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1. DEFINITIONS AND ACRONYMS

1.1 Statutory and Regulatory

This Procedure applies to the following meanings and interpretations:

#	TERM	DESCRIPTION
1.1	Accounting Officer	means a person appointment in terms of section 82(l)(a) or (b) of the Municipal Structures Act.
1.2	Municipal Manager	means a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act
1.3	Chief Financial Officer	means a person designated in terms of section 80(2)(a) of the
1.4	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;
1.5	Financial Year	means the financial year ending 30 June
1.6	Mayor	in relation to a) a municipality with an executive mayor, means the councilor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or b) a municipality with an executive committee, means the councilor elected as the mayor of the municipality in terms of section 48 of that Act
1.7	Act	means Municipal Finance Management Act, 2003 (Act No. 56, 2003)
1.8	Vote	means- a) 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 b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.
1.9	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;
1.10	Audit Committee	Means an independent advisory body which is appointed by the municipal Council in terms of section 166 of the MFMA.
1.11	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;

#	TERM	DESCRIPTION
1.12	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 4 c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
1.13	Budget transfer	means transfer of funding within a function / vote
1.14	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;
1.15	Commitment	means- a) A tender has been awarded and / or b) An order has been placed for goods and services and / or c) Consultants / a service provider has been appointed and / or d) Expenditure has been incurred or services have been provided e) A payment has been made for goods and services
1.16	Delegation	This is in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;
1.17	Division of Revenue Act (DORA):	means the Act of Parliament which must be enacted in terms of section 214(1) of the Constitution;
1.18	Financial recovery plan	means a plan prepared in terms of section 141 of the MFMA
1.19	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;
1.20	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;
1.21	Fruitless and wasteful expenditure	means expenditure that was made in vain and would have been avoided had reasonable care been exercised;
1.22	Irregular expenditure	means- an expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, 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

#	TERM	DESCRIPTION
		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 6 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";
1.23	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 (f) a grant by the municipality otherwise than in accordance with the MFMA;
1.24	Investment	This is 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;
1.25	Lender	means a person who provides debt finance to a municipality;
1.26	Long-term debt	means debt repayable over a period exceeding one year;
1.27	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;
1.28	National Treasury (NT):	means the National Treasury established by section 5 of the Public Finance Management Act, 1999 (Act No.1 of 199
1.29	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

#	TERM	DESCRIPTION
		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;
1.30	Past financial year	means the financial year preceding the current year;
1.31	Quarter	means any of the following periods in a financial year: (a) 1 July to 30 September; (b) 1 October to 31 December; 8 (c) 1 January to 31 March; or (d) 1 April to 30 June;
1.32	Standards of generally recognized accounting practice	means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board
1.33	Virement	means transfer of funds between votes
1.34	Virement Policy	The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

1.2 ACRONYMS

#	TERM	DESCRIPTION
2.1	AFS	Annual Financial Statements
2.2	MTREF	Medium-Term Revenue and Expenditure Framework
2.3	MEC	Municipal Executive Council
2.4	MFMA	Municipal Finance Management Act
2.5	IDP	Integrated Development Plan
2.6	SDBIP	Service Delivery Budget Implementation Plan
2.7	MBRR	Municipal Budget and Reporting Regulations

2. POLICY STATEMENT

- 2.1 In terms of the Municipal Finance Management Act, No.56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before commencement of that financial year. According to subsection (2) of the MFMA, in order to comply with subsection (1), 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 and the budget to be adopted 30 days before the start of the financial year.
- 2.2 This policy must be read, analyzed, interpreted, implemented and understood against various legislation. Budget plays a critical role in an attempt to realize diverse community needs. Central to this, the formulation of a municipal budget must take into account the government's macro- economic and fiscal policy fundamentals. In brief, the conceptualization and the operationalization of the budget must be located within the national government's policy framework.

3. PREAMBLE

- 3.1 Generally, the MFMA aims to secure sound and sustainable management of the financial affairs of the municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.
- 3.2 Section 215 of the Constitution of the Republic of South Africa, 1996 requires the National, Provincial and Local sphere of government to draft budgets that promotes transparency, accountability and the effective financial management of the economy, debt and the public sector.
- 3.3 The constitution furthermore states that the budget in each sphere of government must contain:
- 3.3.1 estimates of revenue and expenditure, differentiating between capital and operating expenditure;
 - 3.3.2 proposals for financing any anticipated deficit for the period to which they apply; and

- 3.3.3 an indication of intension regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
- 3.4 Section 16 of the MFMA requires that the Municipal approves annual budget before the start of the financial year, adopt, maintain and implement the budget.
- 3.5 Section 56 of the Municipal Structure Act prescribes the function and powers of the Executive Mayor who must recommend to the municipality the Integrated Development Plan which carries the financial plan and budget projections to carry out service delivery. The Mayor delegates this responsibility to the Accounting Officer to prepare the budget together with the Chief Financial Officer, Senior Managers and other Officials.
- 3.6 Section 26 of the Municipal Systems Act requires the Municipality to have the Integrated plan with a financial plan, which must include a budget projection for at least the next three years;
- 3.7 The Council has approved the five (5) year programme (Integrated Development Plan) which prescribes the management of Municipality financial affairs through determination of priorities, the planning of Medium-Term Framework.

4. PURPOSE

- 4.1 The policy provides a set of principles and practices which will guide and assist the municipality at securing sound and sustainable management of the budgeting and reporting practices by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibilities in the budgeting and reporting processes.

5. OBJECTIVES

The objectives of this policy outlined below are:

- 5.1 To ensure that there is efficient and effective preparation of reliable budget and forecasts and monitoring of actual results against plans and programmes.
- 5.2 That the municipality keeps records of and is able to report on output delivery according to the performance measures contained in the IDP, SDBIP and strategic plan.

- 5.3 The Strategic Executive Directors and Treasury and Budget Office have implemented proper monitoring and control of budgets.
- 5.4 That the Mayor exercise proper general political guidance over the fiscal and financial affairs of the municipality.
- 5.5 That the council plays an effective oversight role in fiscal and financial affairs of the municipality
- 5.6 To establish and maintain a framework by which managers can compile, control and review departmental and municipal entities' (MEs) budgets to ensure efficient and effective financial management.
- 5.7 To ensure that funds are managed carefully and transparently.
- 5.8 To ensure compliance with the provisions of the MFMA, MBRR and applicable circulars.
- 5.9 To ensure effective budget management and oversight;
- 5.10 To outline the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- 5.11 To detail the roles and responsibilities of the Mayor, Municipal Manager, Chief Financial Officer and other senior officials
- 5.12 To ensure compilation of both the operating and capital budget, budget monitoring and reporting, Adjustments budget, Unavoidable and unforeseen expenditure
- 5.13 To set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of the chief financial officer in compiling such budget.

6. SCOPE

- 6.1 This policy shall apply to the Council, Executive Committee, Finance Portfolio Committee, Budget Steering Committee, Accounting Officer, Strategic Executive Directors and all officials who have a formal and administrative duty to duly prepare, manage and control the municipality's budget.

7. BUDGETING PRINCIPLES TO BE FOLLOWED

- 7.1 The budget must be in the format prescribed by the regulations as contemplated by the MFMA, MBRR and applicable circulars;
- 7.2 The budget must reflect the realistically expected revenues by major source for the budget year concerned taking into account actual collection levels;
- 7.3 The expenses reflected in the budget must be divided into the different votes of the municipality;
- 7.4 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.
- 7.5 Thulamela Local Municipality shall prepare a three-year budget MTREF and that will be reviewed annually and approved by Council.
- 7.6 The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the forecasted revenues and expenses for the current year.
- 7.7 the actual revenues and expenses for the previous financial year, and the estimated revenues and expenses for the current year.
- 7.8 The budget must be accompanied by all of the documents referred to in Section 17(3) of the MFMA.
- 7.9 For the purposes of Section 17(3) (k) of the MFMA, the salary, allowances and benefits of each person referred to therein must be stated individually.
- 7.10 The MTREF budget must at all times be within the framework of the Municipal Integrated Development Plan.

CAPITAL COMPONENT OF ANNUAL BUDGETS

- 7.11 Except in so far as capital projects represent a contractual commitment to the municipality extending over more than one financial year, the annual capital budget

shall be prepared from a zero base and shall reflect the priorities identified in the municipality's IDP.

- 7.12 The capital budget component of the annual or adjustments budget shall only be approved by the council if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed capital expenses.
- 7.13 Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans, depreciation of fixed assets, maintenance of fixed assets, and any other ordinary operational expenses associated with any item on such capital budget. In addition, the council shall consider the likely impact of such operating expenses — net of any revenues expected to be generated by such item — on future property rates and service tariffs. .
- 7.14 The council shall establish a capital replacement reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:
- 7.13.1 unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
 - 7.13.2 interest on the investments of the capital replacement reserve, appropriated in terms of the banking and investments policy;
 - 7.13.3 further amounts appropriated as contributions in each annual or adjustments budget; and
 - 7.13.4 net gains on the sale of fixed assets in terms of the fixed asset management and accounting policy.

OPERATING DEFICITS AND SURPLUSES

- 7.14 Each annual and adjustments budget shall reflect a realistic excess, however nominal, of current revenues over expenses.

- 7.15 Any unappropriated surplus from previous financial years, even if fully cash backed, shall not be used to balance any annual or adjustments budget, but shall be appropriated on the recommendation of the Chief Financial Officer.
- 7.16 An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the council, such deficit shall immediately be made good in the annual or adjustments budget for the ensuing financial year, and shall not be offset against any unappropriated surplus carried forward from preceding financial years.

PROVISIONS

- 7.17 The municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 7.18 The municipality shall establish and maintain a provision for bad debts in accordance with its rates and tariffs policies and shall budget appropriately for contributions to such provision in each annual and adjustments budget.
- 7.19 The municipality shall establish a provision for the payment of performance bonuses in line with the requirements of its performance management system and shall budget appropriately for contributions to such provision in each annual (and, if necessary, adjustments) budget.

FINANCE CHARGES, DEPRECIATION CHARGES AND INTEREST EARNED

- 7.20 All expenses, including depreciation expenses, shall be cash-funded. The cash received in respect of depreciation expenses on fixed assets financed from external borrowings shall be transferred to the external finance fund and invested to redeem such borrowings.
- 7.21 Finance charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the municipality. However, where it is the council's policy to raise external loans only for the

financing of fixed assets in specified council services, finance charges shall be charged to or apportioned to only between the departments or votes relating to such services.

- 7.22 Depreciation and finance charges together shall not exceed 20% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.
- 7.23 The allocation of interest earned on the municipality's investments shall be budgeted for in terms of the banking and investment policy.

OTHER PRINCIPLES RELEVANT TO OPERATING COMPONENT OF ANNUAL BUDGET

- 7.24 The municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy.
- 7.25 In the preparation of the draft operating budget component of the annual budget, the allowable budgetary increment as determined by the chief financial officer in consultation with the municipal manager, or as otherwise prescribed, shall relate to the total amount provided for each budget vote, and the head of the department, service or function concerned shall have the right to allocate the total budgeted amount to the line-items within such vote, except in so far as the line item provisions relate to matters determined by the chief financial officer in terms of the municipality's approved policies and contractual and statutory commitments (for example, depreciation charges, finance charges, insurance costs, contribution to the COID, skills development levies payable).
- 7.26 Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 30% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councillors shall be excluded from this limit.
- 7.27 The head of the department, service or function to which each budget vote relates shall justify in a written report the allocation of the aggregate budget for such vote to the various line-items within the vote to the relevant portfolio committee when each draft annual budget is submitted. In motivating the

allocations made to and within the vote, the head of department, service or function concerned shall provide the portfolio committee with appropriate quarterly performance indicators and service delivery targets pertaining to the budget. Such indicators and targets shall be prepared with the approval of the municipal manager and the mayor.

7.28 In preparing its revenue budget, the municipality shall strive to maintain the aggregate revenues from property rates (net of revenues forgone) at not less than 25% of the aggregate revenues budgeted for.

7.29 When considering the draft annual budget, the council shall consider the impact which the proposed increases in rates and service tariffs will have on the municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts. Because households have no mechanism for passing on such increases to other parties, but must fully absorb the increases concerned, the council shall ensure that the average additional impact of such increases is not more than the relevant increase in the consumer price index (CPIX).

8. RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

8.1 Without derogating in any way from the legal responsibilities of the municipal manager as accounting officer, the chief financial officer shall be responsible for preparing the draft annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the service delivery and budget implementation plan (including the alignment of such projections with the cash management programme prepared in terms of the banking and investments policy), and shall be accountable to the municipal manager in regard to the performance of these functions.

8.2 The municipal manager shall ensure that all heads of departments provide the inputs required by the chief financial officer into these budget processes.

8.3 The chief financial officer shall draft the budget timetable for the ensuing financial year for the mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the

Municipal Finance Management Act, and target dates for the submission of all the budget-related

documentation to the mayor, finance committee, executive committee and council.

8.4 Except where the chief financial officer, with the consent of the mayor and municipal manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component.

8.5 The operating component shall duly reflect the impact of the capital component on:

8.5.1 estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

9. BUDGET PREPARATION PROCESS

Budget Steering Committee

9.1 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 function.

9.2 The mayor of a municipality must establish a budget steering committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.

9.3 The steering committee must consist of at least the following persons:

9.3.1 the councilor responsible for financial matters;

9.3.2 the municipal manager;

9.3.3 the chief financial officer;

9.3.4 the senior managers responsible for at least the three largest votes in the municipality;

9.3.5 the manager responsible for budgeting;

9.3.6 the manager responsible for planning;

9.3.7 and any technical experts on infrastructure.

10. FORMULATION OF THE BUDGET

- 10.1 The Accounting Officer with the assistance of the Chief Financial Officer and the Director responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- 10.2 Such budget timetable (IDP Process Plan) shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act and Treasury guidelines, for the submission of all the budget-related documentation to the Mayor, Executive Committee and Council.
- 10.3 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).
- 10.4 The Mayor shall convene a strategic workshop in (within 2 months from tabling of IDP process plan) September to October with the mayoral committee 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. The mayor shall table the IDP priorities with the draft budget to Council.
- 10.5 The Mayor shall table the draft IDP / MTREF budget to council by 31 March (each year before the start of the new budget year) together with the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc).
- 10.6 The Chief Financial Officer and senior managers undertake technical preparation of the budget.
- 10.7 The budget must be in the prescribed format and must be divided into capital and operating budget as prescribed by National Treasury.
- 10.8 The budget must reflect the realistically expected revenues by major source for the budget year concerned.

10.9 The expenses reflected in the budget must be divided into items.

10.10 The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the forecasted revenues and expenses for the current year.

11. PUBLIC PARTICIPATION

11.1 In accordance with section 22 (a) and (b) of the MFMA states that immediately after the draft resolutions of the annual budget is tabled in a municipal council, the Accounting Officer of the municipality must in accordance with Chapter 4 of the Municipal Systems Act —

11.1.1 Make public the annual budget and the documents referred to in section 17(3); and 15

11.1.2 Invite the local community to submit representations in connection with the budget; and

11.1.3 Submit the annual budget (draft / tabled budget) in both printed and electronic formats to the National Treasury and the relevant provincial treasury as prescribed by National Treasury; and in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.

11.2 When the annual budget has been tabled, the municipal council must consider any views of:

11.2.1 the local community;

11.2.2 the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.

11.3 The Municipal Manager must also make public any information that the municipal council considers appropriate to facilitate the budget consultation process, including:

11.3.1 Summaries of the annual budget and supporting documents in alternate languages predominant in the community;

- 11.3.2 Information relevant to each ward in the municipality all the information contemplated in sub-regulation must cover:
- 11.3.2.1 The relevant financial and service delivery implications of the annual budget;
 - 11.3.2.2 At least the previous year's actual outcome, the current years forecast outcome, the budget year, and the following two years.
- 11.4 When submitting the annual budget to the National Treasury and the relevant provincial treasury, the municipal manager must also submit to National Treasury and the relevant provincial treasury, both in printed and electronic form –
- 11.4.1 The supporting budget documentation as tabled in the municipal council;
 - 11.4.2 The draft SDBIP;
 - 11.4.3 and any other information that may be required by National Treasury.
- 11.5 The Municipal Manager must send copies of the annual budget and supporting documentation as tabled in the municipal council, in both printed and electronic forms to:
- 11.5.1 Any other municipality affected by the annual budget within ten working days of the annual budget being tabled in the municipal council;
 - 11.5.2 Any organ of state on receipt of a request from the organ of state.
- 11.6 After considering all budget submissions, the council must give the Mayor an opportunity:
- 11.6.1 to respond to the submissions; and if necessary,
 - 11.6.2 to revise the budget and table amendments for consideration by the council.
- 11.7 Within consideration of the approval of the Annual Budget and thirty (30) days before the start of the budget year the Mayor must table the following documents in the Council in consideration of the annual budget approval.
- 11.7.1 A report summarizing the local community's views on the annual budget;

11.7.2 Any comments on the annual budget received from National Treasury and Provincial

11.7.3 Treasury any comments on the annual budget received from any organ of state, including any affected municipality;

11.7.4 Any comments on the annual budget received from any other stakeholders.

11.8 The Municipal Manager must assist the Mayor in the preparation of the documents referred to in sub-regulation (g) and 23 (2) of the Act.

12. APPROVAL OF THE BUDGET

12.1 Council shall consider the MTREF for approval not later than 31 May (30 days before the start of the budget year).

12.2 The council resolution must contain budget policies and the performance measures to be adopted.

12.3 The council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.

12.4 When approving the annual budget, the council must consider and adopt separate resolutions dealing with each of the matters contemplated.

12.5 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.

12.6 The budget tabled to Council for approval shall include the following supporting documents:

12.6.1 draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;

12.6.2 measurable performance objectives for each budget vote, taking into account the municipality's IDP;

12.6.3 the projected cash flows for the financial year by revenue sources and expenditure votes;

12.6.4 any proposed amendments to the IDP;

- 12.6.5 any proposed amendments to the budget-related policies and procurement plan;
- 12.6.6 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 organizations such as non- governmental organizations, welfare institutions and so on;
- 12.6.7 particulars of the municipality's investments; particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- 12.6.8 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;
- 12.6.9 Various information in regard to municipal entities under the shared or sole control of the municipality.

13. PUBLICATION OF THE BUDGET

- 13.1 Within 10 days after the draft annual budget has been tabled to Council: -
 - 13.1.1 The municipality must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public.
- 13.2 The Chief Financial Officer must within 10 days after the approval of the budget by Council submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

14 LEGISLATIVE AND REGULATORY FRAMEWORK

The Municipality operations are governed by an array of different acts and this manual should be understood within that context. The following Acts and prescripts are central in defining municipal boundaries and areas of influence:

- 14.1 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- 14.2 Municipal Structures Act, 1998 (Act 117 of 1998)
- 14.3 Municipal Finance Management Act, 2003 (Act 56 of 2003)

14.4 National Treasury guidelines, regulations, prescripts and circulars

15 STAKEHOLDER ENGAGEMENT

15.1 All the relevant stakeholders internal and external will be consulted through the development and implementation of this policy.

16 IMPLEMENTATION: ROLES AND REPSONSIBILITIES

16.1 All the respective departments within the municipality must ensure adequate implementation of this policy. The CFO is responsible for enforcing this policy and continuously ensuring monitoring and compliance and ensure that the corrective steps are taken where necessary.

17 MONITORING AND EVALUATION

17.1 On a continuous basis this policy will be assessed to determine its relevance and effectiveness and to assess whether it has achieved the intended objectives.

19. CONCLUSION

19.1 In conclusion, the Budget Management Policy outlines critical matters raised in the purpose and the objectives. The provisions in the policy contents highlights the need for municipality to adhere to the key issues narrated which will address challenges encountered and lead to effective and efficient implementation of the policy.

19.2 The Municipality commits to make resources available, monitor and evaluate the effectiveness of the policy, thus encouraging all relevant stakeholders to familiarise themselves with the policy and take necessary actions to fully participate and ensure compliance of the policy.

19.3 On that note, stakeholders are urged to provide feedback on implementation of the policy to enable the municipality to review and make adjustments where necessary.

18 REVISION DATE

18.1 This policy shall be reviewed on an annual basis and as on when the needs arise.

19 ANNEXURES

19.1 Annexure A - EXCERPTS FROM MUNICIPAL FINANCE MANAGEMENT ACT 2003: PREPARATION OF MUNICIPAL BUDGET

19.2 Annexure B – SUMMARIZED TIMETABLE

19.3 Business Process Map

19.4 Standard operating Procedures.