

EXTRACT FROM THE COUNCIL MINUTES HELD ON 17 AUGUST 2020

Item A79. 17.08.2020

ADJUSTMENT BUDGET FOR 2020/21 – 2022/2023

CH Hoffmann: Chief Financial officer

(Ref.: 6/1/1/1)

PURPOSE OF REPORT

The purpose of the report is to submit an adjustment budget for 2020 / 2021 to Council for consideration.

BACKGROUND

Some votes on the 2020/21 budget need to be adjusted as a result of projects that need to be carried forward from the 2019/20 budget as some capital projects could not be completed due to the implications of the Covid-19 pandemic.

The budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) (Schedule B), will be distributed prior to the Council meeting of 17 August 2020.

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 2020/21 are proposed:

The following projects must be rolled forward from the 2019/20 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	Emergency Services	Own Funds	Rescue Equipment	R 100 000	Project not completed
	Resorts: Die Dam	Own Funds	Water Network	R 200 000	Project not completed
	Resorts: Die Dam	Own Funds	Ablution Facilities	R 194 000	Project not completed
Finance	Financial Services	Own Funds	Container	R 80 000	Container not delivered.

Grant: Transfer from Operating – to Capital Budget.

The Fire Service Capacity Building Grant of R 732 000 was included in the 2020/21 operating budget. In terms of the approved business plan, should the grant be included in the Capital Budget and the necessary correction has therefore been made.

Additional Grant Allocation: Operating Budget

In terms of Section 28 (2) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Section 23(a) of the Municipal Budgeting and Reporting Regulations (MBRR) the municipality appropriates the following additional grant revenue which became available during the financial year.

The following increased grant have been allocated to Overberg District Municipality with Government Gazette 43605 of 7 August 2020:

Equitable Share – Increase from R 74,636 million with R 2,912 million to R 77,548 million.

ATTACHMENT

- Adjustment Budget 2020/2021 – 20222/2023

UNANIMOUSLY RESOLVED: (Proposed by Ald A Franken and seconded by Cllr H Coetzee.

The Adjustment Budget for 2020/21 – 2022/23 as submitted, was approved by Council.