



TERMS OF REFERENCE (TOR)

BUDGET STEERING COMMITTEE

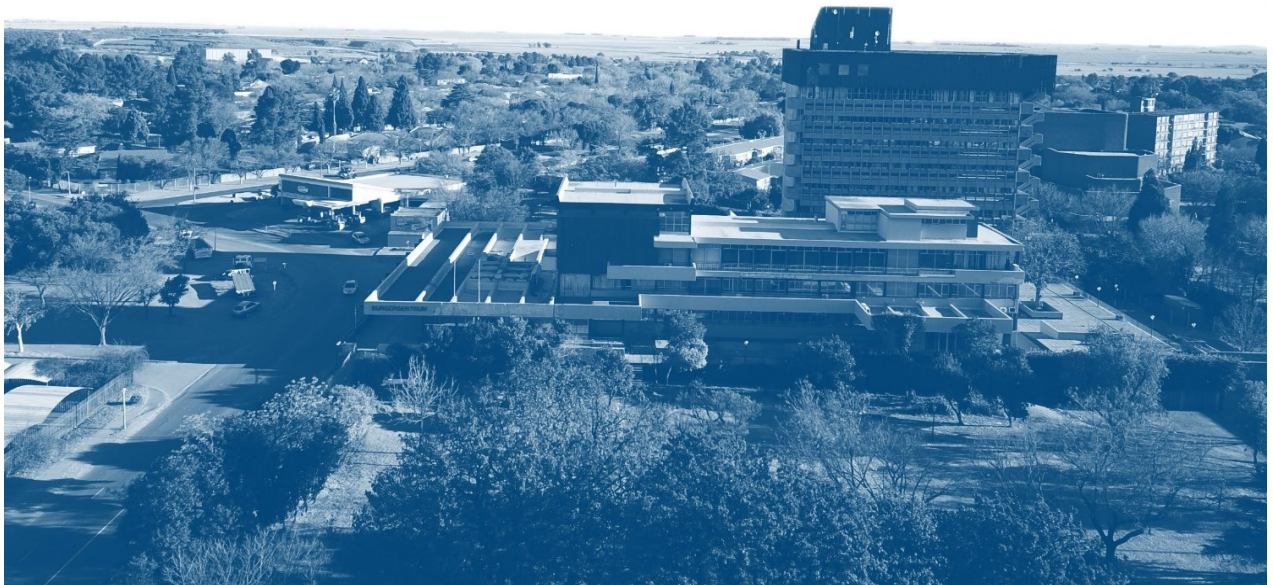


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1 Purpose

The **Budget Steering Committee** be established with the purpose of:

1.1 Ensuring compliance with the Municipal Finance Management Act and the Municipal Budget & Reporting Regulations.

1.2 Making recommendations to the Financial Services Portfolio Committee as regards to the compilation of the Budget and the Implementation thereof.

1.3 Monitoring the expenditure patterns and advice on matters related to Budget and Expenditure Control.

2 Functions

The functions of the **Budget Steering Committee** is to assist the Mayor of the Municipality in discharging his responsibilities in terms of Sections 53 and 54 of the Municipal Finance Management Act.

2.1 The responsibilities as set out in Section 53 of the Act are *inter alia*, as follows:

2.1.1 Provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

2.1.2 Co-ordinate the annual revision of the integrated development plan in terms of section 34 of the Municipal Systems Act and the preparation of the annual budget and determine how the integrated development plan is to be taken into account or revised for the purposes of the budget.

2.1.3 Take all reasonable steps to ensure—

- (a) that the municipality approves its annual budget before the start of the budget year.
- (b) that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget: and
- (c) that the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior managers

- (i) comply with this Act in order to promote sound financial management.
- (ii) are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan; and
- (iii) are concluded in accordance with section 57(2) of the Municipal Systems Act.

2.1.4 The Mayor must promptly report to the municipal council and the MEC for finance in the province any delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the annual performance agreements.

2.1.5 The Mayor must ensure that:

- (a) 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: and
- (b) that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the council and the MEC for local government in the province.

2.2 The responsibilities as set out in Section 54 of the Act are as follows:

- 2.2.1** (1) On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must—
- (a) consider the statement or report.
 - (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan.

- (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget.
 - (d) issue any appropriate instructions to the accounting officer to ensure —
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget.
 - (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
 - (f) in the case of a section 72 report, submit the report to the council by 31 January of each year.
- (2) If the municipality faces any serious financial problems, the mayor must—
 - (a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include—
 - (i) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget.
 - (ii) the tabling of an adjustments budget; or
 - (iii) steps in terms of Chapter 13; and
 - (b) alert the council and the MEC for local government in the province to those problems.
- (3) The Mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

3. Roles and Functions of a Budget Committee

The budgeting process is closely associated with the operations of the business and its organization structure. Its effectiveness largely depends upon the organizational efficiency. The main roles and functions of the budget committee are as follows:-

- 3.1 To lay down general policies of management in relation to the budgetary system.
- 3.2 To lay down the various guidelines for the preparation and implementation of the budgets.
- 3.3 To provide historical data to help managers in forecasting.
- 3.4 To help in the preparation of various functional budgets.
- 3.5 To assemble the budget figures and to see that everyone submits his figures in time.
- 3.6 To scrutinize budgets.
- 3.7 To suggest lines of revision and amendments, if needed, in the submitted budgets.
- 3.8 To accord final approval to budget.
- 3.9 To formulate the Master Budget.
- 3.10 To prepare budget summaries, if required.
- 3.11 To keep track of deviations of actual results from those budgeted.
- 3.12 To recommend corrective action if and when required.
- 3.13 To co-ordinate the whole budgetary programme.
- 3.14 To resolve the department difference among various line executive members in the committee.
- 3.15 To submit the final budget to the president and to the board & directors for approval.

4. Composition

The membership of the **Budget Steering Committee** shall comprise the incumbents of the following positions:

LIST	STATUS	DESIGNATION	DEPARTMENT
1	Member (Chairperson)	MMC Finance	MMC Finance
2	Member	Municipal Manager	Municipal Manager
3	Member	Chief Financial Officer	Financial Services
4	Member	Director: Technical Services	Technical Services
5	Member	Director: Social Services	Social Services
6	Member	Manager: Budget & Expenditure	Financial Services
7	Member	Manager: IDP/PMS	IDP/PMS Unit
8	Member	Manager – Office of the Municipal Manager	Municipal Manager
9	Member	Manager Assets	Financial Services
10	Member	Manager Project Management Unit	Technical Services

3.1 If a member is not available, he/she must provide in writing the reason for non-attendance. Failure to submit a written apology will be noted as absent without an apology.

3.2 **The Budget Steering Committee may invite a non-member to attend a specific meeting if the items to be discussed in such a meeting so require.**

5. Quorum

A quorum is comprised of half of the members plus one (50%+1).

6. Chairperson

5.1 The role of Chairperson shall be performed by the **MMC Finance**

5.2 In the absence **MMC Finance**, the meeting will be re-scheduled to take place within seven (7) working days.

7. Frequency

The **Budget Steering Committee** shall meet once every quarter and prior to budget reports being approved by the municipal Council (Medium Term Revenue and Expenditure Framework (MTREF) budget and Adjustment Budget)

8. Reporting Structure & Process

If the **Budget Steering Committee** so decides, and based on requirement, the items discussed during the meeting shall be escalated to the Financial Services Portfolio Committee together with the recommendations from the Budget Steering Committee.

9. Meeting Procedure

Where practicable, the agenda together with reports and documents that relate to the **Budget Steering Committee** will be forwarded to members in within three (3) working days prior to the meeting.

The Minutes of a meeting shall be submitted to committee members for ratification at the next subsequent meeting of the Committee. When confirmed, the Minutes shall be signed by Chairperson/Acting Chairperson.

10. Obligations of Members

All members of the **Budget Steering Committee** will:

- Comply with the Terms of Reference of the Budget Steering Committee.
- Attend meetings

11. Approval

Approved by:

Name of Chairperson:	
Designation:	
Signature:	
Date:	