



EXTRACT FROM THE COUNCIL MINUTES HELD ON 21 AUGUST 2023

Item A6. 21.08.2023

ROLL-OVER ADJUSTMENTS BUDGET FOR 2023/2024 - AUGUST 2023

N Kruger : Chief Financial Officer

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

PURPOSE

The purpose of the report is to submit a roll-over Adjustments Budget for 2023/24 to Council for consideration.

BACKGROUND

When a prior financial period concludes and a new budget year commences for a municipality, it is frequent that projects and budget requirements may vary and change from the period in which the budget was approved, and implementation of projects scheduled. In instances where commitments for capital spending were made but not completed, a carried forward approach is required.

In terms of the MFMA an adjustments budget must be approved by every municipality whenever it is required to address adjusted revenue expectations or expenditure adjustments. The Adjustments Budget has been compiled and is submitted to Council for consideration.

The Medium-Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 21 August 2023.

LEGAL FRAMEWORK

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act 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

An adjustments budget referred to in section 28(2) of the MFMA will be tabled for consideration to the municipal council.

CAPITAL BUDGET

The adjustments budget amendments **only relate to the capital budget for the financial year**, due to roll-over capital projects from the prior year not fully or partially executed. This resulted from of the SCM legislative amendments during the prior fiscal year, limiting capital acquisitions in the 2022/2023 financial year hampering service delivery, hence roll-over adjustments for capital projects are necessary.

The Total Capital Budget for the 2023/2024 financial year is anticipated to amount to R13 982 054. The main projects comprise of the following regarding purpose and funding.

- R 4 536 100 – Karwyderskraal – Infrastructure (the remainder will be funded from the Landfill site loan’s outstanding balance and will be repaid by the local municipalities)
- R 942 283 – Fire and Disaster – Loadshedding mitigation equipment (grant funded roll-over)

The remainder of the capital roll-over and additional asset projects will be funded by ODM's CRR fund. These include items such as:

- A new fire bakkie for service delivery - R525 724 (insurance pay out on write-off co-finance)
- Emergency fleet vehicle roll-over – R186 449
- Furniture and equipment for Fire and Disaster – R50 000
- Security and safety perimeter improvements at Head Office rolled over - R200 000
- Installation of power generator and UPS backup projects to continue with service delivery (loadshedding) - R654 455
- Backup server for ICT- R111 793
- Gas installations at ablution blocks at Uilenkraalsmond - R170 250
- Emergency Services amendment of project fleet replacement to Training Centre expansion - R300 000
- Property upgrades at Die Dam towards ablution facilities – R70 000

All items identified are prioritised to enhance service delivery and to ensure effective, efficient, and economical expenses on the day-to-day operations in the district.

- Please find the Capital Project list attached, as the table indicate the original budget, the amendments, and the new proposed adjustments budget for the period.

OPERATIONAL BUDGET

The Operational Budget will remain status quo for the interim. It should be noted that adjustments will be required during the financial year, hence factors which will impact the budget will include, but not be limited to:

- Roll-over approvals on grant funding
- Own funding amendments for projects
- Operational expenditure - costs only estimated and anticipated (known)
- Additional revenue sources
- Amendments on the salary budget

For the interim period all expenses will be covered. A mid-year adjustments budget will be used to make the critical adjustment necessary to align the budget again towards the needs identified by Council to ensure more aligned budgeting takes place and a strive towards a breakeven budget realised.

The schedules are included in the budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) – see Schedule B attached.

RESOLVED : (Proposed by Cllr H Coetzee and seconded by Ald J Niewoudt)

- 1) The roll-over Adjustments Budget 2023/2024 – 2025/2026 with amendments to the Capital Budget was approved by Council.
- 2) The changes (if any) to the SDBIP were approved by Council.

**CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD
ON 21 AUGUST 2023.**



**R BOSMAN
MUNICIPAL MANAGER**