

# **VENTERSDORP LOCAL MUNICIPALITY**



## **BUDGET POLICY**

**2012/2013**

# TABLE OF CONTENTS

Definitions

1. Introduction

2. Objectives

3. Budget principles

4. Budget preparation process

4.1 Formulation of the Budget

4.2 Consultation with National and Provincial Treasuries

4.3 Public Participation Process

4.4 Approval of the Budget

4.5 Publication of the Budget

4.6 Service Delivery and Budget Implementation Plan (SDBIP)

5. Capital Budget

6. Operating Budget

7. Funding of the Budget

8. Unspent Funds / Roll Overs

9. Budget Transfers / Virements

10. Adjustments Budget

11. Budget Implementation

11.1 Monitoring

11.2 Reporting

12. Municipal Web Page

## DEFINITIONS

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### **"Accounting Officer"-**

(a) means a person appointed in terms of section 82 (a) or (b) of the Municipal Structures Act;- Municipal Manager;

### **"Allocation",** means-

- (a) A Municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) An allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) An allocation of money to a Municipality in terms of a Provincial Budget; or
- (d) 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) Approved by a Municipal Council, or
- (b) Includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

**"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) The Tariffs Policy, which the Municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) The Rates Policy which the Municipality must adopt in terms of legislation regulating Municipal Property Rates; or

(c) The Credit Control and Debt Collection Policy, which the Municipality must adopt in terms of section 96 of the Municipal Systems Act;

**"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) a statement of Financial Position;
- (b) a statement of Financial Performance;
- (c) a Cash-Flow Statement;
- (d) any other Statements that may be prescribed; and
- (e) 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 installment 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;
- (b) 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;
- (c) 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
- (d) 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 "unauthorized expenditure";

**"Investment"**, in relation to funds of a Municipality, means-

- (a) the placing on deposit of funds of a Municipality with a financial institution; or
- (b) 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 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) when referred to as a corporate body, means a Municipality as described in section 2 of the Municipal Systems Act; or

(b) 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);

**"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) an employee of a Municipality or Municipal Entity;
- (b) a person seconded to a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- (c) 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;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) 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;

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

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

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**"Service delivery and budget implementation plan"** means a detailed plan approved by the 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) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the 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) Overspending of the total amount appropriated in the Municipality's approved Budget;
- (b) Overspending of the total amount appropriated for a vote in the approved Budget;
- (c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;



- (e) 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
- (f) 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
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## **1. INTRODUCTION**

- 1.1 The medium-term budget of Ventersdorp Local Municipality provides the tool for implementing the municipality's service delivery strategies which are prioritized in its Integrated Development Plan (IDP).
- 1.2 Chapter 4 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) deals with Municipal Budgets. Specifically, section 16 of the Act requires that the council of a municipality must, for each financial year, approve an annual budget before the start of that financial year and that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

- 1.3 When preparing the budget the municipality must take into account the national government's macro-economic and fiscal policy.

## **2. OBJECTIVES**

The objectives of the budget policy are to-

- (a) set out the principles which the municipality will follow in preparing each medium- term budget;
- (b) set out responsibilities and roles of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;
- (c) establish and maintain procedures to ensure adherence to the municipality's IDP review and budget processes;
- (d) outline the reporting lines within the administration and the political structures of the municipality in the budget process.

## **3. BUDGETING PRINCIPLES**

The principles underlying the compilation of the budget are set out below.

- (a) The budget shall be prepared on the basis of the accrual accounting principle, except in cases where it is not possible, like traffic fines, etc.
- (b) A process of combination between a zero based and incremental budgeting will be applied.
- (c) The budget must be financially credible, which means that it must

reflect realistic operating and capital expenditure, and realistic operating revenues and sources of capital finance, and that revenue and expenditure are properly matched;

- (d) The budget must be strategically credible, which means that it must reflect the priorities and targets set in the municipality's Integrated Development Plan (IDP), reasonably accommodates the results of the consultation processes and has been prepared in accordance with all the budget-related policies of the municipality.
- (e) The municipality shall not budget for a deficit, except in cases where the deficit is of a short term nature and can be made good by a contribution from the accumulated surplus.
- (f) 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.
- (g) The municipality shall prepare a three-year (medium term revenue and expenditure framework (MTREF)) budget and be reviewed annually and approved by Council.
- (h) The MTREF budget must at all times be within the framework of the municipality's 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 manager responsible for IDP shall draft the IDP

- process plan as well as the budget timetable for the municipality including municipal entities 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) The 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.
  - (d) The mayor shall convene a strategic workshop in September/October with the other councillors 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.
  - (e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
  - (f) The mayor shall table the draft IDP and draft MTREF budget to council at least 90 days before the start of the new budget year, together with the draft resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc) and any document as may be prescribed.
  - (g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected revenue and expenditure for the two financial years following the budget year, the estimated

revenue and expenditure for the current year and the actual (audited) revenue and expenditure for the preceding financial years as per prescription by National Treasury.

- (h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

#### **4.2 Consultation with National and Provincial Treasuries**

After the draft annual budget has been tabled council must consult with the National and Provincial treasuries and finalize sector plans for water, sanitation, electricity etc

#### **4.3 Public participation process**

The municipality must convene hearings on the draft budget and invite the public and stakeholder organizations to make representation at the council hearings and to submit comments in response to the draft budget.

Council must consider the views of the local community in finalizing the budget.

#### **4.4 Approval of the budget**

- (a) Council shall consider the next medium term expenditure framework budget for approval at least 30 days before the start of the budget year.
- (b) The council resolution, must contain budget policies and performance measures be adopted and any document as may be prescribed;

- (c) Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:
  - i. Draft resolution approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
  - ii. Measurable performance objectives for each budget vote, taking into account the municipality's IDP;
  - iii. The projected cash flows for the financial year by revenue sources and expenditure votes;
  - iv. Any proposed amendments to the IDP;
  - v. Any proposed amendments to the budget-related policies;
  - vi. 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;
  - vii. 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;
  - viii. Particulars of the municipality's investments;
  - ix. Various information in regard to municipal entities under the shared or sole control of the municipality; and
  - x. Any information as may be prescribed.

#### **4.5 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 and send hard copies to National and Provincial Treasury.
- (b) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury and the Provincial Treasury and post a copy on the municipal website.

#### **4.6 Service Delivery and Budget Implementation Plan (SDBIP)**

- (a) The mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council and ensure that annual performance contracts are concluded.
- (b) The mayor must submit the approved Service Delivery and Budget Implementation Plan and performance contracts to Council and MEC of local government within 14 days after approval.
- (c) The SDBIP shall include the following components:
  - i. Monthly projections of revenue to be collected for each source,
  - ii. Monthly projections of expenditure (operating and capital) and revenue for each vote,
  - iii. Quarterly projections of service delivery targets and performance indicators for each vote,
  - iv. Ward information for expenditure and service delivery,

- v. Detailed capital works plan broken down by ward over three years.

## **5. 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 R5 000 and has a useful life in excess of one year.
- (b) Vehicle replacement shall be budgeted in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement 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 Council must be satisfied that this funding is available and has not been committed for other purposes.
- (e) Before approving a capital project, the Council must consider:
  - i. the projected cost of the project over all the ensuing financial years until the project becomes operational,
  - ii. 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. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - ii. depreciation of fixed assets,



- iii. maintenance of fixed assets, and
  - iv. Any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustments 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;
- The loan redemption period should not exceed the estimated life expectancy of the asset. If that 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.

### **Grant Funding**

- Non 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.
- 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. OPERATING BUDGET**

- a) The municipality shall budget in each annual and adjustments budget for the contribution to:
  - i. Provision for accrued leave entitlements equal to 100% of the accrued leave.
  - ii. Entitlement of officials as at 30 June of each financial year,
  - iii. Provision for bad debts in accordance with its bad debts policy
  - iv. Provision for the obsolescence and deterioration of stock in accordance with its stores management policy.

- v. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - vi. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.
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- 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:
    - i. Depreciation charges,
    - ii. Repairs and maintenance expenses,
    - iii. Interest payable on external borrowings
    - iv. Other operating expenses.
  - e) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
  - f) Include any other requirement in terms of any prescription.

## **7. FUNDING OF THE BUDGET**

- a) The budget may be financed only from:

- i. realistically expected revenues, based on current and previous collection levels;
- ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- iii. 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.
- 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 rollover 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.
- e) Adjustments to the rolled over budget shall be done during the first budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- 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 prior the end of that particular financial year.

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

## **9. BUDGET TRANSFERS / VIREMENTS**

- a) Budget transfers within the same vote shall be recommended by the respective Directorates and approved 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 Municipal Manager.
- c) In cases of emergency situations virements shall be submitted by the Accounting Officer to the Budget Steering Committee and then to the Mayor for authorization and be reported by The Mayor to Council at its next meeting.
- d) The budget for personnel expenditure may not be increased without prior approval of the Accounting Officer in consultation with the Chief Financial Officer and the support of the Budget Steering Committee
- 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 Accounting Officer after consultation with the Chief Financial Officer.
- 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) No virements will be allowed on entertainment costs without a council resolution and only on recommendation by the accounting officer after consultation with the CFO.
- j) Virements between votes shall be included in the adjustments budget.

## **10. ADJUSTMENTS 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 mayor, are aligned with the IDP and comply with all budget-related policies, and shall make

- recommendations to the 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 as 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.
  - e) The Council shall, in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the 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) Only the mayor shall table an adjustments budget. Adjustments budget shall be done at most three times a year and be submitted to Council in the following months:
    - i. October – to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources,
    - ii. February – to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget,
    - iii. May – final budget adjustment to adjust current year’s budget in cases where there is a indication that there will be rolling over of funding to the next financial year

- h) An adjustments budget must contain all of the following:
  - i. an explanation of how the adjustments affect the approved annual budget;
  - ii. appropriate motivations for material adjustments; and
  - iii. An explanation of the impact of any increased spending on the current and future annual budgets.
- i) Any un-appropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget.
- j) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- k) Unauthorised expenses may be authorised in an adjustments budget.

## **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.

## **11.2 Reporting**

### **(i) 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 Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, and cumulatively for the financial year to date.

#### **This report must reflect the following:**

- i. actual revenues per source, compared with budgeted revenues;
- ii. actual expenses per vote, compared with budgeted expenses;
- iii. actual capital expenditure per vote, compared with budgeted expenses;
- iv. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- v. the amount of allocations received, compared with the budgeted amount

- vi. actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - vii. 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. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - ix. 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 Provincial Treasury must be both in electronic format and in a signed document.

**(ii) Quarterly Reports**

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.

**(iii) 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 and progress on resolving problems identified in the past year's annual report.
- b) The Accounting officer must then submit a report on such assessment to the mayor by 25 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. MUNICIPAL WEB SITE**

The Budget and Treasury office 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;
- all long-term borrowing contracts;
- all quarterly reports tabled in council;
- Any document as may be prescribed.