



Molemole Municipality

BUDGET PROCESS POLICY

2021 - 2022

DOCUMENT REF:	Budget.2021/2022
VERSION NO:	2021/22.002
PREPARED BY:	WISO P M
DATE COMPILED:	March 2021
REVIEWED BY:	ZULU K
DATE REVIEWED:	March 2021
APPROVED BY:	Council
DATE APPROVED:	28 May 2021
EFFECTIVE DATE:	01 July 2021

4. Budget –Related Policies

4.1 The Municipal Manager must ensure that budget related policies of the Municipality, or any necessary amendments to such policies, are prepared for tabling in the council by the applicable deadline specified in terms of Section 21(1) (b) of the MFMA.

4.2. The Municipality may consult with professional bodies and advisors for purposes of preparing such policies.

4.3. Policies that affect or are affected by the annual budget include the following:

- 4.3.1. The Credit Control and Debt Collection Policy;
- 4.3.2. The Indigent Management Policy;
- 4.3.3. Tariffs Policy;
- 4.3.4. Property Rates Policy;
- 4.3.5. Bad debt writes off policy;
- 4.3.6. Virement Policy;
- 4.3.7. Asset Management Policy;
- 4.3.8. Cash Management and Investment Policy;
- 4.3.9. Personnel Policies;

5. Delegations and Responsibility for Implementation

5.1. All such powers as may be necessary for the accounting officer and the chief financial officer to carry out their respective responsibilities under this policy shall be delegated or sub delegated, as the case may require, to them in accordance with the relevant provisions of the MFMA and the Municipal Systems Act and recorded in the appropriate register of delegations.

5.2. The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer.

6. Commencement

This policy will be effective on the date of adoption by Council.

7. Budget Time Schedule

7.1. The Chief Financial Officer shall draft the budget time schedule as required by Section 21 (1) (b) for the ensuing financial year for the Council's approval.

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- 11.1.2. The budget must reflect the realistically expected revenues by major source for the budget year concerned;
- 11.1.3. The expenses reflected in the budget must be divided into the votes of the various departments of the municipality;
- 11.1.4. The budget must also contain:
 - 11.1.4.1. The foregoing information for the two years immediately succeeding the financial year to which the budget relates;
 - 11.1.4.2. The actual revenues and expenses for the previous financial year, and
 - 11.1.4.3. The estimated revenues and expenses for the current year.
- 11.2. The budget must be accompanied by all of the documents referred to in Section 17(3) of the MFMA.
- 11.3. For the purposes of Section 17(3)(k) of the MFMA, the salary, allowances and benefits of each person referred to therein must be stated individually.

12. Capital and Operating Components

- 12.1. The annual budget and adjustments budget shall, as required by Section 17(2) of the MFMA consist of:
 - 12.1.1. The capital component 40%, and
 - 12.1.2. The operating component 60%.
- 12.2. The operating component shall duly reflect the impact of the capital component on:
 - 12.2.1. Depreciation charges;
 - 12.2.2. Repairs and maintenance expenses;
 - 12.2.3. Interest payable on external borrowings; and
 - 12.2.4. Other operating expenses.
- 12.3. Before approving the capital budget component of the annual or adjustments budget, the council shall consider the impact of the capital component on the present and future operating budgets of the municipality in relation to the items referred to in 12.2.1 to 12.2.4.
- 12.4. Each department head shall, prior to providing for any expenditure in respect of any capital item in the budget of his or her department's budget, and in any event no later than 31 January prepare and submit to the Chief Financial Officer a business plan relating to such capital item, which business plan shall contain the following information regarding such item:
 - 12.4.1. A full description;
 - 12.4.2. Its purpose;
 - 12.4.3. The expected beneficiaries;

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to be shown under each vote, subject to the approval of the Chief Financial Officer.

16. Provisions for Leave and employee benefits, Bad Debts and Obsolescence

16.1. The municipality shall establish and maintain a provision for accrued leave entitlements of officials as at 30 June of each financial year, and shall budget appropriately for contributions to such provision in each annual and adjustments budget, as well as for staff benefits, including post-retirement benefits.

16.2. The municipality shall establish and maintain a provision for bad debts in respect of its approved rates and tariffs policies, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

16.3. The municipality shall establish and maintain a provision for the obsolescence and deterioration of stock, and shall budget appropriately for contributions to such provision in each annual and adjustments budget.

17. Provision for Maintenance

17.1. The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its fixed asset management and accounting policy. 15% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

17.2. Notwithstanding anything contained to the contrary in any other policy of the Municipality, no funds budgeted for maintenance may be used or transferred for any other purpose without the express consent of the CFO.

18. Salaries and Allowances

The budget for salaries, allowances and salaries-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councilors shall not be included in this limit.

19. Depreciation and Finance Charges

19.1. Depreciation and finance charges together shall not exceed 5% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.

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25. Tabling of Annual Budget

The Annual budget must, as required by Section 16 of the MFMA, be tabled at a council meeting at least 90 days before the start of a budget year, and when tabled must, as required by Regulation 14(1) of the Regulations:

- 25.1. be in the format in which it will eventually be approved by council; and
- 25.2. be credible and realistic such that it is capable of being approved and implemented as tabled.

26. Publication of Annual Budget

26.1. In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in the Council:

- 26.1.1. The budget is made public in accordance with the provisions of the Local Government: Municipal Systems Act;
- 26.1.2. The local community is invited to make submissions in regard to the Budget;
- 26.1.3. The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- 26.1.4. The budget is submitted to any prescribed organs of state and to other Municipalities affected by it.

26.2. In addition, the Municipal Manager must comply with the provisions of Regulation 15 of the Regulations.

27. Consultations on Tabled Budgets

27.1. The Municipality shall, after the annual budget is tabled, consider the views of the Internal staff through departmental meetings, local community, the National and Provincial Treasuries, organs of state and municipalities which made submissions on the budget, as required by Section 23 of the MFMA, and shall comply with all other requirements of that section.

27.2. The Mayor must for purposes of the abovementioned Section 23 submit to the council the report and comments referred to in Regulation 16 of the Regulations.

28. Approval of Annual Budget

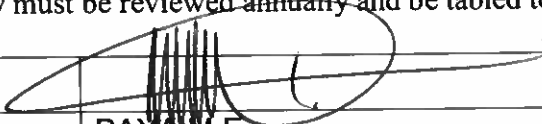
28.1. The Council shall approve the budget in accordance the provisions of Section 24 of the MFMA.

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32. Policy review

The Budget process policy must be reviewed annually and be tabled to the municipal council for approval.

Signature:	
Initial & Surname:	PAYA M.E
Designation:	MAYOR
Council Resolution Number:	OC/5.15/28/05/2021
Council Date:	28 May 2021