individuals and institutions on the CIPRO database. Statutory institutions were excluded because they might have had a vested interest and influenced the reliability of the survey. There were 37 responses (3.19 %). In all, 47 responses (2.55 %) were received for both the first and second survey.

Of the 47 respondents, 17 did not answer the questions dealing with the content of the annual report, indicating that they were willing to complete the questionnaire, but either had no interest in, or did not understand the content of the municipal annual report.

An analysis of the sample and response is presented in table 1.

**Table 1:** Sample and response rate

	n =	Total responses	Only geographical information completed	Fully completed questionnaires
Survey 1	680	10	3	7
Survey 2	1 161	37	14	23
TOTAL	1 841	47	17	30

The purpose of the geographical information was to determine whether there were specific types of ratepayers or categories of municipalities, and/or whether experience with the municipality revealed specific tendencies with regard to users' interest in and use of the municipal annual reports. The geographical information consisted of the following:

- The five types of ratepayers, viz Industrial, Commercial, Residential, Uncertain, or Not indicated.
- Five categories of municipalities, viz Metropolitan, District, Local, Uncertain, or Not indicated;
- Three categories of years as a ratepayer, viz short term (1–3 years), medium term (3–10 years), longer term (more than 10 years), or uncertain.

Although only 17 ratepayers completed the geographical information, 30 respondents completed 90 per cent or more of the questionnaire.

The respondents represented different types of ratepayers, as indicated in table 2.

**Table 2:** Response from different types of ratepayers

Type of ratepayer	No. of respondents	percent
Industrial	2	4.3
Commercial	3	6.4
Residential	35	74.5
Uncertain	2	4.3
Not indicated	5	10.6
TOTAL	47	100

Because residential ratepayers (homeowners) are by far the majority group of ratepayers in municipal areas, one would expect that in a normal distribution of a population of ratepayers, most will be residential. Seven respondents, representing

almost 15 per cent, either were uncertain (2) or did not indicate the type of ratepayer they constituted (5). A relatively large number of ratepayers were therefore not sure about their role as ratepayers, or may have been cautious and uncertain about whether their responses would in fact be unidentified.

The analysis, interpretation and findings with reference to the objectives of the study, that is, to determine the use of the municipal annual report by municipal ratepayers, brought to light a number of factors influencing the use of the annual report and made it possible to recommend interventions to enhance the use of the annual report. These are discussed below.

## Use of the Annual Report

Five of the six statements formulated to determine the use and understanding of the municipal Annual Report were included in the test of the reliability of scales. Cronbach's alpha was used as a coefficient of internal consistency. The reliability of the construct "Use of the municipal Annual Report" was acceptable, with an overall Cronbach's alpha value of 0.710. Table 3 shows the responses to factors indicating the use and understanding of the municipal annual report.

**Table 3:** Indicators showing the use and understanding of the municipal annual report

	<b>Statement</b>	<b>Per cent of total respondents</b>	<b>Valid per cent</b>
B1	I have never read my municipality's annual report	53.2	64.1
B2	I have read a substantial part/section of my municipality's annual report	25.5	33.3
B3	I regularly read/study my municipality's annual report	14.9	20.0
B4	Municipal accounting standards are developed by "accounting purists" and should therefore not be influenced by non-accountants	31.9	46.9
B5	The acronym "GRAP" stands for "Government Related Accounting Principles"	27.7	76.5

More than 50 per cent of respondents indicated that they had never read their municipal annual report or even any part of it. Of the 25.5 per cent who indicated that they had read a substantial part/section of the municipal annual report, 68, 3 per cent indicated that they were more interested in the non-financial information, such as political office bearers and service delivery statistics.

Approximately 15 per cent of the respondents indicated that they regularly read/studied their municipal annual report. This represents less than 0.4 per cent of the sample of ratepayers.

Statements B4 and B5 were included to determine whether the respondents had some knowledge of and/or an independent opinion on the issues they were commenting on. Validity testing between statements B3, B4 and B5 indicated that 48.7 per cent of those respondents who indicated that they regularly read/studied their municipal annual report did not have an independent opinion on financial matters or know the name of the accounting standards applicable to municipalities.

The extremely low response rate, together with the 64.1 per cent of respondents who indicated that they had never read a municipal Annual Report, suggests that ratepayers in general are not interested in the information contained in the municipal annual report.

## Issues influencing the use of the municipal annual report

The five critical statements for the analysis of the use of the municipal annual report reveal acceptable reliability (Cronbach's alpha value of 0.666). A five-point Likert scale was used to assess the statements, which were grouped as positive, undecided and negative. The statements and scores are summarised in table 4.

**Table 4:** The use of the municipal annual report

	Statement	Per cent of respondents		
		Disagree	Undecided	Agree
C3	The accuracy of information in the annual report is trusted	36.7	30.0	33.4
C5	The information in the annual report has little value for ratepayers	44.8	6.9	48.3
C7	The information complies with ratepayer information needs	50.0	23.1	26.9
C18	Irrespective of the quality of the AR, it is too late, and thus useless for decision-making	37.0	11.1	51.8
C26	Municipal financial reporting successfully informs ratepayers about municipal financial efficacy	48.0	8.0	42.0

Based on the information in table 4, the majority of respondents were of the opinion that the municipal annual report could not really be trusted, had little value for

ratepayers, did not comply with ratepayer information needs, was outdated, and did not reflect municipal financial efficacy.

## Importance of types of municipal information

The municipal annual report consists of the audited annual financial statements and other relevant organisational, statistical and performance-related information. The respondents differentiated between the use of financial information and information in the annual report as follows:

**Table 5:** Use of the type of municipal information

	Statement	per cent of respondents				
		Strongly disagree	Disagree	Undeci-ded	Agree	Strongly agree
C9	I regard myself as a user of municipal financial information	14.9	37	-	33.3	14.8
C13	I consider myself as an important user of the municipal annual report	20	20	24	28	8

The respondents were generally clear about whether they were users of municipal financial information. Slightly more than half of the respondents (51.9 %) indicated that they disagreed, and did not regard themselves as users of municipal financial information, while 48.1 per cent saw themselves as users of municipal financial information. On the use of the annual report, a substantial per centage of respondents (24 %) were undecided, 40 per cent of the respondents did not consider themselves as users, while 36 per cent indicated that they were users.

The information in table 5 shows a tendency among users to be more interested in the municipal financial information than in general information presented in the annual report.

## Importance of municipal financial information

Of the respondents, 41.6 per cent failed to rate the importance of the different types of municipal financial information. In terms of importance, the respondents rated the type of municipal information as follows:

**Table 6:** Importance of the specific type of municipal financial information

Type of information	Ranking	Per centage
Financial and service delivery performance	1	18.58 per cent
Capital programme performance, specifying major deviations	2	14.97 per cent
Operating budget performance	3	14.13 per cent
Tenders awarded (successful supplier/contractor, tender implementation/construction period, value of tender)	4	13.56 per cent
Net cash flow per month	5	13.20 per cent
Rates and services debtor status and recovery trends per consumer category	6	13.03 per cent
Distribution losses (water and electricity)	7	12.54 per cent
		100 per cent

The need for the different types of financial information important to ratepayers is reflected in a narrow band (12.5 % to 18.6 %). Performance-related information was indicated as the most important. Ratepayers were mostly concerned with and interested in operational service delivery such as uninterrupted electricity and water supply. The importance of financial performance is indicated by the next two ratings that followed, that is, “Capital programme performance” and “Operating budget performance”. Ratepayers were committed to paying for their municipal services when getting value for money.

Internal financial information used by the municipality to ensure sustainability was rated lowest. Ratepayers seemed to be less interested in internal municipal financial matters.

## RECOMMENDATION

In a developing country like South Africa, resources, and public resources in particular, should be focused on productivity and growth, guided by national priorities, and based on needs. The outcome of this study calls for a reassessment of the process, content and format of the annual report, and of the preparation, presentation and publication of the municipal annual report for municipalities in South Africa.

To increase the interest of municipal ratepayers in their municipal annual reports effectively, comprehensive research on ratepayer information needs is required.

## CONCLUSION

Although the low number of respondents can be considered a limitation of the study, the outcomes and reliability indicators suggest that the results can be generalised for South African municipal ratepayers.

The population for this research comprised ratepayers in South Africa on recognised public databases. The extremely low response rate could be seen as indicative of the ignorance of a large percentage of ratepayers representing individuals, businesses, and industry regarding the value of the municipal annual report.

The assumption that ratepayers are significant users of the municipal annual report was contradicted by this research. Although a great deal of care is taken with the preparation of the municipal annual report and it is perceived to be used by the majority of ratepayers, the research reported on here indicates that most ratepayers do not use it.

The research suggests that the municipal annual report in its current format is not an effective communication medium for fulfilling ratepayer information needs. Although the annual report and a number of interim reports are made available to inform ratepayers with regard to planning, budgeting, implementation and operational performance, their interest in municipal information relates predominantly to service delivery performance.

If what is assumed to be a large and significant user group such as ratepayers is not using the municipal annual report, its purpose, format, content and distribution should be reconsidered.

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