BA-PHALABORWA MUNICIPALITY

 BUDGET POLICY



2013/14

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DEFINITIONS

"Accounting Officer"-

(a)

means the Municipal Manager;

“Allocation", means-

(a)

(b)

(c)

(d)

a municipality's share of the local government's equitable share referred to in section

214(l) (a) of the Constitution;

an allocation of money to a municipality in terms of section 214(1) (c) of the

Constitution;

an allocation of money to a municipality in terms of a provincial budget; or

any other allocation of money to a municipality by an organ of state, including by

another municipality, otherwise than in compliance with a commercial or other

business transaction;

"**Annual Division of Revenue Act**" means the Act of Parliament, which must be enacted

Annually in terms of section 214 (1) of the Constitution;

"Approved budget,” means an annual budget-

(a)

(b)

approved by a municipal council, or

includes such an annual budget as revised by an adjustments budget in terms of

**section 28 of the MFMA**. Section 48 refers to security.

“Basic Municipal Service" means a municipal service that is necessary to ensure an

acceptable and reasonable quality of life and which, if not provided, would endanger public

health or safety or the environment;

"Budget-related Policy" means a policy of a municipality affecting or affected by the annual

budget of the municipality, including-

(a)

(b)

(c)

the tariffs policy, which the municipality must adopt in terms of **section 74 of the**

**Municipal Systems Act;**

the rates policy which the municipality must adopt in terms of legislation regulating

municipal property rates; or

the credit control and debt collection policy, which the municipality must adopt in terms

of **section 96 of the Municipal Systems Act;**

ii

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to

be approved in terms of **section 16(1) of the MFMA**;

“Chief financial officer” means a person designated in terms of **section 80(2) (a) of the**

**MFMA;**

“Councillor” means a member of a municipal council;

"Creditor", means a person to whom money is owed by the municipality;

"Current year" means the financial year, which has already commenced, but not yet ended;

"Delegation", in relation to a duty, includes an instruction or request to perform or to assist in

performing the duty;

"Financial recovery plan" means a plan prepared in terms of **section 141 of the MFMA**

"Financial statements", means statements

consisting of at least-

(a)

(b)

(c)

(d)

(e)

a statement of financial position;

a statement of financial performance;

a cash-flow statement;

any other statements that may be prescribed; and

any notes to these statements;

"Financial year" means a twelve months period commencing on 1 July and ending on 30

June each year

"Financing agreement" includes any loan agreement, lease, and instalment purchase

contract or hire purchase arrangement under which a municipality undertakes to repay a

long-term debt over a period of time;

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would

have been avoided had reasonable care been exercised;

"Irregular expenditure", means-

(a)

expenditure incurred by a municipality or municipal entity in contravention of, or that is

not in accordance with, a requirement of the MFMA Act, and which has not been

condoned in terms of **section 170 of the MFMA**;

expenditure incurred by a municipality or municipal entity in contravention of, or that is

not in accordance with, a requirement of the Municipal Systems Act, and which has not

been condoned in terms of that Act;

iii

(b)

(c)

(d)

expenditure incurred by a municipality in contravention of, or that is not in accordance

with, a requirement of the **Public Office-Bearers Act, 1998 (Act No. 20 of 1998);** or

expenditure incurred by a municipality or municipal entity in contravention of, or that is

not in accordance with, a requirement of the supply chain management policy of the

municipality or entity or any of the municipality's by-laws giving effect to such policy, and

which has not been condoned in terms of such policy or by-law, but excludes

expenditure by a municipality which falls within the definition of "unauthorised

expenditure";

"Investment", in relation to funds of a municipality, means-

(a)

(b)

the placing on deposit of funds of a municipality with a financial institution; or

the acquisition of assets with funds of a municipality not immediately required, with the

primary aim of preserving those funds;

"Lender", means a person who provides debt finance to a municipality;

"Local community" has the meaning assigned to it in section 1 of the Municipal Systems

Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998

(Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000

(Act No. 32 of 2000);

“Long-term debt" means debt repayable over a period exceeding one year;

" Mayor" means the councillor elected as the executive mayor of the municipality

in terms of **section 55 of the Municipal Structures Act;**

"Municipal council" or "council" means the council of a municipality referred to in **section 18**

**of the Municipal Structures Act;**

"Municipal debt instrument" means any note, bond, debenture or other evidence of

indebtedness issued by a municipality, including dematerialised or electronic evidence of

indebtedness intended to be used in trade;

"Municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act

(refer to the MSA for definition);

"Municipality"-

(a)

(b)

when referred to as a corporate body, means a municipality as described in **section 2 of**

**the Municipal Systems Act; or**

when referred to as a geographic area, means a municipal area determined in terms of

the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

iv

"Accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the

Municipal Structures Act;

"Municipal service" has the meaning assigned to it in section 1 of the Municipal Systems

Act (refer to the MSA for definition);

"Municipal tariff" means a tariff for services which a municipality may set for the provision

of a service to the local community, and includes a surcharge on such tariff;

"Municipal tax" means property rates or other taxes, levies or duties that a municipality may

impose;

"National Treasury" means the National Treasury established by section 5 of the Public

Finance Management Act;

"Official", means-

(a)

(b)

(c)

an employee of a municipality or municipal entity;

a person seconded to a municipality or municipal entity to work as a member of the

staff of the municipality or municipal entity; or

a person contracted by a municipality or municipal entity to work as a member of the

staff of the municipality or municipal entity otherwise than as an employee;

"Overspending"-

(a)

means causing the operational or capital expenditure incurred by the municipality

during a financial year to exceed the total amount appropriated in that year's budget

for its operational or capital expenditure, as the case may be;

in relation to a vote, means causing expenditure under the vote to exceed the amount

appropriated for that vote; or

in relation to expenditure under section 26 of the MFMA, means causing expenditure

under that section to exceed the limits allowed in subsection (5) of this section;

(b)

(c)

"Past financial year" means the financial year preceding the current year;

"Quarter" means any of the following periods in a financial year:

(a)

(b)

(c)

(d)

1 July to 30 September;

1 October to 31 December;

1 January to 31 March; or

1 April to 30 June;

v

"Service delivery and budget implementation plan" means a detailed plan approved by

the executive mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for

implementing the municipality's delivery of municipal services and its annual budget, and

which must indicate-

(a)

projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b)

(c)

service delivery targets and performance indicators for each quarter; and

any other matters that may be prescribed, and includes any revisions of such plan by

the executive mayor in terms of section 54(l) (c) of the MFMA;

"Short-term debt" means debt repayable over a period not exceeding one year;

"Standards of generally recognised accounting practice,” means an accounting practice

complying with standards applicable to municipalities or municipal entities as determined by

the Accounting Standards Board

"Unauthorised expenditure", means any expenditure incurred by a municipality otherwise

than in accordance with section 15 or 11(3) of the MFMA, and includes-

(a)

(b)

(c)

(d)

(e)

(f)

overspending of the total amount appropriated in the municipality's approved budget;

overspending of the total amount appropriated for a vote in the approved budget;

expenditure from a vote unrelated to the department or functional area covered by the

vote;

expenditure of money appropriated for a specific purpose, otherwise than for that

specific purpose;

spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of

"allocation" otherwise than in accordance with any conditions of the allocation; or

a grant by the municipality otherwise than in accordance with the MFMA;

"Virement" means transfer of funds between functions / votes

"Vote" means-

(a)

one of the main segments into which a budget of a municipality is divided for the

appropriation of money for the different departments or functional areas of the

municipality; and

which specifies the total amount that is appropriated for the purposes of the

department or functional area concerned.

vi

(b)

1.

**INTRODUCTION**

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on

Municipal Budgets, Subsection (16), states that the council of a municipality must for

each financial year approve an annual budget for the municipality before the

commencement of that financial year. According to subsection (2) of the Act concerned,

in order to comply with subsection (1), the executive mayor of the municipality must

table the annual budget at a council meeting at least 90 days before the start of the

budget year. This policy must be read, analysed, explained, interpreted, implemented

and understood against this legislative background. The budget plays a critical role in

an attempt to realise diverse community needs. Central to this, the formulation of a

municipality budget must take into account the **government’s macro-economic and fiscal**

**policy fundamentals**. In brief, the conceptualisation and the operationalisation of the

budget must be located within the national government’s policy framework.

2.

OBJECTIVE

The objective of the budget policy is to set out:







The principles which the municipality will follow in preparing each medium term

revenue and expenditure framework budget,

The responsibilities of the executive mayor, the accounting officer, the chief

financial officer and other senior managers in compiling the budget

To establish and maintain procedures to ensure adherence to Ba-Phalaborwa municipality’s

IDP review and budget processes.

3.

**BUDGETING PRINCIPLES**





The municipality shall not budget for a deficit and should also ensure that revenue

projections in the budget are realistic taking into account actual collection levels.

Expenses may only be incurred in terms of the approved annual budget (or

adjustments budget) and within the limits of the amounts appropriated for each

vote in the approved budget.

1



Ba-Phalaborwa municipality shall prepare three-year budget (medium term revenue

and expenditure framework (MTREF)) and that be reviewed annually and

approved by Council.



The MTREF budget must at all times be within the framework of the Municipal

Integrated Development Plan.

4.

  **BUDGET PREPARATION PROCESS**

4.1. Formulation of the budget

(a)

The Accounting Officer with the assistance of the Chief Financial Officer and the

Director responsible for IDP shall draft the IDP process plan as well as the

budget timetable for the municipality for the ensuing financial year.

 (b)

The mayor shall table the IDP process plan as well as the budget

timetable to Council by 31 August each year for approval (10 months before the

start of the next budget year).

(c)

IDP process plan as well as the budget timetable shall indicate the key

deadlines for the review of the IDP as well as the preparation of the medium

term revenue and expenditure framework budget and the revision of the annual

budget. Such

target dates shall follow the prescriptions of the Municipal

*Finance Management Act as well as the guidelines set by National Treasury.* ***Circular 58 of the MFMA issued by National Treasury taken into effect on compilation of 2012/13 and outer years must be taken into considerations.***

(d)

The mayor shall convene a strategic workshop in September/October

with the executive committee and senior managers in order to determine the IDP

priorities which will form the basis for the preparation of the MTREF budget

taking into account the financial and political pressures facing the municipality.

The mayor shall table the IDP priorities with the draft budget to

Council.

2



(e)

The Mayor shall table the draft IDP and MTREF budget to council by

31 March (90 days before the start of the new budget year, but revision dates in terms of Circular 54 is 28 February) together with the

draft resolutions and budget related policies (policies on tariff setting, credit

control, debt collection, indigents, investment and cash management,

borrowings, etc).

(f)

The Chief Financial Officer and senior managers undertake the technical

preparation of the budget.

(g)

The budget must be in the prescribed format, and must be divided into capital

and operating budget.

(h)

The budget must reflect the realistically expected revenues by major source for

the budget year concerned.

(i)

(j)

The expenses reflected in the budget must be divided into items.

The budget must also contain the information related to the two financial years

following the financial year to which the budget relates, as well as the actual

revenues and expenses for the prior year, and the estimated revenues and

expenses for the current year.

4.2. Public participation process

Immediately after the draft annual budget has been tabled, the municipality must

convene hearings on the draft budget in **March** and invite the public, stakeholder

organisations, to make representation at the council hearings and to submit comments

in response to the draft budget.

4.3. Approval of the budget

(a)

(b)

Council shall consider the next medium term expenditure framework budget for

approval not later than 30 April (before the start of the budget year).

The council resolution, must contain budget policies and performance measures

be adopted.

3

(c)

Should the municipality fail to approve the budget before the start of the budget

year, the mayor must inform the MEC of Treasury that the budget has

not been approved.

(d)

The budget tabled to Council for approval shall include the following supporting

documents:

i.

ii.

iii.

iv.

v.

vi.

vii.

draft resolutions approving the budget and levying property rates, other

taxes and tariffs for the financial year concerned;

draft resolutions;

measurable performance objectives for each budget vote, taking into

account the municipality’s IDP;

the projected cash flows for the financial year by revenue sources and

expenditure votes;

any proposed amendments to the IDP;

any proposed amendments to the budget-related policies;

the cost to the municipality of the salaries, allowances and other benefits

of its political office bearers and other councillors, the accounting officer,

the chief financial officer, and other senior managers;

viii.

particulars of any proposed allocations or grants to other municipalities,

municipal entities, external mechanisms assisting the municipality in

service delivery, other organs of state, and organisations such as Non-

Governmental Organisations, welfare institutions and so on;

ix.

x.

particulars of the municipality’s investments; and

various information in regard to municipal entities under the shared or sole

control of the municipality

4.4. Publication of the budget

(a)

*Within 14 days after the draft annual budget has been tabled,* ***the Director***

***Corporate Services must post the budget and other budget-related***

***documentation onto the municipal website*** *so that it is accessible to the public*

*as well as send hard copies to National and Provincial Treasury and other stakeholders.*

***The Chief Financial Officer must within 14 days submit the approved budget in***

***both printed and electronic formats to the National Treasury, the Provincial***

***Treasury as well as post it on the municipal website.***

4

(b)

4.5. Service Delivery and Budget Implementation Plan (SDBIP)

(a)

The Executive mayor must approve the Service Delivery and Budget

Implementation Plan not later than 28 days after the approval of the Budget by

Council.

(b)

The SDBIP shall include the following components:

i.

ii.

iii.

iv.

v.

5.

Monthly projections of revenue to be collected for each source

Monthly projections of expenditure (operating and capital) and revenue for

each vote

Quarterly projections of service delivery targets and performance

indicators for each vote

Ward information for expenditure and service delivery

Detailed capital works plan broken down by ward over three years

**CAPITAL BUDGET**

(a)

Expenditure of a project shall be included in the capital budget if it meets the

asset definition i.e. if it results in an asset being acquired or created and its

value exceeds ***R5000*** and has a useful life in excess of one year.

(b)

Vehicle replacement shall be done in terms of *Assets management policy*

 The budget for vehicles shall distinguish between replacements and new

vehicles. No globular amounts shall be budgeted for vehicle acquisition.

(c)

A municipality may spend money on a capital project only if the money for the

project has been appropriated in the capital budget.

(d)

The envisaged sources of funding for the capital budget must be properly

considered and the Council must be satisfied that this funding is available and

has not been committed for other purposes.

5



(e)

Before approving a capital project, the Council must consider:

i.

ii.

the projected cost of the project over all the ensuing financial years until

the project becomes operational,

future operational costs and any revenues, which may arise in respect of

such project, including the likely future impact on operating budget (i.e. on

property rates and service tariffs).

(f)

Before approving the capital budget, the council shall consider:

i.

ii.

iii.

iv.

the impact on the present and future operating budgets of the municipality

in relation to finance charges to be incurred on external loans,

depreciation of fixed assets,

maintenance of fixed assets, and

any other ordinary operational expenses associated with any item on such

capital budget.

(g)

Council shall approve the annual or adjustment capital budget only if it has been

properly balanced and fully funded.

(h)

The capital expenditure shall be funded from the following sources:

Revenue or Surplus







If any project is to be financed from revenue this financing must be included

in the

cash budget to raise sufficient cash for the expenditure.

**If the project is to be financed from surplus there must be sufficient cash**

**available at time of execution of the project.**

External loans





External loans can be raised only if it is linked to the financing of an asset;

A capital project to be financed from an external loan can only be included

in the budget if the loan has been secured or if can be reasonably assumed

as being secured;

6



The loan redemption period should not exceed the estimated life

expectancy of the asset. If this happens the interest payable on the excess

redemption period shall be declared as *fruitless expenditure;*





Interest payable on external loans shall be included as a cost in the revenue

budget;

Finance charges relating to such loans shall be charged to or apportioned

only between the departments or votes to which the projects relate.

**Capital Replacement Reserve (CRR)**



Council shall establish a CRR for the purpose of financing capital projects

and the acquisition of assets. Such reserve shall be established from the

following sources of revenue:

o

o

o

o

Unappropriated cash-backed surpluses to the extent that such

surpluses are not required for operational purposes;

interest on the investments of the CRR, appropriated in terms of the

investments policy;

additional amounts appropriated as contributions in each annual or

adjustments budget; and

Sale of land and profit or loss on the sale of assets.



Before any asset can be financed from the CRR the financing must be

available within the reserve and available as cash as this fund must be

cash backed;





If there is insufficient cash available to fund the CRR this reserve fund must

then be adjusted to equal the available cash;

Transfers to the CRR must be budgeted for in the cash budget;

Grant Funding



Capital expenditure funded from grants





must be budgeted for as part of the revenue budget;

Expenditure must be reimbursed from the funding creditor and

transferred to the operating and must be budgeted for as such.

7





Capital expenditure must be budgeted for in the capital budget;

Interest earned on investments of Conditional Grant Funding shall be

capitalised if the conditions state that interest should accumulate in the fund.

If there is no condition stated the interest can then be allocated directly to

the revenue accounts.



Grant funding does not need to be cash backed but cash should be secured

before spending can take place.

6.

 (a)

The municipality shall budget in each annual and adjustments budget for the

contribution to:

i.

ii.

iii.

iv.

v.

vi.

provision for accrued leave entitlements equal to 100% of the accrued

leave

entitlement of officials as at 30 June of each financial year,

provision for bad debts in accordance with its rates and tariffs policies

provision for the obsolescence and deterioration of stock in accordance

with its *assets management.*

Depreciation and finance charges shall be charged to or apportioned only

between the departments or votes to which the projects relate.

At least 5% of the operating budget component of each annual and

adjustments budget shall be set aside for maintenance.

(b)

When considering the draft annual budget, council shall consider the impact,

which the proposed increases in rates and service tariffs will have on the

monthly municipal accounts of households.

(c)

The impact of such increases shall be assessed on the basis of a fair sample of

randomly selected accounts.

(d)

The operating budget shall reflect the impact of the capital component on:





depreciation charges

repairs and maintenance expenses

8

OPERATING BUDGET





interest payable on external borrowings

other operating expenses.

(e)

The chief financial officer shall ensure that the cost of indigence relief is

separately reflected in the appropriate votes.

7.

FUNDING OF CAPITAL AND OPERATING BUDGET

(a)

The budget may be financed only from:

i.

ii.

iii.

realistically expected revenues, based on current and previous collection

levels;

cash-backed funds available from previous surpluses where such funds

are not required for other purposes; and

borrowed funds in respect of the capital budget only.

8.

UNSPENT FUNDS / ROLL OVER OF BUDGET

(*a)*

*The appropriation of funds in an annual or adjustments budget will lapse to the*

*extent that they are unspent by the end of the relevant budget year, but except*

*for funds relating to capital expenditure that are committed at the end of the financial and is cash backed*.

(b)

Only unspent grant (if the conditions for such grant funding allows that) or loan

funded capital budget may be rolled over to the next budget year

(c)

Conditions of the grant fund shall be taken into account in applying for such roll

over of funds

(d)

Application for rollover of funds shall be forwarded to the budget office by the

15th of April each year to be included in next year’s budget for adoption by

Council in May.

(e)

Adjustments to the rolled over budget shall be done during the 1st budget

adjustment in the new financial year after taking into account expenditure up to

the end of the previous financial year.

9

(f)

No funding for projects funded from the Capital Replacement Reserve shall be

rolled over to the next budget year except in cases where a commitment has

been made 90 days (30 March each year) prior the end of that particular

financial year.

(g)

9.

No unspent operating budget shall be rolled over to the next budget year

BUDGET TRANSFERS AND VIREMENTS

(a)

Budget transfers within the same vote shall be recommended by the

Chief Financial Officer or such other senior delegated official in the Budget and Treasury Department.

 (b)

*No budget transfers or virement shall be made to or from salaries except with*

*the prior approval of the Chief Financial Officer in consultation with the Director*

*Corporate Services.*

(c)

In cases of emergency situations virement shall be submitted by the

accounting officer to the mayor for authorization and be reported by

the mayor to Council at its next sitting.

(d)

The budget for personnel expenditure may not be increased without prior

approval of the Chief Financial Officer.

(e)

Savings on allocations earmarked for specific operating and capital projects may

not be used for other purposes except with the approval of council.

(f)

Directors may utilize a saving in the amount appropriated under a main

expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance,

etc.) within a vote which is under their control towards the defrayment of excess

expenditure under another main expenditure category within the same vote, with

the approval of the Chief Financial Officer or such senior delegated official in the

Budget & Treasury Department.

10



(g)

The amount of a saving under a main expenditure category of a vote that may

be transferred to another main expenditure category may not exceed ten per

cent of the amount appropriated under that main expenditure category.

(h)

Savings in an amount appropriated for capital expenditure may not be used to

defray operational expenditure.

(i)

Virement between votes shall be included in the adjustment budget.

10. ADJUSTMENT BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current

revenues over expenses.

(a)

The chief financial officer shall ensure that the adjustments budgets comply with

the requirements of the National Treasury reflect the budget priorities

determined by the executive mayor, are aligned with the IDP, and comply with

all budget-related policies, and shall make recommendations to the executive

mayor on the revision of the IDP and the budget-related policies where these

are indicated.

(b)

Council may revise its annual budget by means of an adjustments budget at

most three times a year or a regulated.

(c)

The Accounting Officer must promptly adjust its budgeted revenues and

expenses if a material under-collection of revenues arises or is apparent.

(d)

The Accounting Officer shall appropriate additional revenues, which have

become available but only to revise or accelerate spending programmes already

budgeted for or any areas of critical importance identified by Council in

compliance with Item 2 of Section 10.

(e)

The Council shall in such adjustments budget, and within the prescribed

framework,

confirm

unforeseen

and

unavoidable

expenses

on

the

11

recommendation of the Mayor.

(f)

The Council should also authorise the spending of funds unspent at the end of

the previous financial year, where such under-spending could not reasonably

have been foreseen at the time the annual budget was approved by the Council.

(g)

An adjustments budget must contain all of the following:

i.

ii.

iii.

an explanation of how the adjustments affect the approved annual budget;

appropriate motivations for material adjustments; and

an explanation of the impact of any increased spending on the current and

future annual budgets.

(h)

Any unappropriated surplus from previous financial years, even if fully cash-

backed, shall not be used to balance any adjustments budget, but shall be

appropriated to the municipality’s capital replacement reserve.

(i)

Municipal taxes and tariffs may not be increased during a financial year except if

required in terms of a financial recovery plan.

(j)

Unauthorised expenses may be authorised in an adjustments budget.

12

(k)

In regard to unforeseen and unavoidable expenditure, the following apply:

i.

ii.

iii.

iv.

v.

the Executive mayor may authorise such expenses in an emergency or

other exceptional circumstances;

the municipality may not exceed 3 % of the approved annual budget in

respect of such unforeseen and unavoidable expenses;

these expenses must be reported by the mayor to the next

Council meeting;

the expenses must be appropriated in an adjustments budget; and

Council must pass the adjustments budget within sixty days after the

expenses were incurred.

11. BUDGET IMPLEMENTATION

11.1 Monitoring

(a)

The accounting officer with the assistance of the chief financial officer and other

senior managers is responsible for the implementation of the budget, and must

take reasonable steps to ensure that:

- funds are spent in accordance with the budget;

- expenses are reduced if expected revenues are less than projected; and

- revenues and expenses are properly monitored.

b)

The Accounting officer with the assistance of the chief financial officer must

prepare any adjustments budget when such budget is necessary and submit it

to the mayor for consideration and tabling to Council.

c)

The Accounting officer must report in writing to the Council any impending

shortfalls in the annual revenue budget, as well as any impending overspending,

together with the steps taken to prevent or rectify these problems.

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11.2 Reporting

11.2.1 Monthly budget statements

a)

The accounting officer with the assistance of the chief financial officer must,

not later than ten working days after the end of each calendar month, submit

to the mayor and Provincial and National Treasury a report in the

prescribed format on the state of the municipality’s budget for such calendar

month, as well as on the state of the budget cumulatively for the financial year

to date.

This report must reflect the following:

i)

ii)

iii)

iv)

v)

vi)

vii)

actual revenues per source, compared with budgeted revenues;

actual expenses per vote, compared with budgeted expenses;

actual capital expenditure per vote, compared with budgeted

expenses;

actual borrowings, compared with the borrowings envisaged to fund

the capital budget;

the amount of allocations received, compared with the budgeted

amount;

actual expenses against allocations, but excluding expenses in respect

of the equitable share;

explanations of any material variances between the actual revenues

and expenses as indicated above and the projected revenues by

source and expenses by vote as set out in the service delivery and

budget implementation plan;

viii)

ix)

the remedial or corrective steps to be taken to ensure that the relevant

projections remain within the approved or revised budget; and

projections of the revenues and expenses for the remainder of the

financial year, together with an indication of how and where the original

projections have been revised.

b)

The report to the National Treasury must be both in electronic format and in a

signed written document.

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11.2.2 Quarterly Reports

a)

The mayor must submit to Council within thirty days of the end of

each quarter a report on the implementation of the budget and the financial

state of affairs of the municipality.

11.2.3 Mid-year budget and performance assessment

a)

The Accounting officer must assess the budgetary performance of the

municipality for the first half of the financial year, taking into account all the

monthly budget reports for the first six months, the service delivery

performance of the municipality as against the service delivery targets and

performance indicators which were set in the service delivery and budget

implementation plan.

b)

The Accounting officer must then submit a report on such assessment to the

mayor by January each year and to Council, Provincial Treasury

and National Treasury by 31 January each year.

c)

The Accounting officer may in such report make recommendations after

considering the recommendation of the Chief Financial Officer for adjusting

the annual budget and for revising the projections of revenues and expenses

set out in the service delivery and budget implementation plan.

12. CONCLUSION

The Director Corporate Services must place on the municipality’s official website the

 following:

the annual and adjustments budgets and all budget-related documents;

all budget-related policies;

the integrated development plan

the annual report;

all performance agreements;

all service delivery agreements;

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

all

quarterly

and

mid-year

reports

submitted

to

Council

the

implementation of the budget and the financial state of affairs of the

municipality.

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all long-term borrowing contracts;



on