



MTUBATUBA
LOCAL MUNICIPALITY

BUDGET POLICY

2016/2017

TABLE OF CONTENTS

No		Page
	Definitions	
1.	1. Introduction	
2.	2. Objectives	
3.	3. Budget principles	
4.	4. Budget preparation process	
4.1	4.1 Formulation of the Budget	
4.2	4.2 Consultation with National and Provincial Treasuries	
4.3	4.3 Public Participation Process	
4.4	4.4 Approval of the Budget	
4.5	4.5 Publication of the Budget	
4.6	4.6 Service Delivery and Budget Implementation Plan (SDBIP)	
5.	5. Capital Budget	
6.	6. Operating Budget	
7.	7. Funding of the Budget	
8.	8. Unspent Funds / Roll Overs	
9.	9. Budget Transfers / Virements	
10.	10. Adjustments Budget	
11.	11. Budget Implementation	
11.1	11.1 Monitoring	
11.2	11.2 Reporting	
12.	12. Municipal Web Page-	
13.	13. Budget principles	
14.	Annexure: Legal Requirements Summarised Table and Detailed Budget table	

DEFINITIONS

"Accounting Officer"-

a) means a person appointed in terms of section 82 (a) or (b) of the Municipal Structures Act;- Municipal Manager;

"Allocation", means-

a) A Municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;

b) An allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;

c) An allocation of money to a Municipality in terms of a Provincial Budget; or

d) any other allocation of money to a Municipality by an organ of state, including by another Municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an Annual Budget-

a) Approved by a Municipal Council, or

b) Includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a Municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of a Municipality affecting or affected by the Annual Budget of the Municipality, including-

a) The Tariffs Policy, which the Municipality must adopt in terms of section 74 of the Municipal Systems Act;

b) The Rates Policy which the Municipality must adopt in terms of legislation regulating Municipal Property Rates; or

c) The Credit Control and Debt Collection Policy, which the Municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the Municipality for which an Annual Budget is to be approved in terms of section 16(1) of the MFMA;

"Chief Financial Officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"Councillor" means a member of a Municipal Council;

"Creditor", means a person to whom money is owed by the Municipality;

"Current Year" means the financial Year, which has already commenced, but not yet ended;

"Delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

"Financial Recovery Plan" means a plan prepared in terms of section 141 of the MFMA

"Financial Statements", means statements consisting of at least-

- a) a statement of Financial Position;
- b) a statement of Financial Performance;
- c) a Cash-Flow Statement;
- d) any other Statements that may be prescribed; and
- e) any notes to these Statements;

"Financial Year" means a twelve months period commencing on 1 July and ending on 30 June each year,

"Financing Agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a Municipality undertakes to repay a long-term debt over a period of time;

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure", means-

- a) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;

- b) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- c) Expenditure incurred by a Municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- d) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the Municipality or entity or any of the Municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a Municipality which falls within the definition of "unauthorized expenditure";

"Investment", in relation to funds of a Municipality, means-

- a) the placing on deposit of funds of a Municipality with a financial institution; or
- b) the acquisition of Assets with funds of a Municipality not immediately required, with the primary aim of preserving those funds;

"Lender", means a person who provides debt finance to a Municipality;

"Local community" has the meaning assigned to it in section 1 of the Municipal Systems Act;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"Long-term debt" means debt repayable over a period exceeding one year;

"Mayor" means the Councillor elected as the Mayor of the Municipality in terms of section 55 of the Municipal Structures Act;

"Municipal council" or **"council"** means the Council of a Municipality referred to in section 18 of the Municipal Structures Act;

"Municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a Municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"Municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"Municipality"-

- a) when referred to as a corporate body, means a Municipality as described in section 2 of the Municipal Systems Act; or
- b) when referred to as a geographic area, means a Municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"Municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"Municipal tariff" means a tariff for services which a Municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"Municipal tax" means Property Rates or other taxes, levies or duties that a Municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"Official", means-

- a) an employee of a Municipality or Municipal Entity;
- b) a person seconded to a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- c) a person contracted by a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity otherwise than as an employee;

"Overspending"-

- a) means causing the operational or Capital Expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year's Budget for its Operational or Capital expenditure, as the case may be;
- b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"Past financial year" means the financial year preceding the current year;

"Quarter" means any of the following periods in a financial year:

- a) 1 July to 30 September;
- b) 1 October to 31 December;
- c) 1 January to 31 March; or
- d) 1 April to 30 June;

"Service delivery and budget implementation plan" means a detailed plan approved by the Mayor of a Municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the Municipality's delivery of municipal services and its Annual Budget, and which must indicate-

- a) projections for each month of-
 - I. Revenue to be collected, by source; and
 - II. Operational and Capital Expenditure, by vote;
- b) service delivery targets and performance indicators for each quarter; and
- c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(l) (c) of the MFMA;

"Short-term debt" means debt repayable over a period not exceeding one year;

"Standards of generally recognised accounting practice," means an accounting practice complying with standards applicable to Municipalities or Municipal entities as determined by the Accounting Standards Board

"Unauthorised expenditure", means any expenditure incurred by a Municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

- a) Overspending of the total amount appropriated in the Municipality's approved Budget;
- b) Overspending of the total amount appropriated for a vote in the approved Budget;
- c) Expenditure from a vote unrelated to the department or functional area covered by the vote;

- d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or a grant by the Municipality otherwise than in accordance with the MFMA;

"Virement" means transfer of funds between functions / votes

"Vote" means-

- f) one of the main segments into which a Budget of a Municipality is divided for the appropriation of money for the different departments or functional areas of the Municipality; and
- g) this specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1. INTRODUCTION

- 1.1** The medium-term budget of Mtubatuba Local Municipality provides the tool for implementing the municipality's service delivery strategies which are prioritized in its Integrated Development Plan (IDP).
- 1.2** Chapter 4 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) deals with Municipal Budgets. Specifically, section 16 of the Act requires that the council of a municipality must, for each financial year, approve an annual budget before the start of that financial year and that the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- 1.3** When preparing the budget the municipality must take into account the national government's macro-economic and fiscal policy.

2. OBJECTIVES

The objectives of the budget policy are to-

- a) set out the principles which the municipality will follow in preparing each medium- term budget;
- b) set out responsibilities and roles of the Mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;
- c) establish and maintain procedures to ensure adherence to the municipality's IDP review and budget processes;
- d) Outline the reporting lines within the administration and the political structures of the municipality in the budget process.

3. BUDGETING PRINCIPLES

The principles underlying the compilation of the budget are set out below:

- a) The budget shall be prepared on the basis of the accrual accounting principle, except in cases where it is not possible, like traffic fines, etc.
- b) A process of combination between a zero based and incremental budgeting will be applied.
- c) The budget must be financially credible, which means that it must reflect realistic operating and capital expenditure, and realistic operating revenues and sources of capital finance, and that revenue and expenditure are properly matched;
- d) The budget must be strategically credible, which means that it must reflect the priorities and targets set in the municipality's Integrated Development Plan (IDP), reasonably accommodates the results of the consultation processes and has been prepared in accordance with all the budget-related policies of the municipality.
- e) The municipality shall not budget for a deficit, except in cases where the deficit is of a short term nature and can be made good by a contribution from the accumulated surplus.
- f) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- g) The municipality shall prepare a three-year (medium term revenue and expenditure framework (MTREF)) budget and be reviewed annually and approved by Council.
- h) The MTREF budget must at all times be within the framework of the municipality's Integrated Development Plan

4. BUDGET PREPARATION PROCESS

4.1 Formulation of the budget

- a) The Accounting Officer with the assistance of the Chief Financial Officer and the manager responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.
- b) The Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- c) The IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- d) The Mayor shall convene a strategic workshop in September/October with the other councillors and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- f) The Mayor shall table the draft IDP and draft MTREF budget to council at least 90 days before the start of the new budget year, together with the draft resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc.) and any document as may be prescribed.
- g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected revenue and expenditure for the two financial years following the budget year, the estimated revenue and expenditure for the current year and

the actual (audited) revenue and expenditure for the preceding financial years as per prescription by National Treasury.

- h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

4.2 Public participation process

The municipality must convene hearings on the draft budget and invite the public and stakeholder organizations to make representation at the council hearings and to submit comments in response to the draft budget.

Council must consider the views of the local community in finalizing the budget.

4.3 Approval of the budget

- a) Council shall consider the next medium term expenditure framework budget for approval at least 30 days before the start of the budget year.
- b) The council resolution, must contain budget policies and performance measures be adopted and any document as may be prescribed;
- c) Should the municipality fail to approve the budget before the start of the budget year, the Mayor must inform the MEC for Finance that the budget has not been approved.
- d) The budget tabled to Council for approval shall include the following supporting documents:
 - i. Draft resolution approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
 - ii. Measurable performance objectives for each budget vote, taking into account the municipality's IDP;
 - iii. The projected cash flows for the financial year by revenue sources and expenditure votes;
 - iv. Any proposed amendments to the IDP;

- v. Any proposed amendments to the budget-related policies;
- vi. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
- vii. Particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
- viii. Particulars of the municipality's investments;
- ix. Various information in regard to municipal entities under the shared or sole control of the municipality; and
- x. Any information as prescribed.

4.4 Publication of the budget

- a) Within 14 days after the draft annual budget has been tabled, the Director Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public and send hard copies to National and Provincial Treasury.
- b) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury and the Provincial Treasury and post a copy on the municipal website.

4.5 Service Delivery and Budget Implementation Plan (SDBIP)

- a) The Mayor must approve the Service Delivery and Budget
- b) Implementation Plan not later than 28 days after the approval of the Budget by Council and ensure that annual performance contracts are concluded.
- c) The Mayor must submit the approved Service Delivery and Budget Implementation Plan and performance contracts to Council and MEC of local government within 14 days after approval.

- d) The SDBIP shall include the following components:
- I. Monthly projections of revenue to be collected for each source,
 - II. Monthly projections of expenditure (operating and capital) and revenue for each vote,
 - III. Quarterly projections of service delivery targets and performance indicators for each vote,
 - IV. Ward information for expenditure and service delivery,
 - V. Detailed capital works plan broken down by ward over three years.

5. CAPITAL BUDGET

5.1 General

- a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and its value exceeds R5 000 and has a useful life in excess of one year.
- b) Vehicle replacement shall be budgeted in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amounts shall be budgeted for vehicle acquisition.
- c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- d) The envisaged sources of funding for the capital budget must be properly considered and Council must be satisfied that this funding is available and has not been committed for other purposes.
- e) Before approving a capital project, the Council must consider:
 - I. the projected cost of the project over all the ensuing financial years until the project becomes operational,
 - II. Future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- f) Before approving the capital budget, the council shall consider:

- i. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
 - ii. depreciation of fixed assets,
 - iii. maintenance of fixed assets, and
 - iv. Any other ordinary operational expenses associated with any item on such capital budget.
- g) Council shall approve the annual or adjustments capital budget only if it has been properly balanced and fully funded.
- h) The capital expenditure shall be funded from the following sources:

5.2 Revenue or Surplus

- a) If any project is to be financed from revenue this financing must be included in the Cash budget to raise sufficient cash for the expenditure.
- b) If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

5.3 External loans

- a) External loans can be raised only if it is linked to the financing of an asset;
- b) A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- c) The loan redemption period should not exceed the estimated life expectancy of the asset. If that happens, the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- d) Interest payable on external loans shall be included as a cost in the revenue budget;
- e) Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

5.4 Grant Funding

- a) Non capital expenditure funded from grants
 - I. Must be budgeted for as part of the revenue budget;
 - II. Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
- b) Capital expenditure must be budgeted for in the capital budget;
- c) Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- d) Grant funding does not need to be cash backed but cash should be secured before spending can take place.

6. OPERATING BUDGET

- a) The municipality shall budget in each annual and adjustments budget for the contribution to:
 - i. Provision for accrued leave entitlements equal to 100% of the accrued leave.
 - ii. Entitlement of officials as at 30 June of each financial year,
 - iii. Provision for debt impairment in accordance with its bad debts policy
 - iv. Provision for the obsolescence and deterioration of stock in accordance with its stores management policy.
 - v. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
 - vi. **At least 5%** of the operating budget component of each annual and adjustments budget shall be set aside for maintenance. **The percentage or criteria for determining the budget for the maintenance of fixed assets shall be in terms of the budget circulars that are issued by National Treasury from time to time.**

- b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- d) The operating budget shall reflect the impact of the capital component on:
 - i. Depreciation charges,
 - ii. Repairs and maintenance expenses,
 - iii. Interest payable on external borrowings
 - iv. Other operating expenses.
- e) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- f) Include any other requirement in terms of any prescription.

7. FUNDING OF THE BUDGET

The budget may be financed only from:

- i. realistically expected revenues, based on current and previous collection levels;
- ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- iii. Borrowed funds in respect of the capital budget only.

8. UNSPENT FUNDS / ROLL OVER OF BUDGET

- a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

- b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.
- c) Conditions of the grant fund shall be taken into account in applying for such rollover of funds.
- d) Application for rollover of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council.
- e) Adjustments to the rolled over budget shall be done during the first budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- f) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made 90 days prior the end of that particular financial year.
- g) No unspent operating budget shall be rolled over to the next budget year.

9. BUDGET TRANSFERS / VIREMENTS

- a) Budget transfers within the same vote shall be recommended by the respective Directorates and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Department.
- b) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Municipal Manager.
- c) In cases of emergency situations virements shall be submitted by the Accounting Officer to the Budget Steering Committee and then to the Mayor for authorization and be reported by The Mayor to Council at its next meeting.
- d) The budget for personnel expenditure may not be increased without prior approval of the Accounting Officer in consultation with the Chief Financial Officer and the support of the **Budget Steering Committee**
- e) Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of Council.

- f) Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, with the approval of the Accounting Officer after consultation with the Chief Financial Officer.
- g) The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent of the amount appropriated under that main expenditure category.
- h) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.
- i) No virements will be allowed on entertainment costs without a council resolution and only on recommendation by the accounting officer after consultation with the CFO.
- j) Virements between votes shall be included in the adjustments budget.

10. ADJUSTMENTS BUDGET

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

- a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Mayor, are aligned with the IDP and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- b) Council may revise its annual budget by means of an adjustments budget at most three times a year or as regulated.
- c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

- d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for.
- e) The Council shall, in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.
- f) The Council should also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- g) Only the Mayor shall table an adjustments budget. Adjustments budget shall be done at most three times a year and be submitted to Council in the following months:
 - i. October – to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources,
 - ii. February – to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget,
 - iii. May – final budget adjustment to adjust current year's budget in cases where there is an indication that there will be rolling over of funding to the next financial year
- h) An adjustments budget must contain all of the following:
 - i. an explanation of how the adjustments affect the approved annual budget;
 - ii. appropriate motivations for material adjustments; and
 - iii. An explanation of the impact of any increased spending on the current and future annual budgets.
- i) Any un-appropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget.

- j) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- k) Unauthorised expenses may be authorised in an adjustments budget.

11. BUDGET IMPLEMENTATION

11.1 Monitoring

- a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
 - I. funds are spent in accordance with the budget;
 - II. expenses are reduced if expected revenues are less than projected; and
 - III. Revenues and expenses are properly monitored.
- b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.
- c) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

11.2 Reporting

11.2.1 Monthly budget statements

- a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of

the municipality's budget for such calendar month, and cumulatively for the financial year to date.

11.2.1.1 The monthly report must reflect the following:

- i. actual revenues per source, compared with budgeted revenues;
 - ii. actual expenses per vote, compared with budgeted expenses;
 - iii. actual capital expenditure per vote, compared with budgeted expenses;
 - iv. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
 - v. the amount of allocations received, compared with the budgeted amount
 - vi. actual expenses against allocations, but excluding expenses in respect of the equitable share;
 - vii. explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
 - viii. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
 - ix. Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- b) The report to the Provincial Treasury must be both in electronic format and in a signed document.

11.2.2 Quarterly Reports

The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

11.2.3 Mid-year budget and performance assessment

- a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan and progress on resolving problems identified in the past year's annual report.
- b) The Accounting officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

12. MUNICIPAL WEB SITE

The Budget and Treasury office must place on the municipality's official website the following:

- 12.1 the annual and adjustments budgets and all budget-related documents;
- 12.2 all budget-related policies;
- 12.3 the integrated development plan
- 12.4 the annual report;
- 12.5 all performance agreements;
- 12.6 all service delivery agreements;
- 12.7 all long-term borrowing contracts;
- 12.8 all quarterly reports tabled in council;
- 12.9 Any document as may be prescribed.

5. ANNEXURE : LEGAL REQUIREMENTS

PARAPHRASE OF PRESCRIPTIONS IN REGARD TO PREPARATION OF MUNICIPAL BUDGETS AS SET OUT IN THE MUNICIPAL FINANCE MANAGEMENT ACT 2003

7.1 Section 15 Appropriation of funds for expenditure

- (a) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget vote.

7.2 Section 16 Annual budgets

- (a) The Council must approve the annual budget before the start of the financial year to which it relates.
- (b) The Mayor must table the annual budget at least ninety days before the start of such financial year.
- (c) The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

7.3 Section 17 Contents of annual budgets and supporting documents

- (a) The budget must be in the prescribed format, and must be divided into a capital and an operating budget.
- (b) The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- (c) The expenses reflected in the budget must be divided into votes.
- (d) The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.
- (e) The budget must be accompanied by all the following documents:
 - (i) draft resolutions approving the budget and levying property rates, other

- taxes and tariffs for the financial year concerned;
- (ii) draft resolutions (where applicable) amending the IDP and the budget-related policies;
 - (iii) measurable performance objectives for each budget vote, taking into account the council's IDP;
 - (iv) the projected cash flows for the financial year by revenue sources and expenditure votes;
 - (v) any proposed amendments to the IDP;
 - (vi) any proposed amendments to the budget-related policies;
 - (vii) the cost to the council of the salaries, allowances and other benefits of its political office bearers and other councilors, the municipal manager, the chief financial officer, and other senior managers;
 - (viii) particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as NGOs, welfare institutions and so on;
 - (ix) particulars of the council's investments; and

7.4 Section 18 Funding of expenditures

- (a) The budget may be financed only from:
 - (i) realistically expected revenues, based on current and previous collection levels;
 - (ii) cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
 - (iii) borrowed funds in respect of the capital budget only.

7.5 Section 19 Capital projects

- (a) A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been

appropriated in the capital budget.

- (b) The total cost of the project must also be approved by the Council.
- (c) The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- (d) Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

7.6 Section 20 Matters to be prescribed

- (a) The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the municipality must use in compiling its budget.
- (b) The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms is used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

7.7 Section 21 Budget preparation process

- (a) The Mayor of the municipality must:
 - (i) Co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible.
 - (ii) At least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of

the IDP and budget-related policies, and the consultative processes required in the approval of the budget.

- (iii) When preparing the annual budget, take into account the municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act.
- (iv) Take all reasonable steps to ensure that the municipality revises its IDP in line with realistic revenue and expenditure projections for future years.
- (v) Consult the district municipality (if it is a local municipality) and all other local municipalities in the district, and all other local municipalities in the district if it is a district municipality.
- (vi) Consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed.
- (vii) Provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

7.8 Section 22 Publication of annual budgets

- (a) Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.
- (b) The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

7.9 Section 23 Consultations on tabled budgets

- (a) After the budget has been tabled, the Council of the municipality must consider the views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made

submissions on the budget.

- (b) After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and – if necessary – revise the budget and table the relevant amendments for consideration by the Council.
- (c) The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

7.10 Section 24 Approval of annual budgets

- (a) The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.
- (b) The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

7.11 Section 25 Failure to approve budget before start of budget year

- (a) This Section sets out the process which must be followed if the budget is not approved in the normal course of events. Briefly the Council must reconsider and vote on the budget, or an amended version of the budget, every seven days until a budget is approved. The Mayor must immediately inform the MEC for Local Government if the budget is not adopted by the start of the budget year, and may request a provincial intervention.

7.12 Section 26 Consequences of failure to approve budget before start of budget year

- (a) The provincial executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the municipality. The Section also imposes restrictions on what may be spent in terms of such temporary budget.

7.13 Section 27 Non-compliance with provisions of this chapter

- (a) This Section sets out the duties of the Mayor to report any impending noncompliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

7.14 Section 28 Municipal adjustments budgets

- (a) A municipality may revise its annual budget by means of an adjustments budget.
- (b) However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (c) A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.
- (d) A municipality may in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.
- (e) A municipality may authorise the utilisation of projected savings on any vote towards spending under another vote.
- (f) Municipalities may also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- (g) Only the Mayor of the municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.
- (h) An adjustments budget must contain all of the following:
 - (i) an explanation of how the adjustments affect the approved annual budget;
 - (ii) appropriate motivations for material adjustments; and
 - (iii) an explanation of the impact of any increased spending on the current and future annual budgets.
- (i) Municipal taxes and tariffs may not be increased during a financial year except if

required in terms of a financial recovery plan.

7.15 Section 29 Unforeseen and unavoidable expenditure

- (a) In regard to unforeseen and unavoidable expenses, the following apply: the Mayor may authorise such expenses in an emergency or other exceptional circumstances;
- (i) the municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
 - (ii) these expenses must be reported by the Mayor to the next Council meeting;
 - (iii) the expenses must be appropriated in an adjustments budget; and
 - (iv) the adjustments budget must be passed within sixty days after the expenses were incurred.

7.16 Section 30 Unspent funds

- (a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

7.17 Section 31 Shifting of funds between multi-year appropriations

- (a) If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:
- (i) the increase is not more than 20% of that financial year's allocation;
 - (ii) the increase is funded in the next financial year's appropriations;
 - (iii) the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
 - (iv) the Mayor gives prior written approval for such increased appropriation; and

- (v) all the above documentation is provided to the Auditor-General.

7.18 Section 32 Unauthorized, irregular or fruitless and wasteful expenditure

- (a) Unauthorized expenses may be authorized in an adjustments budget.

7.19 Section 33 Contracts having future budgetary implications

- (a) Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the municipality may enter into such contract only if:
 - (i) The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarising the municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
 - (ii) The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect to such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
 - (iii) The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments received from all the foregoing parties.
 - (iv) The Council adopts a resolution determining that the municipality will secure a significant capital investment or derives a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.
- (b) A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

7.20 Section 42 Price increases of bulk resources for provision of municipal services

- (a) National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:
 - (i) The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
 - (ii) At least forty days prior to the above submission the National Treasury and organised local government must be invited to submit written comments on the proposed increase.
 - (iii) The executive authority, after taking into account the comments received, must table the price increase in Parliament or the provincial legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.

- (b) Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

7.21 Section 43 Applicability of tax and tariff capping on municipalities

- (a) If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:
 - (i) A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
 - (ii) A determination promulgated after 15 March shall not take effect before 1 July of the following year.
 - (iii) A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect

of any contract legally entered into by a municipality.

7.22 Section 53 Budget processes and related matters

- (a) The Mayor of the municipality must:
 - (i) Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
 - (ii) Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
 - (iii) Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the municipality's service delivery and budget implementation plan is approved within twenty-eight days after the approval of the budget.
 - (iv) Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the municipality are linked to measurable performance objectives which are approved with the budget and the service delivery and budget implementation plan.
- (b) The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the service delivery and budget implementation plan or signing the annual performance agreements.
- (c) The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the service delivery and budget implementation plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

7.23 Section 68 Budget preparation

- (a) The Municipal Manager must assist the Mayor in performing the assigned

budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

7.24 Section 69 Budget implementation

- (a) The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:
 - (i) funds are spent in accordance with the budget;
 - (ii) expenses are reduced if expected revenues are less than projected; and
 - (iii) Revenues and expenses are properly monitored.
- (b) The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.
- (c) The Municipal Manager must submit a draft service delivery and budget implementation plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

7.25 Section 70 Impending shortfalls, overspending and overdrafts

- (a) The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

7.26 Section 71 Monthly budget statements

- (a) The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.
- (b) This report must reflect the following:

- (i) actual revenues per source, compared with budgeted revenues;
 - (ii) actual expenses per vote, compared with budgeted expenses;
 - (iii) actual capital expenditure per vote, compared with budgeted expenses;
 - (iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
 - (v) the amount of allocations received, compared with the budgeted amount;
 - (vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
 - (vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
 - (viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
 - (ix) Projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- (c) The report to the National Treasury must be both in electronic format and in a signed written document.

7.27 Section 54 Budgetary control and early identification of financial problems

- (a) On receipt of the report from the Municipal Manager, the Mayor must:
- (i) consider the report;
 - (ii) check whether the budget has been implemented in accordance with the service delivery and budget implementation plan;
 - (iii) issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;

- (iv) identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
 - (v) submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.
 - (vi) If the municipality faces any serious financial problems, the Mayor must:
 - (vii) promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
 - (viii) alert the MEC for Local Government and the Council of the municipality to the problems concerned.
- (b) The Mayor may revise the details of the service delivery and budget implementation plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

7.28 Section 55 Report to provincial executive if conditions for provincial intervention exist

- (a) If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

7.29 Section 72 Mid-year budget and performance assessment

- (a) The Municipal Manager must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.
- (b) The Municipal Manager must then submit a report on such assessment to the

Mayor, the National Treasury and the Provincial Treasury.

- (c) The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.
- (d) In terms of Section 54(1)(f) the Mayor must promptly submit this assessment report to the Council of the municipality.
- (e) Section 73 Reports on failure to adopt or implement budget-related and other policies
- (f) The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

7.30 Section 75 Information to be placed on websites of municipalities

- (a) The Municipal Manager must place on the municipality's official website (inter alia) the following:
 - (i) the annual and adjustments budgets and all budget-related documents;
 - (ii) all budget-related policies;
 - (iii) the annual report;
 - (iv) all performance agreements;
 - (v) all service delivery agreements;
 - (vi) all long-term borrowing contracts;
 - (vii) all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the municipality.

7.31 Section 80 Establishment (of municipal budget and treasury office)

- (a) Every municipality must have a budget and treasury office comprising a Chief Financial Officer supported by appointed officials and contracted staff.

7.32 Section 81 Role of chief financial officer

- (a) The Chief Financial Officer is administratively in charge of the budget and treasury office and must, inter alia,
- (i) assist the Municipal Manager in preparing and implementing the budget;
 - (ii) perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
 - (iii) account to the Municipal Manager for the performance of all the foregoing responsibilities.

7.33 Section 83 Competency levels of professional financial officials

- (a) The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency level.

SUMMARISED TABLE

FINAL DATE	ACTION BY MUNICIPALITY	
31 August	Table in council timetable for preparation of coming year's annual budget	
20 January	-	
25 January	Assess current year's budget performance	
31 January	Table assessment report in council	
31 January or earlier	-	
(Between 31 January and 31 March)	Table adjustments budget for current year and changes to service delivery targets and KPIs	
(Between 31 January and 31 March)	Make public (adjustments budget and) revisions to service delivery and budget implementation plan for current year	
31 March	Table budget for coming year	
Immediately after 31 March	Make public budget for coming year and invite submissions from community, provincial treasury and others	

Before 31 May	Respond to submissions and revise draft budget for coming year	
31 May	Consider approval of budget for coming year and attendant resolutions. Budget for coming year and attendant resolutions must be approved by 31 May.	
Early June immediately after budget approved	Submit budget to national treasury and provincial treasury	
Early June immediately after approval dates	Place on website annual budgets and all budget-related documents	
Mid June 14 days after budget approved	Finalise draft service delivery and budget implementation plan and draft performance agreements	
Late June: 28 days after budget approved	Approve service delivery and budget implementation plan	
Late June: 28 days after budget approved	Conclude performance agreements	
Mid July: 14 days after service delivery and budget implementation plan approved	Make public projections of revenues and expenses for each month of coming year, service delivery targets for each quarter, and performance agreements	

DETAILED BUDGET TIMETABLE

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
---	---	------------------------	--------------------------	---------------------------------

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
21(1)(b)	31 August	Mayor must at least 10 months before start of budget year table in council time schedule outlining key deadlines for - preparation, tabling and approval of annual budget - annual review of IDP -annual review of budget-related policies -tabling and adoption of any amendments to IDP and budget-related policies - any consultative processes forming part of foregoing	Mayor	Time schedule must either fit in with already scheduled council meetings or must indicate when special council meetings must be scheduled.
72(1), (2) and (3)	25 January	Accounting officer must assess budgetary and financial performance of municipality for first six months of financial year, make recommendations on whether adjustments budget necessary, and recommend revised projections for revenues and expenses. This assessment must be submitted to the mayor, national treasury and the provincial treasury (immediately).	Accounting officer	

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
54(1)(f)	31 January	Mayor must submit accounting officer's report to council.	Mayor	Special council meeting may have to be scheduled.
54(1) and (2)	(Between 31 January and 31 March)	If municipality faces "serious financial problems" mayor must "promptly" respond to and initiate remedial steps proposed by accounting officer, including steps to reduce expenses and tabling of adjustments budget. Mayor must also consider revisions to service delivery and budget implementation plan. (Note that only council may approve changes to service delivery targets and KPIs – these changes must therefore be tabled with the adjustments budget).	Mayor	Adjustments budgets may be prepared by the accounting officer, and tabled in council by the Mayor "when necessary". They must be so prepared and tabled (within prescribed limits as to timing and frequency) whenever material adjustments to expenses or revenues are required, and not only when "serious financial problems" are looming. In general, adjustments budgets should preferably be tabled by or as soon as possible after 31 January, and certainly not later than 31 March when the draft annual budget for the next year

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
				is first tabled.
54(3)	(Between 31 January and 31 March)	Mayor must ensure that revisions to service delivery and budget implementation plan are “promptly” made public. (Note that no concomitant revision of performance agreements is evidently envisaged).	Mayor	Presumably the accounting officer must make these revisions for the mayor's approval as part of the process of adjusting the annual budget. The deadline for these revisions must be by or as soon as possible after 31 January, but certainly not later than 31 March. See also 54(1) and (2).
16(2)	31 March	Mayor must table annual budget of municipality at council meeting at least 90 days before start of budget year.	Mayor	Council meeting must be scheduled appropriately.
22(a) and 22(b)	Immediately after 31 March or earlier date if annual budget tabled before 31 March	Immediately after annual budget tabled in council, accounting officer must (1) make public budget and documents referred to in Section 17(3), and invite local community to submit representations in connection	Accounting officer	

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
		with budget, and (2) submit annual budget in both printed and electronic formats to provincial treasury, and in either format to prescribed national and provincial organs of state and to other municipalities affected by the budget.		
23(2)	Before 31 May	Council must give mayor opportunity (1) to respond to submissions received on annual budget and attendant documentation and (2) to revise budget, if necessary, and table amendments for consideration by council.	Mayor and council	-
24(1) and (2)	31 May	Council must consider approval of annual budget, together with resolutions imposing levies, setting tariffs, approving measurable performance objectives for revenue from each source and for each vote, approving any changes to IDP, and approving any changes to budget-related policies.	Council	Although council has until 30 June to approve budget, best practice will be to approve budget not later than 31 May.

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
24(3)	(Immediate after approval date)	Accounting officer must submit approved annual budget to national treasury and provincial treasury.	Accounting officer	No time limit is specified for this action, and neither is the format in which the budget is to be submitted specified. An electronic copy and a hard copy of the adopted budget are to be sent to National Treasury.
25(1) and (2)	Within 7 days of date of council meeting which failed to approve annual budget	If council fails to approve annual budget at meeting scheduled in terms of Section 24, must reconsider budget within 7 days of date of such meeting. If necessary, process must be repeated until budget approved by 30 June.	Council	As province will intervene if budget not approved by 30 June, mayor, councillors and accounting officer must co-operate to ensure obstacles to approval timeously removed.
69(3)(a) and (b)	14 days after approval of annual budget (mid June)	Accounting officer must submit to mayor draft service delivery and budget implementation plan, and drafts of annual performance agreements for municipal manager and all senior managers.	Accounting officer	

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
53(1)(c)(ii)	Within 28 days after date annual budget approved (late June)	Service delivery and budget implementation plan must be approved by mayor, including projections of revenues and expenses for each month, and service delivery targets and performance indicators for each quarter. (Note that though the mayor approves these targets and KPIs, only the council may change them and then only following the approval of an adjustments budget. See Section 54(1)(c)).	Mayor	-
53(1)(c)(iii)(a) & (bb)	Within 28 days after date annual budget approved (late June)	Mayor must take all reasonable steps to ensure that annual performance agreements for municipal managers and all senior managers are linked to measurable performance objectives approved with the budget and to the service delivery and budget implementation plan, and are concluded in accordance with Section 57(2) of the Municipal Systems Act.	Mayor	No date is specified for the completion of this requirement, but the logical inference is that the date should not be much later than the date on which the service delivery and budget implementation plan must be approved. See Section 53(3)(b).

Section of Municipal Finance Management Act No. 56 of 2003	Date by which action must be completed	Action required	Responsible party	Practical considerations
16(1)	30 June	Annual budget MUST be approved by council	Council	-
53(3)(a) and (b)	14 days after approval of service delivery and budget implementation plan (mid July , depending on date plan approved)	Projections of revenues and expenses for each month and service delivery targets for each quarter (as set out in approved service delivery and budget implementation plan), and performance agreements of municipal manager and senior manager must be made public, and copies of performance agreements must be submitted to council and MEC for local government.	Mayor	Although this is not specified as a requirement, logic dictates that copies of the service delivery and budget implementation plan should also be submitted to council.