

ITEM

Adjustment Budget for the 2020/2021 financial year

(Directorate: Financial Services)

(5/4/2 -2020/2021)

1 EXECUTIVE SUMMARY

1.1 Purpose of report

The purpose of the report is to submit the Adjustment Budget for 2020/2021 financial year to Council for approval

1.2 Background

1.2.1 The 2020/2021 MTREF was approved at the Council meeting of 26 June 2020.

1.2.2 An Adjustment Budget to accommodate changes relating to COVID 19 was submitted as per guidelines of National Treasury and approved on 30 September 2020 by Council.

1.2.3 Recovery plan was approved by Council, 19 November 2020, item 4, as National Treasury indicated that the budget is not funded.

1.2.4 The Mid-year budget and Performance assessment report was tabled at the Council meeting of 28 January 2021, item 4.

1.3 Discussion

1.3.1 The “Executive Summary” in the Adjustment Budget report summarises the discussions on the adjustments made to the 2020/2021 Budget.

1.4 Basis of report

Schedule B – Adjustment Budget
Mid-year Budget and Performance Assessment

2 BUSINESS PLAN

n/a

3 COMPLIANCE WITH STRATEGIC OBJECTIVE

The budget adjustments have been done taking into account the strategic objectives of the municipality with priority given to the service delivery departments.

4 DELEGATED AUTHORITY

n/a

5 ANNEXURES

Annexure – Adjustment Budget Report
Annexure A – Operating Budget
Annexure B – Capital Budget

6 POLICY/LEGAL REQUIREMENTS

Section 72 of the Municipal Financial Management Act, 2003 (Act 59 Of 2003)
Regulation No 32141, Government Gazette of 17 April 2009
National Treasury: Section 71 Reporting Guideline of July 2013

7 LEGAL IMPLICATIONS

This is compliance with legal requirements of the MFMA and compliance with National and Provincial Treasury requirements.

8 IMPLEMENTATION PLAN

Implementation as per Adjustment Budget

9 FINANCIAL IMPLICATION

Budget expenditure has to be prioritised.

10 ADDITIONAL PLANS TO RECOVER REVENUE

- Commitment from the department of Public works to pay R7 600 000 by April 2021
- 20% of cash generated from prepaid electricity should come to the municipality
- Rand water has a provision of about R4 000 000 that the municipality should recover
- Invite businesses to advertise on the municipality's website in exchange of a monthly fee
- Communication should be placed on local newspaper that provides alternative email addresses for residents who are requesting statement accounts.
- Assign individuals responsible for addressing issues relating to accounts sent via emails only
- Implement the credit control policy fully

- Sale of redundant assets through public auction
- Comparison of tariffs with at least three other municipalities of a similar size to determine if the tariffs for property rates and taxes are not expensive
- Review rental tariffs for all properties rented out by the municipality.
- Promote Operational Patala program through communications (local newspaper and social media)
- Follow up on other Government debts by business unit

11 CONCLUSION

- The Adjustment Budget process was done in consultation with all the departments. Departments did not co-operate by submitting information, or submitting late.
- Revenue collection has to be improved
- Implementation of Recovery Plan

RECOMMENDED**FOR
ATTENTION**

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| 1. That Council approve the Adjustment Budget for the 2020/2021 financial year | Council |
| 2. That a revision to the service delivery targets and performance indicators in the Service Delivery and Budget Implementation Plans to be done accordingly. | Municipal Manager |
| 3. That upon approval of the Adjustment Budget by Council, the Chief Financial Officer must ensure that, in terms of section 22(b) of the MFMA, the Adjustment Budget is submitted in both printed and electronic formats, to the National Treasury and Provincial Treasury | CFO |
| 4. Steps be taken to improve the collection rate | Council
CFO |
| 5. Operation Patala be implemented from 1 January 2021, as per Recovery Plan | MM
CFO |
| 6. The approved Recovery plan as approved by Council, 19 November 2020, re-confirmed and implemented | MM
All directors |
| 7. Measures be taken to improve the revenue of the municipality and that Debt Collection and Credit Control Policy be implemented strictly | CFO |
| 8. Procedures followed at all times to incur expenditure and expenditure subject to availability of cash | MM
All directors |