



Item A8. 30.09.2024

ROLL-OVER ADJUSTMENT BUDGET FOR 2024/25 - 2026/2027 – SEPTEMBER 2024 & SCHEDULE G NOTIFICATION

W Crafford : Acting Chief Financial Officer

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

PURPOSE OF REPORT

The purpose of the report is to submit a roll-over adjustment budget for 2024/25 to Council for consideration.

BACKGROUND

When a prior financial period concludes and a new budget year commence 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 project implementations was scheduled. In instances commitments for capital spending were made, but not completed, hence a carried forward approach is required.

In terms of the MFMA an adjustment budget must be approved by every municipality whenever it is required to address adjusted revenue expectations or expenditure adjustments The Adjustment 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).

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.

- (a) (2) An adjustments budget —*
- (b) must adjust the revenue and expenditure estimates downwards if there is material under collection of revenue during the budget year;*
- (c) 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;*
- (d) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- (e) may authorise the utilisation of projected savings in one vote towards spending under another vote;*

(f) *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;*

(g) *may correct any errors in the annual budget; and*

(h) *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*

(g) *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.



A postponement regarding the tabling of the August Roll-Over Adjustment Budget was requested to the MEC (D Baartman) as per a Schedule G application by the Executive Mayor. The application to extend the timelines on the adjustment budget process was evaluated and approved, as per the letter attached. The commitment of the municipality is to table the roll-over adjustment budget and schedule G application on or before 30 September 2024.

CAPITAL BUDGET

The roll-over adjustment budget amendments **relate to the capital budget for the financial year**, due to roll-over capital projects from the prior year being prioritised, committed, or partially executed. This resulted from SCM processes not completed, or orders not executed by suppliers and service providers, prior to the end of the financial year. With commitments already in place and to prevent the hampering of service delivery, a roll-over adjustment budget for capital projects is necessary.

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.

ATTACHMENT

Please find the Capital project list attached, as the table indicate the original budget, the amendments, and the new proposed adjustment budget for the period.

OPERATION BUDGET

The Operational budget will at this stage not be amended.

The municipality remains vigilant with spending, however ensuring all expenses will be covered for the financial period. A mid-year adjustment budget will be used to make the critical adjustment necessary to the budget again towards the needs identified by Council to ensure more aligned budgeting, hence striving towards a breakeven budget.

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 Ald. J Nieuwoudt and seconded by Cllr. M Nomatiti)

- 1) The Adjustment Budget 2023/24 – 2025/26 (June 2024) with amendments was approved Council.
- 2) That the changes (if any) to the SDBIP was approved by Council.
- 3) That the Schedule G notification as in accordance with regulation 63(2) of the MBRR was noted.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 30 SEPTEMBER 2024.



**R BOSMAN
MUNICIPAL MANAGER**