

# BUDGET OVERSIGHT

## POLICY, PROCESSES AND PROCEDURES



RECOMMENDED

THAT the Budget Oversight Policy including Key Deadline Checklist and the contents thereof be tabled for approval at the Mayoral Committee.

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**Document Name** **Budget Oversight Policy and Procedures**

**Reviewed By** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**INTERNAL AUDITOR**

**Supported By** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

**Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**MUNICIPAL MANAGER**

**Adopted by the Mayoral Committee**  
\_\_\_\_\_ **Date:** \_\_\_\_\_  
**CHAIRPERSON**

**Approved by the Council**  
\_\_\_\_\_ **Date:** \_\_\_\_\_  
**RESOLUTION**

**Effective date** .....  
**Next revision date** .....

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# 1. POLICY

## 1.1 Overview

Sedibeng District Municipality has developed its Budget Oversight Policy with a view to ensure financial sustainability and the capacity to accommodate future planning. This in recognizing its:

- i. Community orientation; and
- ii. The need for good governance.

The policy is a transparent and codified internal control system aimed at promoting its core District Objectives to ensure that the limited resources at the disposal of Sedibeng District Municipality will be focused towards serving the various stakeholders in the pursuit of their interactions with Sedibeng District Municipality both efficiently and congruent to approved budgets and broader financial policies of Sedibeng District Municipality, whilst minimizing the temptation of misuse of municipality funds.

The policy is applicable to all Sedibeng District Municipality office bearers and publicly elected councilors charged with discharging municipality related activities. It seeks to institutes the necessary control measures to facilitate the daily activity of the municipality by providing:

- i. A guideline for all stakeholders;
- ii. An internal dynamic document detailing the processes required for the efficient discharge of duties to ensure the efficient administration of the Sedibeng District Municipality budgets

The policy is intended to provide a framework for monitoring and evaluating the Municipality's budgetary processes to ensure compliance and governance congruent to the Municipal Finance Management Act, 2003 and National Treasury Regulations.

## 1.2. Purpose

The purpose of this policy is to adhere to all legislative, regulatory and policy imperatives by infusing effective and efficient budget monitoring processes and procedures into the Sedibeng District Municipality.

The policy is further intended to meet the requirements of the Municipal Finance Management Act, 2003 and to be consistent with any prescripts issued by the South African National Treasury. Central to these are the need to infuse sound financial management practices and structures for long term sustainability.

## 1.3 Objective

The policy objectives of the Budget Oversight Policy also specifically seek to address the following:

- i. To ensure effective budget management and oversight;
- ii. Ensure compliance with the MFMA Budget and Reporting Guidelines;
- iii. Govern fund shifts within votes, adjustment budgets and correlate to the unforeseen and unavoidable expenditure policy and the unauthorized expenditure policy..

## 1.4 Business Process framework

### 1.4.1 Legal Framework

**The Municipal Finance Management Act (MFMA) 56 of 2003, the Municipal Systems Act (MSA) 32 of 2000**, and all other applicable legislation, policies and circulars make reference.

Section 21 of the **MFMA** requires the Executive Mayor to table before council 10 months before the start of the budget year a time schedule outlining key deadlines inclusive of the annual budget process, the Integrated Development Plan as prescribed by section 34 of the **MSA**, the budget related policies, any amendments to the IDP or budget related policies, and the necessary consultative process which need to give effect to the above.

Section 7(1) (m) of the Municipal Budget and Reporting Regulations (**MBRR**) makes reference to the fact that the municipality should have a policy related to budget implementation and the oversight thereof.

#### **1.4.2 Accounting Framework**

Section 7 (1) of the **MBRR** directs the municipal manager to prepare, or take reasonable steps to ensure that the preparation of a set of budget related policies of the municipality occurs in accordance with all legislation governing such policies for tabling in the municipal council within the deadline as set by the Executive Mayor Section 21(1) (b) of the **MFMA**.

The responsibility of drafting the specific policies rests with the Municipal Manager and the Chief Financial Officer. The performance of this function may be delegated to subordinates; however this however does not alleviate the responsibility of the Municipal Manager and Chief Financial Officer.

### **1.5 Recommendations**

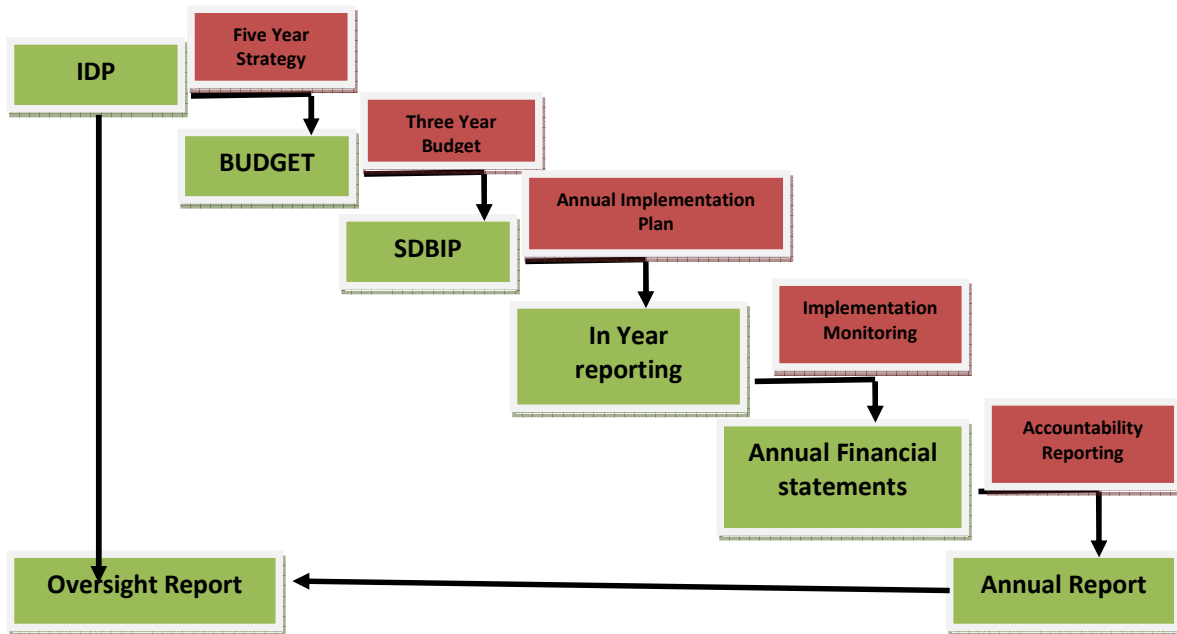
- i.** This policy, processes and procedures document is adopted as the Budget Oversight Policy;
- ii.** This policy, processes and procedures document be recognised as identifying, characterizing and addressing the various oversight requirements for the budgetary implementation;
- iii.** This policy, processes and procedures document be recognised as denoting all internal control mechanisms relevant to the efficient and effective discharge of the budget oversight policy for both municipal officials and elected representatives of SDM;
- iv.** This policy document is adopted by the Executive Management and the broader Council of Sedibeng District Municipality as the framework for the Budget Oversight.

## 2. PROCESSES

### 2.1 Municipal Accountability Cycle

For consistency in report National treasury has prescribed that a framework for monitoring and evaluating the performance of municipalities. Included in this is a detailed process flow as to municipalities are to interrelate various functions and reports to arrive at a standard chart of accounts which allow for parity in evaluation of performance.

**MFMA** Circular No. 63 schematically presents the municipal accountability cycle as follows:



<p><b>Accuracy of Information depends on</b></p>	<ul style="list-style-type: none"> <li>• Organizational structure aligned to basic services;</li> <li>• Sound Municipal Policies, processes and procedures;</li> <li>• Standard Chart of accounts for Municipalities</li> </ul>
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**MFMA Circular No. 63: Annual Report September 2012**



**2.2 Activity, Timelines and Responsibilities Assigned for the SDM Budgetary Process Plan**

<b>Activity</b>	<b>Process Owner</b>	<b>Suggested Timeframe</b>
Municipal integration Meeting <ul style="list-style-type: none"> <li>• Assign roles and responsibilities for the completion of the annual financial and planning guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• MM, CFO, COO</li> <li>• Finance</li> <li>• IDP</li> </ul>	First Wednesday in June Annually
First Mayoral Budget Lekgotla <ul style="list-style-type: none"> <li>• Provide political guidance for the MTREF</li> <li>• Review Strategic Agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Mayor</li> <li>• MMC Finance</li> <li>• MM, CFO, COO</li> <li>• Finance</li> <li>• IDP</li> </ul>	First week in July
Identification and Planning <ul style="list-style-type: none"> <li>• Strategic Priorities</li> <li>• Costing</li> <li>• Training – business planning, finance procedures, budgeting</li> </ul>	<ul style="list-style-type: none"> <li>• CFO</li> <li>• Finance</li> <li>• IDP</li> </ul>	Second week of august until beginning September
SDBIP <ul style="list-style-type: none"> <li>• Review &amp; Incorporate current strategic priorities</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	End September

<p>IDP</p> <ul style="list-style-type: none"> <li>• Consultative process for needs identification, verification and collation</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<p>End September until end January next year</p>
<p>Annual Implementation &amp; Performance Plans development</p> <ul style="list-style-type: none"> <li>• Business Plan development</li> <li>• Detailed Operational &amp; Capital Budget</li> </ul>	<ul style="list-style-type: none"> <li>• CFO</li> <li>• All Departments</li> </ul>	<p>Beginning October to end November</p>
<p>Adjustment Budgets for current year</p>	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	<p>Last week of October until beginning of November</p>
<p>Mid Year Budget Review &amp; Adjustment Budget to Council Approval</p>	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	<p>On or before 25<sup>th</sup> January</p>
<p>Long Term Financial Model</p> <ul style="list-style-type: none"> <li>• Review</li> <li>• Budget allocation for two years</li> </ul>	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	<p>End January</p>
<p>Departmental Budget hearings</p>	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	<p>First week in February</p>
<p>Alignment</p> <ul style="list-style-type: none"> <li>• Streamline to scorecard</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<p>First week in February</p>
<p>Preparation &amp; Consolidation of Proposed MTREF (ensuing year)</p>	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	<p>Second week in February</p>

Second Mayoral Lekgotla <ul style="list-style-type: none"> <li>Political review of draft MTREF</li> </ul>	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Third week of February
Draft Budget to Executive Mayor	<ul style="list-style-type: none"> <li>MMC, CFO</li> <li>MMC Finance</li> </ul>	Third week of February
Table MTREF for the new budget year	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Last week of March
Community Consultative Process <ul style="list-style-type: none"> <li>MFMA compliance</li> <li>Community, Business and all other Stakeholder Consultation</li> <li>Media activation</li> </ul>	<ul style="list-style-type: none"> <li>Office of the Speaker</li> </ul>	Second week of April
Third Mayoral Lekgotla	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Fourth week of April
Finance Portfolio Committee recommends MTREF	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Second week of May
MAYCO recommends MTREF	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Third week of May
Council Budget Approval	<ul style="list-style-type: none"> <li>MMC Finance</li> </ul>	Last week of May
Submission to National Treasury & Provincial Department of Local Government <ul style="list-style-type: none"> <li>Prescribed format</li> </ul>	<ul style="list-style-type: none"> <li>CFO</li> </ul>	First week in June

**2.3 Activity, Legislative Prescripts, Timelines and Responsibilities Assigned for producing the SDM Annual Report**

<b>Timeframe</b>	<b>Activity</b>	<b>Legislation &amp; Guidance</b>	<b>Process Owner</b>
<b>July</b>	<ul style="list-style-type: none"> <li>• Consideration of next year's Budget and IDP process plan</li> <li>• In year reporting formats standardized for feeding in to Annual report process</li> </ul>	MSA S41 (1) (e)	<ul style="list-style-type: none"> <li>• MM</li> <li>• CFO</li> <li>• S56 Managers</li> </ul>
	<ul style="list-style-type: none"> <li>• Implementation &amp; Monitoring of Approved Budget and IDP</li> <li>• Approved SDBIP commences – in year financial reporting and quarterly performance reports</li> </ul>	MSA S41 (1) (e)	<ul style="list-style-type: none"> <li>• MM</li> <li>• CFO</li> <li>• S56 Managers</li> </ul>
	<ul style="list-style-type: none"> <li>• Finalise Q4 report of previous financial year</li> </ul>	MFMA S52 (d)	<ul style="list-style-type: none"> <li>• MM</li> <li>• CFO</li> <li>• S56 Managers</li> </ul>
	<ul style="list-style-type: none"> <li>• Submit draft previous financial year Annual report</li> <li>• Evidence to Internal Auditor &amp; Auditor General of both AFS and accompanying financial and non-financial information</li> </ul>	MFMA S 126 (1) – AFS & Draft Annual Report MSA S46 – Annual performance Report	<ul style="list-style-type: none"> <li>• MM</li> <li>• CFO</li> </ul>

<p><b>July / August</b></p>	<ul style="list-style-type: none"> <li>• Unaudited Annual Report inclusive of AFS &amp; Annual performance Report to the combined Audit / performance Committee</li> </ul>	<p>Joint Committee assessing both financial and non-financial performance to advance accountability and expedite corrective measures</p>	<ul style="list-style-type: none"> <li>• MM</li> <li>• CFO</li> <li>• Audit &amp; Performance Audit Committee</li> </ul>
<p><b>August</b></p>	<ul style="list-style-type: none"> <li>• Mayor tables the Unaudited Annual Report in Council</li> </ul>	<p>MFMA S 12 (3) (a – k) Excludes AG comments as this process still running</p>	<ul style="list-style-type: none"> <li>• Mayor</li> </ul>
	<ul style="list-style-type: none"> <li>• SDM submits Annual Report inclusive of Final AFS and Annual performance report to AG for auditing purposes – <b>due 31 August</b></li> <li>• Council submits unaudited Annual report to MPAC for vetting and verification of councils directive on service delivery &amp; committee to evaluate senior managers performance against agreement entered into</li> </ul>		<ul style="list-style-type: none"> <li>• CFO</li> </ul>
	<ul style="list-style-type: none"> <li>• Commencement of IDP Analysis – inclusive of institutional services, infrastructure provision, backlogs and priorities; - Unaudited Annual report sent to AG to be</li> </ul>		<ul style="list-style-type: none"> <li>• Council</li> </ul>

	utilized for input into IDP strategic phase process and community verification and input by MPAC on reported performance		
<b>November</b>	<ul style="list-style-type: none"> <li>AG audits Annual report and submits Audit Report to the Accounting Officer for SDM</li> </ul>	MFMA S 126 (3) (b) requires the Ag Audit report within 3 months of receipt thereof	<ul style="list-style-type: none"> <li>Auditor General</li> </ul>
<b>September to November</b>	<ul style="list-style-type: none"> <li>Annual report and Oversight Report process for adoption to be used as input into public participating meetings for the IDP review process</li> </ul>	MFMA S 127, 128, 129 and 130	<ul style="list-style-type: none"> <li>Council</li> </ul>
<b>November to December</b>	<ul style="list-style-type: none"> <li>AG report issued and no further changes allowed as audit process completed</li> </ul>	MFMA S 129, 130 and 131	<ul style="list-style-type: none"> <li>MM</li> </ul>
	<ul style="list-style-type: none"> <li>Mayor tables Annual report and Financial Statements to Council</li> </ul>		<ul style="list-style-type: none"> <li>Executive Mayor</li> </ul>
	<ul style="list-style-type: none"> <li>Audited Annual Report is made public e.g. Council website</li> </ul>	MFMA S 129, 130 and 131 MFMA S 75 for publication on website	<ul style="list-style-type: none"> <li>Accounting Officer</li> <li>IT Director</li> </ul>
	<ul style="list-style-type: none"> <li>Oversight Committee finalises assessment</li> </ul>	MFMA S 129, 130 and 131	<ul style="list-style-type: none"> <li>Oversight</li> </ul>

	on Annual report – must be concluded within 7 days of receipt of AG report – has to be completed before Council goes into recess in December		Committee
<b><i>December (not allowed to carry it over to march next year)</i></b>	• Council adopts Oversight Report		• Council
	• Oversight Report is made public		• MM
	• Oversight Report is submitted to legislators, Treasuries and DCOG		• Executive Mayor
<b>MFMA Circular No. 63: Annual Report September 2012</b>			

**2.4 Role Players and stakeholders**

<b>Internal</b>	SDM internal structures, officials and public office bearers
<b>External</b>	Gauteng Provincial Government – Lead process owner is Provincial Department of Local Government
	National Government – lead process owner is National treasury

**2.4.1 Internal Oversight Stakeholders & Regulatory Mechanisms**

**2.4.1.1 Council**

<b>MFMA S 16</b>	<p>a. The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.</p> <p>b. In order to comply with the abovementioned provision, 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.</p>
<b>MFMA S 24</b>	<p>a. The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.</p> <p>b. An annual budget must be approved before the start of the budget year by adoption by the municipal council of the draft</p>



	resolution referred to in section 17(3).
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#### 2.4.1.2 **MAYCO**

<b>MSA S 44</b>	<ul style="list-style-type: none"> <li>a. Identify the needs of the municipality.</li> <li>b. Review, evaluate and prioritise such needs.</li> <li>c. Recommend appropriate strategies, programmes and services to address such needs to the council.</li> <li>d. Recommend suggested implementation plans inclusive of delivery mechanisms for such strategies, programmes and services.</li> </ul>
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#### 2.4.1.3 **Audit Committee**

<b>MFMA S 166</b>	<ul style="list-style-type: none"> <li>a. Advise on internal financial control and internal audits</li> <li>b. Advise on Risk Management</li> <li>c. Advise on Accounting Policies</li> <li>d. Advise on the adequacy, reliability and accuracy of financial reporting and information</li> <li>e. Advise on Performance Management</li> <li>f. Advise on effective Governance</li> <li>g. Advise on compliance with MFMA and all other applicable legislation</li> <li>h. Advise on any other matters</li> </ul>
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	referred to it by the municipality
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**2.4.1.4 Budget Steering Committee**

<b>MBRR S 4</b> <b>MFMA S 53</b>	The Executive Mayor must establish a budget steering committee to provide technical assistance to the Executive mayor in discharging his responsibilities.
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**2.4.1.5 Executive Mayor**

<b>MFMA S 52</b>	<ul style="list-style-type: none"> <li>a. Provide general political guidance over the fiscal and financial affairs of SDM.</li> <li>b. Monitor and oversee the functional activities of the MM and CFO, to the extent of the Act, but not interfere in the daily operational activities.</li> <li>c. Ensure Constitutional and Statutory functions within the municipal budget</li> <li>d. Within 30 days of each quarter submit a report to council on budget implementation and the financial affairs of the municipality</li> </ul>
<b>MFMA S 53</b>	<ul style="list-style-type: none"> <li>a. Provide political guidance over the budget process and priorities to guide the budget process.</li> <li>b. Co-ordinate the preparation of the annual budget and determine how the IDP is to be taken into account or revised for the budget.</li> <li>c. Take all reasonable steps to</li> </ul>

	<p>ensure that the municipality approves its annual budget before the start of the budget year and the service delivery and implementation plans approved by the mayor within 28 days after the approval of the budget.</p> <p>d. Report to General Council and the Provincial MEC for Finance any delay in tabling the annual budget.</p> <p>e. Ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter are made public within 14 days after approval of the service delivery and budget implementation plan.</p>
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**2.4.1.6 Monthly Budget Statements**

<p><b>MFMA S 71</b> (1)</p>	<p>The Accounting Officer must within 10 working days after the end of each month submit to the Executive Mayor and Provincial Treasury submit in the prescribed format as to the state of the municipality's budget reflecting the following particulars for that month, and financial year up to the end of that month:</p> <p>a. Actual revenue by revenue source</p>
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	<ul style="list-style-type: none"> <li>b. Actual Borrowings</li> <li>c. Actual expenditure per vote</li> <li>d. Actual capital expenditure per vote</li> <li>e. The amount of any allocations received</li> <li>f. Actual expenditure on those allocations excluding equitable share allocation expenditure or allocations exempted from the annual Division of Revenue Act</li> <li>g. An explanation of material variances of projected revenue by source and expenditure projections per vote</li> <li>h. An explanation of material variances from the service delivery and budget implementation plan</li> <li>i. Any remedial or corrective action to be taken or taken to ensure projected revenue and expenditure remain within the municipal approved budget.</li> </ul>
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**2.4.1.7 Mid Year Budget & Performance Assessment**

<b>MFMA S 72</b>	<p>The Accounting Officer must by the 25<sup>th</sup> January annually</p> <ul style="list-style-type: none"> <li>a. Assess the performance of the municipality during the first half of the financial year by taking into account:</li> </ul>
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	<ul style="list-style-type: none"> <li>- The monthly statements as per s 71,</li> <li>- Service delivery performance relative to the service delivery targets and performance indicators set in the service delivery and budget implementation plan</li> <li>- The past years annual report, and progress made in resolving issues identified in the annual report</li> </ul> <p>b. Submit a report on the assessment to the Executive Mayor, National treasury and the relevant provincial treasury</p> <p>c. Make a recommendation as to whether an adjustment budget is necessary;</p> <p>d. Recommend revised projections for revenue and expenditure where necessary.</p>
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#### **2.4.1.8 CFO**

The CFO of a municipality must assist the accounting officer in the administration of the municipality's bank accounts and in the preparation and implementation of the municipality's budget. The CFO must also perform such budgeting, accounting, analysis, financial reporting,

cash management, debt management, financial management, review and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the CFO

**2.4.1.9 Portfolio Committees**

<p><b>MSA S 59</b></p>	<ul style="list-style-type: none"> <li>a. Council needs to develop a system of delegation to maximise administrative and operational efficiency and provide checks and balances</li> <li>b. Via that system of delegation delegate appropriate powers to any of the municipality's other political structures, political office bearers, councillors or staff members</li> <li>c. Instruct such political structure, political office bearers, councillors or staff members to perform any of the municipalities duties</li> </ul>
<p><b>MSA S 59</b></p>	<ul style="list-style-type: none"> <li>a. Establish a s79 Portfolio Committee through the system of delegation ;</li> <li>b. Delegate the powers, functions and duties to the s79 Portfolio Committee – such powers may include, but not be limited to:               <ul style="list-style-type: none"> <li>- Monitoring &amp; Implementation of the</li> </ul> </li> </ul>

	<p>IDP, Budget, Business Plans, Strategic Objectives, Policies and Programmes</p> <ul style="list-style-type: none"> <li>- Reporting to the Executive Mayor</li> </ul>
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## 2.4.2 External Oversight Stakeholders & Mechanisms

### 2.4.2.1 National Treasury

<p><b>MFMA</b> <b>Chapter 2</b> S 5 (2)</p>	<p>a. Monitor the budgets of municipalities to establish:</p> <ul style="list-style-type: none"> <li>- Whether they are consistent with National Government fiscal and Macro economic Policy</li> <li>- Comply with Chapter 4</li> </ul> <p>b. Monitor the implementation of municipal budgets, including their expenditure, revenue collection and borrowing to promote good budget and fiscal management by municipalities</p>
<p><b>MFMA</b> <b>Chapter 4</b> S 23 (3)</p> <p>S 24 (3)</p>	<p>a. Issue guidelines on the manner in which municipal councils should process their annual budgets inclusive of guidelines for the formation of a committee of council to consider the budget and to hold public hearings</p>

	<p>b. The Accounting Officer of a municipality must submit the approved annual budget to National Treasury and the relevant provincial treasury</p>
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**2.4.2.2 Provincial Treasury**

<p><b>MFMA</b> <b>Chapter 2</b> S 5 (4)</p>	<p>a. Monitor the preparation of their budgets by municipalities in the province</p> <p>b. Monitor the monthly outcomes of the budgets</p>
<p><b>MFMA</b> <b>Chapter 4</b> S 24 (3)</p>	<p>a. The Accounting Officer of a municipality must submit the approved annual budget to National Treasury and the relevant provincial treasury</p>



## 3. PROCEDURES

### 3.1 *Management & Oversight per Stakeholder and Procedure*

#### 3.1.1 *Council*

- a. Approve the Annual Budget before the start of the Financial year
- b. Ensure the proposed budget is tabled at least 90 days before the start of the budget year

#### 3.1.2 *MAYCO*

- a. Identify the needs of the municipality
- b. Prioritise such needs
- c. Identify and recommend to council strategies, projects and programmes to address such prioritized needs
- d. Recommend or determine best practices to deliver on the identified strategies, projects and programmes for improved service delivery
- e. Identify and develop criteria for the evaluation of the strategies, programmes and services
- f. Evaluate ongoing progress on key performance indicators
- g. Review the municipality's performance
- h. Monitor the administration of the municipality as governed by policy dictates of the council
- i. Oversee sustainable service delivery to the communities
- j. Perform duties and exercise the powers delegated to it by the council
- k. Report annually on community involvement and community organizations involvement with the municipality
- l. Ensure community consultation occurs and report on such consultative processes to council

#### 3.1.3 *Audit Committee*

- a. Report on financial controls via internal audits
- b. Ensure that proper Risk Management systems are in place

- c.** Ensure that the necessary accounting policies and procedures are in place
- a.** Ensure that financial reporting is accurate, reliable and adequate
- d.** Ensure that performance management occurs
- e.** Enforce effective governance
- f.** Ensure that a performance evaluation occurs
- g.** Drive compliance with the MFMA and all other applicable legislation

#### 3.1.4 ***Budget Steering Committee***

- a.** Provides general political guidance with the Executive Mayor
- b.** Assists with setting the strategic priorities for the budget process
- c.** Assists the Executive mayor in the execution of his/her duties.

#### 3.1.5 ***Executive Mayor***

- a.** Monitor and oversee the execution of duties of the accounting officer and CFO, but not interfere in the daily execution of tasks
- b.** Enforce constitutional and statutory compliance within the budgetary process
- c.** Report in written format to Council on the implementation of the budget and the financial state of the municipality
- d.** Instruct the accounting officer to ensure that the budget is implemented in accordance with the service delivery and budget implementation plan and that spending of funds and revenue collection proceed in accordance with the budget
- e.** Correlate budget implementation to the service delivery and budget implementation plan
- f.** Provide political guidance over the fiscal and financial affairs of the municipality

- g.** Co-ordinate the preparation of the annual budgetary process and determine how the IDP is to be integrated into the budget or revised
- h.** Take reasonable steps to ensure that the municipality approves the budget before the advent of the budget year and that the budget implementation plan and service delivery plan is approved within 28 days after final budget approval
- i.** Immediately report to Council and the MEC for Finance in the province any delay in tabling the budget
- j.** Ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.

#### **3.1.6 Accounting Officer**

- a.** Accountable to the Executive Mayor as accounting and administrative authority
- b.** Accountable to the Council for the overall administration of the municipality
- c.** Implement the approved budget inclusive of correlating expenditure to revenue collected by adjusting spend upwards or downwards
- d.** Ensure the monitoring of revenue and expenditure
- e.** Prepare an adjustment budget where necessary and submit it for consideration to the Executive Mayor – who tables it at the General Council
- f.** Report to Council any shortfalls in budget revenue, overspending and the necessary remedial steps to remedy shortfalls or overspending
- g.** Submit to the Executive Mayor actual revenue, borrowings, expenditure and any variances thereto.

### 3.1.7 **CFO**

- a.** Assist the MM in the administration of the municipality's bank accounts
- b.** Assist the MM with the preparation and implementation of the municipality's budget
- c.** Perform budgeting, accounting analysis, financial reporting, cash management, debt management, financial management, reviews and other duties as delegated by the MM.

### 3.1.8 **Section 71 Reporting**

- a. Financial month end reports must be produced
- b. Reports detailing the following information must be circulated to the Executive Management Team:
  - Actual operating revenue & expenditure for the month compared to the budget for the month per vote
  - Actual operating revenue & expenditure for the year compared to the budget for the year to date
  - Actual operating revenue & expenditure for the year compared to the budget for the full year per vote
  - Capital budget expenditure for the month compared to the budget for the month
  - Capital budget expenditure for the year to date compared to the budget for the year to date
  - Capital budget expenditure for the year to date compared to the budget for the full year
  - Grant allocations received as well as expenditure against those grants for the year to date
  - Details of unspent grant funding
- c. Reports need to be submitted to the Executive Mayor by the 10<sup>th</sup> monthly of the ensuing month

- d. A full report with analyses and performance results will be presented to the Finance Portfolio Committee and MAYCO on a monthly basis
- e. By reprioritizing on the budget shifting of funds will be facilitated so as to combat over or under expenditure

#### 3.1.9 **Section 72 Reporting**

- a. SDM has to assess its performance during the first half of the financial year based on its service delivery targets, performance indicators and financial performance. **MFMA** S 72 requires such assessment to be completed by the 25<sup>th</sup> January annually.
- b. Based on the assessment budget adjustments may be required. The Adjustment Budget has to be prepared and submitted to the Executive Mayor should it be required, for consideration and tabling to Council. Such Adjustment Budget will include revised projections for revenue and expenditure where necessary.
- c. The two processes will run concurrently and need to be completed as per the MFMA on or before 25<sup>th</sup> January annually.

#### 3.1.10 **Portfolio Committee**

- a. Advise the Executive Mayor as per S59 (1) (a) of the MSA in an oversight role as to:
  - Budget
  - Business Plans
  - Strategic Objectives
  - Policies and Programmes

#### 3.1.11 **National Treasury**

- a. Monitors SDM budget to establish consistency with national government fiscal and macro-economic policy and compliance through usage of standardized templates for reporting purposes.

- b.** Monitors the implementation of SDM budget, inclusive of expenditure, revenue collection and borrowing for good budget and fiscal management

#### **3.1.12 *Provincial Treasury***

- a.** Monitors the preparation of SDM budget and monitor the monthly budget outcome.

### **3.2 *Implementation, Amendment and Review of the policy***

- a. This policy will be implemented once approved by council
- b. The Budget Overview Policy shall be reviewed annually as per S17 (3) (e) of the MFMA and/or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise, and tabled to council as part of the budget process
- c. Any changes to this policy needs to be re submitted to council.