

9. URGENT MATTERS SUBMITTED AFTER DISPATCHING OF THE AGENDA

**9.1 Finance: Adjustment budget 2018/2019
(5/1/1/17)**

The following memorandum, dated 27 May 2019, was received from the Acting: Director: Finance:

"1. Purpose

The purpose of this report is to:

- Document the 2018/2019 adjustment budget for consideration to the Municipal Manager and Executive Mayor.
- Provide the background information regarding the consideration and approval of the budget.

2. Legal framework

Chapter 4 of the MFMA provides the legal framework for municipal budgets. Section 28 deals with adjustment budgets and is quoted below:

'28. Municipal adjustments budgets -

- (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 current 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 past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current 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.
- (3) An adjustments budget must be in a prescribed form.
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

- (5) When an adjustments budget is tabled, it must be accompanied by —
 - (a) an explanation how the adjustments budget affects the annual budget;
 - (b) a motivation of any material changes to the annual budget;
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
 - (d) any other supporting documentation that may be prescribed.
- (6) Municipal tax and tariffs may not be increased during a financial year.
- (7) Sections 22 (b), 23 (3) and 24 (3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.'

Section 23 of the Local Government: Municipal Finance Management Act: Municipal Budget and Reporting Regulations, regulates municipal adjustment budgets and is quoted below:

'Timeframes for tabling of adjustments budgets

- 23. (1) An adjustment budget referred to in Section 28(2)(b),(d) and (f) of the act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, **but not later than 28 February of the current year.**
- (2) Only one adjustment 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.
- (3) 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.
- (4) 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 and within the time period set in Section 29(3) of the Act.
- (5) An adjustment 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.
- (6) An adjustment budget contemplated in Section 28(2)(g) of the Act may only authorise unauthorised expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be —
 - (a) dealt with as part of the adjustment budget contemplated in sub-regulation (1); and

- (b) a special adjustment 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 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.'

3. Progress to date

The Budget for 2018/2019 was approved by Council on 29 May 2018.

4. Discussion

Councils approval for the adjustments to the budget as per the attached report (annexure 9.1) is requested."

UNANIMOUSLY RESOLVED

That the adjustment budget of Witzenberg Municipality for the financial year 2018/2019 as set out in the budget documents be approved:

- (i) *Table B1 - Budget summary.*
- (ii) *Table B2 Adjustments Budget Financial Performance (by standard classification).*
- (iii) *Table B3 – Budgeted Financial performance (Revenue and Expenditure) by Vote.*
- (iv) *Table B4 Adjustments Budget Financial Performance (revenue by source).*
- (v) *Table B5 – Budgeted Capital Expenditure by Vote, standard classification and funding.*