

ITEM 8

Financial Reporting: Adjustment Budget for 2025/2026 financial year

(Directorate: Financial Services)

1 EXECUTIVE SUMMARY

1.1 Purpose of report

The purpose of the report is to submit the Adjustment Budget for 2025/2026 financial year to Council for approval.

1.2 Legislative Requirement

Section 28 of the MFMA - Municipal adjustments budgets

"28 (1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget—

(a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

(c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

(d) may authorise the utilisation of projected savings in one vote towards spending under another vote;

(e) may authorise the spending of 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 the current year was approved by the council;

(f) may correct any errors in the annual budget; and

(g) may provide for any other expenditure within a prescribed framework.

3) An adjustment budget must be in a prescribed form.

4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within prescribed limitation as to timing or frequency

- 5) *When an adjustments budget is tabled, it must be accompanied by*
- a) an explanation how the adjustments budget affects the annual budget;*
 - (b) motivation of any material changes to the annual budget*
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budget for the next two financial years; and*
 - d) any other supporting documentation that may be prescribed*
- 6) *Municipal tax and tariffs may not be increased during a financial year*
- 7) *Section 22(b), 23 (3) and 24(3) apply in respect of an adjustment budget , and in such application a reference in those sections to an annual budget must be read as a reference to an adjustment budget*

1.3 Background

The first adjustment budget was approved by Council on 30 October 2025 for additional equipment required by Parks division for service delivery.

The second adjustment budget was prepared to include additional municipal support grant (MSG) from Provincial Treasury for data cleansing and Municipal Disaster grant (MDGR) and approved by Council on 30 January 2026.

1.4 Discussion

- 1.3.1 The “Executive Summary” in the Adjustment Budget report summarises the discussions on the adjustments made to the approved 2025/2026 Budget.

1.4 Basis of report

Schedule B – Adjustment Budget

2 BUSINESS PLAN

n/a

3 COMPLIANCE WITH STRATEGIC OBJECTIVE

The strategic objectives of the municipality were taken into account when the budget was adjusted and priority was for service delivery departments

4 DELEGATED AUTHORITY

n/a

5 ANNEXURES

Annexure A - Adjustment Budget Report

Annexure B - Schedule B

Annexure C - Revised Allocation

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

Compliance with legal requirements of the MFMA

Compliance with National and Provincial requirements

8 IMPLEMENTATION PLAN

Implementation as per the Adjustment Budget

9 RECOMMENDATION

1. That Council approve the Adjustment Budget for the 2025/2026 financial year.
2. That upon approval of the Adjustment Budget by Council, the Chief Financial Officer must ensure that the Adjustment Budget is submitted to National and Provincial Treasury.

Council

CFO