

EXTRACT FROM THE COUNCIL MINUTES HELD ON 19 AUGUST 2019

Item A1. 19.08.2019

ADJUSTMENT BUDGET FOR 2019/20 – 2021-2022

(Ref: 6/1/1/1)

CF Hoffmann: Chief Financial Officer

PURPOSE OF REPORT

The purpose of the report is to submit an adjustment budget for 2019 / 2020 to Council for consideration.

BACKGROUND

Some votes on the 2019/20 budget need to be adjusted as a result of projects that need to be carried forward from the 2018/19 budget.

The budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) (Schedule B), will be distributed prior to the Council meeting of 29 July 2019.

LEGAL FRAMEWORK

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Section 23 of the Municipal Budgeting and Reporting Regulations (MBRR) stipulates as follows:

Municipal adjustments budgets (MFMA)

28. (1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget —

- a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the budget 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, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) may authorise the utilisation 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 financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.

In addition to Section 28 of the MFMA, Section 23 of the Municipal Budgeting and Reporting Regulations states as follows:

23 Timeframes for tabling of adjustments budgets

- a) An adjustments budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time during the mid-year budget and performance

assessment has been tabled in the council, but not later than 28 February of the current year.

- b) Only one adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub-regulation (3) applies.
- c) If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.
- d) An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred within the period set in section 29(3) of the Act.
- e) **An adjustments budget referred to in section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate.**
- f) An adjustments budget contemplated in section 28(2)(G) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –
- g) dealt with as part of the adjustments budget contemplated in sub-regulation (1); and
- h) a special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a) (i) of the Act.

COMMENTS

Roll over projects

The following adjustments to the 2019/20 are proposed:

The following projects must be rolled forward from the 2018/19 financial year. Section 28 (e) of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003) refers:

DIRECTORATE	DEPARTMENT	FUNDING	PROJECT	AMOUNT	REASON
Comm. Services	Emerg. Services	Insure/own funds	Fire Vehicle	R224 000	Project not completed
	Emerg. Services	Own funds	Command Vehicle	R650 000	Project not completed
	Emerg. Services	Own funds	Repeater System	R400 000	Project not completed
	Emerg. / Roads	Own funds	Camera system	R173 000	Project not completed
	Resorts - De Dam	Own funds	Ablution facilities - Dam	R300 000	Project not completed
Finance	Information	Own funds	Computer Equipment	R150 000	Computers not delivered

Tariffs

The heading of the tariffs for Solid Waste must be amended to read “15% VAT excluded” to ensure that tariffs is the same as per Service Level Agreement with regards to the regional landfill site with the participating B Municipalities, Overstrand – and Theewaterskoof Municipality. The correct tariff list for Solid Waste is attached to the report.

UNANIMOUSLY RESOLVED

- a) The Adjustment Budget for 2019/20 – 2021/22 as submitted, was approved.
- b) The adjusted tariff list for Solid Waste was approved.