



EXTRACTS FROM THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON 24 February 2016

TO: EM MM DCSS CFO DIES DPSC DLED&P SMEM MME MSPU PMU MSR ALL FILE

The following resolution adopted by the Ordinary/Special Council meeting is passed to you for:

ATTENTION / REPORT / INFORMATION

SC 8.1

ADJUSTMENT OF THE 2015/16 ANNUAL BUDGET

The Council **NOTED** for the projects with in-kind allocations, no actual funds will be transferred to the Municipal bank accounts.

The Council **RESOLVED**:

- a) THAT the adjustment budget for the 2015/16 financial year be APPROVED.
- b) THAT the total savings identified from operating expenditure be utilized for capital projects to address service delivery issues.
- c) THAT the Service Delivery and Budget Implementation Plan (SDBIP) be adjusted accordingly inclusive of performance measurement.

CHAIR: FAME	MAN: SCM	SAO: HOUSING	MAN: PARKS	MAN: CS/FLEET
CHAIR: SD	MAN: FIN (REV)	DD: PLANNING	MAN :ENVIRON	MAN: LEGAL
CHAIR: ID	OM: INFRAST	MAN: ESTATES	MAN: TRAFFIC	MCO
CHAIR: TCI	DD: INFRAS	MAN: TOUR	MAN: FIRE	R/EAST
CHAIR: LEDP	ELEC ENG	MAN: SMME	MAN: ADMIN	ALICEDALE
SPEAKER	DD: TECH	MAN: AGRI	MAN: HR	
MAN: SPEAKER	MAN: WATER	OM: PSC	MAN: ICT	
DD: FIN (EXP)	MAN: ROADS	MAN: LIBRARY	MAN: IDP/PMS	

  
MUNICIPAL MANAGER

29/02/16  
DATE



EXTRACTS FROM THE MINUTES OF THE SPECIAL COUNCIL MEETING HELD ON **24 February 2016**

TO: EM MM DCSS CFO DIES DPSC DLED&P SMEM MME MSPU PMU MSR ALL FILE

The following resolution adopted by the Ordinary/Special Council meeting is passed to you for:

ATTENTION / REPORT / INFORMATION

SC 8.5

ADJUSTMENT OF THE 2015/16 ANNUAL BUDGET

The Council **RESOLVED** THAT the Revised IDP/Budget and Performance Management Process Plan for the 2015/16 Financial Year be ADOPTED.

CHAIR: FAME	MAN: SCM	SAO: HOUSING	MAN: PARKS	MAN: CS/FLEET
CHAIR: SD	MAN: FIN (REV)	DD: PLANNING	MAN :ENVIRON	MAN: LEGAL
CHAIR: ID	OM: INFRAST	MAN: ESTATES	MAN: TRAFFIC	MCO
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MUNICIPAL MANAGER

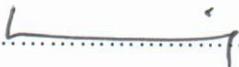
29/02/16  
DATE

**Municipal Manager's quality certification**

I, M J Meiring Acting Municipal Manager of Makana Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

  
\_\_\_\_\_

Acting Municipal Manager of Makana Municipality (EC104)

Signature .....

Date 29/02/16.....



Report To : **COUNCIL**  
File ref : \_\_\_\_\_  
Collaborator/Item no : \_\_\_\_\_  
Date : **24 FEBRUARY 2016**

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**SUBJECT: REPORT DATED 24 FEBRUARY 2016 FROM THE EXECUTIVE MAYOR TO COUNCIL ON THE ADJUSTMENT OF THE BUDGET REQUIRED.**

## **1. PURPOSE**

The purpose of this item is to **SEEK APPROVAL** of the Council on the adjustment of the 2015/16 annual budget as required by the MFMA.

## **2. LEGISLATIVE BACKGROUND**

2.1 Section 28 of the Municipal Finance Management Act, 2003 (MFMA) allows a municipality to revise its approved annual budget through an adjustments budget.

An adjustments budget –

- a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- c) May, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) May authorise the utilization of projected savings in one vote towards spending under another vote;
- e) May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs where the annual budget for the current year was approved by the council;
- f) May correct any errors in the annual budget, and
- g) May provide for any other expenditure within a prescribed framework

2.2 Only the Mayor may table an adjustments budget in the municipal council. When an adjustments budget is so tabled it must be accompanied by -

- a) An explanation of how the adjustments budget affects the annual budget;
- b) A motivation of any material changes to the annual budget;
- c) An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years;
- d) Any other supporting documentation that may be prescribed.

### 3. BACKGROUND

In line with the MFMA, the 2015/16 approved Budget is now being adjusted. The adjustment has been mainly necessitated as a result of the following:

- The need to adjust capital projects due to adjustments in DOR Amendment Gazette Schedule.
- The reduction of Revenue Budget due to the Infrastructure Levy revenue not being implemented.
- Over- expenditure on general expenses, mainly legal charges, maintenance votes and overtime.
- Absorption of Contracted Workers due to the Labour Relations Act, and introduction of housing allowances for those employees earning less than R8 000 per month.
- Long outstanding creditors

The Municipal Budget and Reporting Regulations, which were promulgated by National Treasury, prescribe the budget reporting formats for municipalities. Accordingly this Municipality's 2015/16 Adjustments Budget will be submitted to all relevant stakeholders once approved by Council.

### 4. DISCUSSION

The Adjustment Budget reaffirms the Municipality's commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan, considering the financial constraints currently being experienced.

The capital expenditure budget has been realigned, due to amendments in the DoRA, and low revenue collection.

The Service Delivery and Budget Implementation Plan (SDBIP) has to be adjusted due to the realignment that has taken place on both the operational and capital expenditure budgets as this would have an impact on service delivery targets and performance targets.

The reviewed SDBIP will be submitted for the approval of the Executive Mayor.

The review of the **Mid Term Expenditure Framework** has provided the Municipality with the necessary benchmarks and has exposed the need to provide proper estimates of planned activities of an Operating nature. The review also highlighted the efficacy with which the Municipality operates and hence the considered review.

S (28) (2) (e) of the Municipal Finance Management Act provides guidance in terms of "checking the Roadmap", and it is a time to revisit the effectiveness of the budget in delivering on its mandate.

**RECOMMENDATIONS**

It is recommended **THAT:**

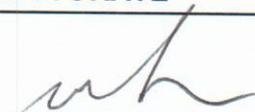
- a) Council approves the adjustment budget for the 2015/16 financial year and the Supporting Documentation attached as Annexures
- b) That the total savings identified from operating expenditure will be utilised for capital projects to address service delivery issues.
- c) That the Service Delivery and Budget Implementation Plan (SDBIP) be adjusted accordingly inclusive of performance measurement.
- d) That it be noted that for the projects with in-kind allocations, no actual funds will be transferred to the Municipal bank accounts.

**COMMENTS FROM THE EXECUTIVE MANAGEMENT:**

- 1.1.1. TECHNICAL AND INFRASTRUCTURE SERVICES: Yes
- 1.1.2. COMMUNITY AND SOCIAL SERVICES: Yes
- 1.1.3. CORPORATE SERVICES: Yes
- 1.1.4. BUDGET AND TREASURY SERVICES: Yes
- 1.1.5. LOCAL ECONOMIC DEVELOPMENT: Yes
- 1.1.6. MUNICIPAL MANAGER: Yes

**FOR FURTHER DETAILS CONTACT:**

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<b>DIRECTORATE</b>	<b>Budget and Treasury Directorate</b>

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 ACT. CHIEF FINANCIAL OFFICER  
 MR. M. CROUSE

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 ACT. MUNICIPAL MANAGER  
 MS. R. MEIRING

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 EXECUTIVE MAYOR  
 HON. CLR N. GAGA