

# **AGENDA ITEM FOR MAYORAL COMMITTEE MEETING**

## **HEADING: FINANCE: BUDGET PREPARATION TIMETABLE: 2019/2020**

Town Clerk Number: None  
Town Secretary Reference Number: 5/1/1/11  
Contact Person: A.N Magangane

**ITEM TRANSFERRED TO:** File: 0000R0009.EDCS  
MunAdmin F-  
Date initiated: 07 August 2018

## **IF REPLACED ITEM: HEADING OF ITEM WHICH IS REPLACED:**

## **REMARKS:**

### **Report by the Executive Manager Finance**

#### **1. Purpose**

The purpose of this report is for Council to approve a time schedule outlining the key deadlines for the:

- Preparation, tabling and approval of the annual budget.
- The annual review of the IDP and budget related policies.
- The tabling and adoption of any amendments to the IDP and budget related policies.
- Any other consultative processes applicable.

#### **2. Background**

- 2.1. In order for Council to approve a credible budget with realistic revenue and expenditure estimates, over a medium-term (three [3] years), it is important that the annual budget allows sufficiently for the maintenance and replacement of operating equipment, ensure sustainable service delivery and in addition determine the capital budget and the projected future operational cost of authorised capital projects. The first step in achieving a credible budget of such nature is to formulate a structured budget preparation process through a timetable of all key deadlines relating to the budget, the review of the IDP and budget-related policies.
- 2.2. The budget preparation timetable should be prepared by Senior Management and tabled by the Executive Mayor for adoption by Council by 31 August 2018 which is ten (10) months before the start of the next budget year as stipulated by section 21(1) of the Municipal Finance Management Act (MFMA).
- 2.3. The Executive Mayor must co-ordinate the budget preparation process and the review of the Council's IDP and budget-related policies with the assistance of the Municipal Manager.
- 2.4. The Executive Mayor must further ensure that the IDP review forms an integral part of the budget process and that any changes to

strategic principles as contained in the IDP document have realistic projections of revenue and expenditure.

- 2.5. In developing the budget, the Executive Management teams must take into account National and Provincial budgets, the National Fiscal and Macro-Economic Policy and other relevant agreements or Acts of Parliament.
- 2.6. The Executive Mayor must further consult with the District Municipality and all other local municipalities in the district as well as the Provincial Treasury, National Treasury and other stakeholders when preparing the budget and also provide National Treasury and other organs of state with relevant information on request.
- 2.7. The budget preparation process should be undertaken between August 2018 and March 2019 so that the draft three-year budget proposal, IDP amendments and policies can be made available during February 2019.
- 2.8. The Municipal Manager is responsible for the implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.
- 2.9. The 2019/2020 IDP timetable are aligned and incorporated with the 2019/2020 Budget Timetable which is reflected in the following table below:

<b><u>Time Schedule of key deadlines for the 2019/2020 IDP review and Budget process</u></b>			
<b><u>MP313: Steve Tshwete Local Municipality</u></b>			
<b>Item</b>	<b>Activity</b>	<b>Process</b>	<b>Responsibility</b>
<b><u>August 2018</u></b>			
1.	Table budget preparation timetable;	Budget	Budget Office
2.	Submit an adjustment budget in terms of section 28(2)(e) to be approved by Council by 25 August 2018;	Budget	Budget Office
3.	Draft schedule which includes setting out timeframes and responsibilities in relation to the community consultation programme	IDP	Strategic Support
4.	Submit a proposed community consultation programme to the Mayor and Speaker respectively;	IDP	Strategic Support
5.	compile municipal performance feedback on the implementation of the development priorities, objectives, indicators and targets for the previous financial year	IDP	Strategic Support
6.	Finalise and submit Annual Financial Statements of 2017/18 to Auditor-General.	AFS	Budget Office
7.	Submit 2017/18 draft performance report and draft annual report to Auditor-General	IDP/PMS	Strategic Support

<b><u>September 2018</u></b>			
8	Training for councillors on community based planning and the IDP	IDP (Sep 2018)	Strategic Support
9.	Start with the process of the needs reprioritization in reference to the five year identified needs (as captured in the 2017-22) developed past year's financial statements and performance as at 30 June 2018;	IDP (Sept 2018-Dec 2018)	Strategic Support
10..	Completion of the analysis of the existing level of development;	IDP (Sept 2018-Dec 2018)	Strategic Support
11.	Review past year's financial statements and performance as at 30 June 2018	AFS	Budget Office
12.	The revision of the approved Human Resource budget – (include the creation and alteration of posts, any new conditions of service, post evaluations, restructuring of departments et cetera;)	Budget	Budget Office
13.	Prepare budget process documentation which includes setting out timeframes and responsibilities and submit to all relevant stakeholders;	Budget	Budget Office
<b><u>October 2018</u></b>			
14.	Submit medium term budget revenue and expenditure framework to relevant stakeholders to review and adjust for next budget cycle;	Budget	Budget Office
15.	Submit three year approved capital budget to relevant stakeholders to review and adjust existing framework as well as to submit new projects for outer financial years;	Budget	Budget Office
<b><u>November 2018</u></b>			
16.	Initiate strategies that will aid in achieving the municipal identified development priorities; objectives and targets;	IDP (Sept 2018-Dec 2018)	Strategic Support
17.	Submit schedule for sundry tariffs and fines for revision and addition by all stakeholders	Budget	Budget Office
18.	Review and consolidate draft budgets of individual sections to ensure compliance with budget framework;	Budget	Budget Office
19.	Commence with the review process of budget-related policies;	Budget	Budget Office
20.	Align IDP objectives, targets and strategies the draft budget	Budget	Budget Office
<b><u>December 2018</u></b>			
21.	Prepare first draft of annual budget	Budget	Budget Office
22.	Assessment of submissions of operational and capital budgets through budget steering meetings;	Budget	Budget Office
23.	IDP Technical Steering Committee	IDP	Strategic Support

<b><u>January 2019</u></b>			
24.	Conduct Strategic Lekgotla to align and confirm strategic and priorities for the 2019/20 financial year	IDP	Strategic Support
25.	Complete the process of identifying and employing applicable strategies that will address municipal development priorities and achieve municipal objectives and targets;	IDP	Strategic Support
26.	Introduce the process of project identification;	IDP	Strategic Support
27.	Designing project specific proposal; set project objectives, targets and indicators that are aligned to the municipal objectives and strategies;	IDP	Strategic Support
28.	Integration of projects and programmes by synergizing efforts and resources from three sphere of government ;	IDP	Strategic Support
29.	Revision \ confirmation of sector plans , identify programmes and projects proposed within each sector plan to inform planning and budgeting process;	IDP	Strategic Support
30.	Screening of project proposals and confirmation thereof;	IDP	Strategic Support
31.	Consultation with all stakeholders on the proposed draft projects by all spheres of government	IDP	Strategic Support
32.	Revise financial plan for inclusion in the IDP	Budget	Budget Office
33.	Conduct mid-year review of current budget and performance of first six months and make recommendations for an adjustment budget.	Budget	Budget Office
<b><u>February 2019</u></b>			
34.	Completion of IDP Integration phase which will focus on the revision/ confirmation of integration components;	IDP (Feb-Mar 2019)	Strategic Support
35.	Coordinate the IDP Representative Forum	IDP (Feb-Mar 2019)	Strategic Support
36.	Table the draft IDP document to council and publish for public comments;	IDP (Feb-Mar 2019)	Strategic Support
37.	Prepare and submit adjustment budget to Council;	Budget	Budget Office
38.	Final consultations workshops on draft budget with relevant stakeholders and prepare final budget document.	Budget	Budget Office
39.	Finalize review of budget related policies – confirm existing and set new policy priorities for next three years;	Budget	Budget Office
<b><u>March 2019</u></b>			
40.	Submit final draft capital and operating budgets to Budget Steering Committee;	Budget	Budget Office

41.	Prepare draft Service Delivery and Budget Implementation Plans – these plans should clearly set out the timetable for implementation and completion date of projects as well as the key milestones of the projects over the next three years;	Budget	Budget Office
42.	Finalize budget schedules, supporting tables and charts in line with the budget regulation;	Budget	Budget Office
43.	Table draft annual budget to Council which includes rates, taxes and tariffs	Budget	Budget Office
44.	Submit tabled budget to Provincial and National Treasury and District Municipality for comments and inputs;	Budget	Budget Office
45.	Advertise public participation process on the IDP, budget and budget related policies;	Corporate Services	Communication & Stakeholder Liaison
46.	Place tabled IDP and budget on municipal website within 5 days of approval for public inputs;	Budget/IDP	Budget Office
47.	Start public participation process immediately after the draft budget and IDP was tabled to Council.	Budget/IDP	Budget Office
<b><u>April 2019</u></b>			
48.	Incorporate inputs received from the public into the IDP;	IDP	Strategic Support
49.	Submit Draft IDP to MEC for Local Government, Provincial Treasury and the District Municipality	IDP	Strategic Support
50.	Continuation of the public participation and consultation process on tabled annual budget and budget related policies;	Budget	Budget Office
51.	Conduct a Budget Indaba;	Budget	Budget Office
<b><u>May 2019</u></b>			
52.	Submit section 19 (MFMA) report on the capital budget to Council for approval;	Budget	Budget Office
53.	Submit to Council 2019/20 the revised IDP document;	IDP	Strategic Support
54.	Submit a copy of the approved final 2019/20 revised IDP to the MEC within 14 days after the approval;	IDP	Strategic Support
55.	Submit a copy of the approved final 2019/20 revised IDP to the Nkangala District municipality;	IDP	Strategic Support
56.	Place the approved final 2019/20 revised IDP on the municipal website;	IDP	Strategic Support
57.	Make copies of the approved final 2019/20 revised IDP available at public libraries and main Offices;	IDP	Strategic Support
58.	Publish the approved final 2019/20 revised to notify the public;	IDP	Strategic Support

59.	Distribute final IDP to all internal departments for implementation.	IDP	Strategic Support
60.	The Executive Mayor responds on public submissions and if necessary recommends amendments to the tabled Annual Budget;	Budget	Budget Office
61.	Approval of the tabled annual budget by Council and include: <ul style="list-style-type: none"> <li>▪ the approval of the budget schedules with reference to documentation;</li> <li>▪ the approval of the proposed changes to municipal rates, taxes and tariffs;</li> <li>▪ approves measurable performance objectives for each revenue source and expenditure framework;</li> <li>▪ approves measurable performance objectives for capital expenditure;</li> <li>▪ approves changes to IDP;</li> <li>▪ approves changes to budget related policies;</li> <li>▪ proposed noting of the draft SDBIP tabled with the budget.</li> </ul>	Budget	Budget Office
<b>June 2019</b>			
62.	Submit SDBIP within 14 days after approval of Annual Budget to the Executive Mayor(Section 69(3) of the MFMA;	Budget	Budget Office
63.	Submission of final approved annual budget to SA National Treasury, Provincial Treasury, SALGA, NDM, DPLG and relevant stakeholders within 10 working days after approval of budget;	Budget	Budget Office
64.	Place approved budget with relevant documentation on municipal website within 10 working days of approval of budget;	Budget	Budget Office
65.	Accounting Officer submits draft performance agreements which are linked to measurable performance objectives for Municipal Manager and all senior Managers to the Executive Mayor no later than 14 days after approval of the annual budget;	PMS	Strategic Support
66.	Place budget related policies on the municipal website within 10 working days after approval of budget	Budget	Budget Office
67.	Approval of SDBIP by the Executive Mayor within 28 days of approval of the budget Section 53(1)(c) of MFMA;	Budget	Budget Office
68.	Submission of budget schedules in both printed and electronic formats to National and Provincial Treasury within 10 working days after approval of budget.	Budget	Budget Office
<b>July 2019</b>			
69.	Make public the approval of service delivery and budget implementation plans within 10 working days after the Mayor has approved the SDBIP;	Budget	Budget Office

70.	Make public the performance agreements within 14 days after approval of SDBIP	Corporate Services	Communication & Stakeholder Liaison
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3. The proposed key deadlines for the community participation process are as follows:

<b><u>Public Participation Process</u></b>			
<b><u>April – June 2019</u></b>			
1.	IDP Steering Committee Meeting	IDP	Strategic support
2.	IDP Representative Forum	IDP	Strategic support
3.	Budget Indaba	Budget	Municipal Manager Office
4.	Ward Community meetings on budget and IDP	Corporate Services	Communication & Stakeholder Liaison
5.	Consultation on budget with provincial treasury	Budget	Budget Office
6.	Advertise and invite comments and inputs on tabled budget and the IDP	Corporate Services	Legal and Admin

**3.3. It is recommended:**

- 3.1. That the IDP and budget timetable for the 2019/2020 Annual Budget Process be approved and implemented;
- 3.2. That the public participation process be noted and implemented accordingly.

Yours faithfully

**EXECUTIVE DIRECTOR FINANCIAL SERVICES**