

REPORT TO COUNCIL ON MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT, INCORPORATING SECTION 52 REPORT AND SECTION 71 MONTHLY REPORT FOR THE 2021/22 FINANCIAL YEAR

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3rdLevel : Council

PURPOSE

To present 2021/2022 Mid-Year Budget and Performance Assessment Incorporating Section 52(d) and Section 71 Monthly Report for consideration and adoption by the Council.

LEGAL REQUIREMENTS

- Municipal Finance Management Act, No. 56 of 2003
- Municipal Systems Act, No. 32 of 2000
- The Constitution of the Republic of South Africa

BACKGROUND AND REASONS

Mid-Year Budget and Performance Assessment

In terms of Municipal Finance Management Act prescribes that the Accounting Officer of the Municipality must within 25 days at the end of the first half of the financial year submit assessment report to the mayor of the municipality; National Treasury; and the relevant provincial treasury on the budget and performance. The report should,

- a) Assess the performance of the municipality during the first half of the financial year, taking into account-
 - i. The monthly statement referrers to section 71 for the first half of the financial year.
 - ii. The municipal services delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan
 - iii. The past years annual reports, and progress on resolving problems identified in the annual report; and
 - iv. The performance of the municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from ant such entities; and; Section 52(d) states that the Accounting Officer must, within 30

days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of the municipality;”

Section 52(d)

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2021/22 Adjustment Budget Recommendations:

The Accounting officer must as part of the review-

- Make recommendation as to whether an adjustment budget is necessary or not; and
- Recommend revised projections for the revenue and expenditure to the extent that this must be necessary.

Adjustment is Recommended Based on the following Reasons:

Revenue

Revenue Budget will have to be adjusted because the actual revenue is not the same as the anticipated revenue due to the following reasons,

- Licences and permits due to Low turn up rate than anticipated.
- Rental of Facilities due to underestimation of revenue from ad-hoc rentals due to unpredicted changes on lockdown levels which has an effect on hire and use of municipal properties
- To authorise spending of the funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for current year was approved by Council.
- Other revenue sources need be reviewed as the actuals for the past six months are not the same as the anticipated revenue.

Expenditure

Expenditure Budget will have to be adjusted due to the following reasons:

- Include expenditure for projects that were anticipated to be completed in previous year but rolled-over to the current year.

- Depreciation and Asset Impairment need to be revised during the review of budget as a result of a delay in completion of projects that were supposed to be completed in the last financial year, the completion date has been revised to current year.
- Due to underspending in various line items across the municipality because of the suspension of other programs due to covid-19
- Other expenditure need be reviewed as the actuals for the past six months are not the same as the anticipated expenditure budget.
- Due heavy rains that have also affected many of the municipal infrastructure projects, especially the road networks. Shifting of funds from non-essential activities to infrastructure maintenance must be considered as well.

ANNEXURES

- Schedule C Report Version 6.5

RECOMMENDATION

It is hereby recommended that;

- Council note and adopt Mid-Year Budget and Performance Assessment incorporating Section 52(d) Quarterly report for the Second Quarter of 2021/22 financial year and all supporting documentation.