



Item A27. 09.12.2024

ADJUSTMENTS BUDGET FOR 2024/25 - 2026/2027 – DECEMBER 2024

W Crafford: Acting Chief Financial Officer

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

PURPOSE OF REPORT

The purpose of the report is to submit a Special Adjustments Budget for 2024/25 to Council for consideration.

BACKGROUND

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.

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 terms of MFMA Circular No. 68 which refers to the timelines in MBBR Reg 23:

(c) Special adjustments budget to authorise unauthorised expenditure: In terms of regulation 23(6)(b) of the MBRR, **council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA.** Kindly refer to MFMA Circular 63 for clarification in terms of the time period referred to in section 127(2) of the MFMA.

This special adjustment budget “may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.” This special adjustment budget therefore deals with:

- unauthorised expenditure that occurred in the first half of the previous financial year that was not included in the main adjustments budget or that was included but referred back for further investigation or further information;*
- unauthorised expenditure that occurred in the second half of the previous financial year, and***
- any unauthorised expenditure identified by the Auditor-General during the annual audit process.*

The timing of this special adjustments budget requires:

- the municipality to report all the unauthorised expenditure in its annual financial statements (thus ensuring transparency regarding its performance with implementing the budget);*
- the Auditor-General to audit the municipality’s disclosure of its unauthorised expenditure and to add any further unauthorised expenditure identified in the audit process; and*
- sufficient time (but also places a time limit given the date of tabling the Annual Report) for instances of unauthorised expenditure to be properly investigated before being presented to council for a decision on whether or not to authorise it; the investigation is normally done by a council committee. **If the above timelines are not met, then such matter must be addressed during the following mid-year adjustment budget process.***

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 amendment relates to roll-over capital projects from the prior year being approved and new additional grant funding received.

All items identified and amended in addition to the grant funding 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 adjustment budget for the period.

OPERATION BUDGET

The Operational budget also require some adjustments with roll-over grant funding being approved by Treasury and additional funding received. All other amendments are due to priority or re-alignment matters.

The municipality remains vigilant with spending, however ensuring all expenses will be covered for the financial period. A mid-year adjustments 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. Nieuwoudt and seconded by Cllr. Mabulu)

- 1) The December Adjustments Budget 2024/25 – 2026/27 with amendments to the budget was approved by Council.
- 2) The changes (if any) to the SDBIP were considered and approved by Council.

Certified a true extract from the Minutes of the Council Minutes held on 09 December 2024.



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**R BOSMAN
MUNICIPAL MANAGER**