



ADJUSTMENTS BUDGET

2018 / 2019

EThekweni Municipality

REPORT TO EXECUTIVE COMMITTEE (EXCO)

ADJUSTMENTS BUDGET – 2018/2019

PURPOSE

The purpose of the report is to obtain approval for adjustments to the approved 2018/19 Medium-term Revenue and Expenditure Framework (MTREF) in terms of Section 28 of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) and the Municipal Budget and Report Regulations (Regulations 23)

BACKGROUND

The 2018/2019 MTREF was approved by Council on 31 May 2018 in accordance with Section 24(1) of the MFMA and applicable National Treasury finance management reform requirements.

In terms of Section 72 of the MFMA the performance of a municipality and its entities must be reviewed during the first half of the financial year and the approved MTREF be revised regarding revenue projections and expenditure trends. Accordingly, the Mid-Year Budget and Performance Assessment was taken into consideration in producing this adjustment budget.

The Municipal Finance Management Act (MFMA) makes provision for the revision of an approved annual budget via an Adjustments Budget. Section 28 of the MFMA provides, inter alia, for the following:

- “(1) A Municipality may revise an approved annual budget through an adjustments budget.
- (2) May authorise the utilisation of projected savings in one vote towards spending under another vote. (*Vote: One of the main segments into which a budget of a municipality is divided i.e. Cluster level*)

- (3) When an adjustments budget is tabled it must be accompanied by -
- an explanation how the Adjustments Budget affects the annual budget;
 - a motivation of any material changes to the annual budget;
 - an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years”.

Furthermore, Regulation 23 (of Part 4) of the Municipal Budget and Reporting Regulations provides, inter alia for the following:

- (1) An adjustment budget 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 (1) above may be tabled in the Municipal Council during a financial year, except:
- when additional revenues are allocated to a municipality in a national or provincial adjustment budget or via institutional grants
 - to authorise unforeseen and unavoidable expenditure
 - to authorise roll-overs from the previous financial year

SUMMARY

The main reasons for this adjustments budget can be summarised as follows:

- Reallocation of budgets between votes to ensure operational efficiencies
- Adjustments in respect of unspent Grant Funding allocations.
- Re-prioritisation of projects mainly in the EThekweni Transport Authority (ETA), Trading Services, Office of the City Manager, and Community & Emergency Services Units.

It should be noted that a further Adjustments Budget will be done in the latter part of the financial year to address items needing regularisation .

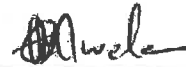
This adjustment budget is appropriately funded and does not result in a revision of the tariffs for the year.

The following recommendation is accordingly submitted for consideration:

1. That in accordance with the provisions of Section 28 of the Municipal Finance Management Act and in compliance with the Municipal Budget and Reporting Regulations, the adjustments to the 2018/19 Budget as reflected in Annexure 'A' be approved, and the approval of the capital adjustments budget constitute project approval of the specific projects.
2. That the adjustment budgets of the Municipal Entities as approved by the respective Board of Directors and reflected in Annexure 'B', be noted in compliance with Section 87 of the Municipal Finance Management Act.




CONSTANCE MWELASE
MANAGER: OPERATING BUDGET
DATE: 2019/02/22



KAY NAIDOO
SENIOR MANAGER: BUDGETS
DATE: 2019/2/22



YOGETA RAYAN
DEPUTY HEAD: CORPORATE ACCOUNTING
DATE: 25/02/2019



XOLISWA HLONGWANE
HEAD: CORPORATE ACCOUNTING
DATE: 25/2/2019



PP KRISH KUMAR - Sibonelo Mbele
DEPUTY CITY MANAGER
DATE: 25/2/2019



SIPHO NXUZA
CITY MANAGER
DATE: 25/02/2019

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The year to date financial performance indicators reflect that the municipality is in a reasonable fiscal position, notwithstanding the threats and risk to the economy. Budgetary control ensures that spending is within affordability parameters in order for the city to deliver on its core mandate and achieve its developmental goals.

Operating expenditure needs to be reviewed on Overtime, Security, EPWP costs as well as Water and Sanitation expenditure to ensure that we are able to balance income and expenditure. The salary budget needs to be reviewed as well and improved productivity and value for money needs to be intensified to ensure that the city is able to effectively meet its service delivery challenges.

ADJUSTMENT TO BUDGET FUNDING

The following adjustments are effected to the funding of the 2018/19 annual budget:

- Allocation of unspent grant funding in respect of the BZM, IRPTN, and Department of Arts & Culture grants.

ADJUSTMENT TO EXPENDITURE LEVELS

The following adjustments were effected to the expenditure levels of the 2018/19 annual budget:

- Unforeseen expenditure in the Office of the City Manager, Governance, Corporate and Human Resources and Economic Development and Planning Clusters.

BUDGET REALLOCATIONS

In order to ensure effective and efficient service delivery and to enhance operational efficiencies of units, budget reallocations were required so that units are more cost reflective of the operations and in line with the organisational structure.

AMENDMENT TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

As this adjustment budget results in consequential amendment of the 2018/19 SDBIP, a comprehensive report on the revision to the service delivery and budget implementation plan will be covered in a separate report to Council.