

9454

## 2015/2016 - MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK PLAN (MTREF) PROCESS PLAN AND TIMETABLE

***This report served before the Financial Services Portfolio Committee on 17 July 2014. The recommendations were supported.***

### PURPOSE

To submit the 2015/2016 Medium Term Revenue and Expenditure Framework Plan (MTREF) Process Plan and Timetable in order to comply with the requirements of the Municipal Finance Management Act, 2003 (No 56 of 2003).

### IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT	
Goal	Objective
1. Compliance with financial legislation and policies	<ul style="list-style-type: none"> <li>• Ensure GRAP compliance</li> <li>• Ongoing review of SCM policies and procedures</li> <li>• Ongoing internal and external capacity building in Supply Chain Management and Budgeting Models</li> </ul>
2. Sustainable Financial Management	<ul style="list-style-type: none"> <li>• Improve internal communication on budget matters</li> <li>• Maintenance of fixed asset register</li> <li>• Credit control and debt collection</li> <li>• Compliant internal controls</li> <li>• Compliant grant reporting</li> <li>• Obtain targeted cash-backed statutory reserves</li> <li>• Development and appropriate training and assistance to employees</li> <li>• Identify and redress water and electricity tampering</li> </ul>

### BACKGROUND

Section 21(1) of the Municipal Finance Management Act, 2003 (No 56 of 2003) prescribes the following:-

*“The Mayor of a municipality must –*

- (a) *co-ordinate the processes for preparing the annual budget and for reviewing the municipality’s integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;*
- (b) *at least 10 months before the start of the budget year, table in the municipal Council a time schedule outlining key deadlines for –*
  - (i) *the preparation, tabling and approval of the annual budget;*
  - (ii) *the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act and the budget-related policies;*

- (iii) *the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and*
- (iv) *any consultative processes forming part of the processes referred to in paragraph (i), (ii) and (iii)."*

Furthermore, the Accounting Officer is tasked by Section 68 of the Municipal Finance Management Act, 2003 (No 56 of 2003) with assisting the Mayor in developing and implementing the budgetary process. This process should provide for both internal (within municipality) and external (local community and other stakeholder) consultations.

In addition to the above the budget process will have to comply with the Municipal Budget and Reporting Regulations as published in Government Gazette No 32141 dated 17 April 2009 - **DMS 605152, 605154, 605178 and 605180.**

## **DISCUSSION**

The following are attached as Annexures:

**Annexure "A"** - The Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable 2015/2016 (**DMS 969201**);

Adequate planning for the budget process is essential to ensure that Council's 2015/2016 Medium Term Revenue and Expenditure Framework (MTREF) is tabled timeously in order to comply with the MFMA. The Mayor must early on in the budget process co-ordinate a schedule of key deadlines for all of the required meetings, community forums, etc. This schedule should also be made public to ensure that those being consulted are aware of their opportunities for input into the IDP and budget process.

**Annexure "B"** – The Medium Term Revenue and Expenditure Framework (MTREF) Guideline 2015/2016 (**DMS 969204**);

This guideline has been prepared to provide all departments a standard method and format in the compilation of the Medium Term Revenue and Expenditure Framework (MTREF) Plan 2015/2016 year. Departments are to take note of the deadlines for the submission of both the Adjusted 2014/2015 and Tabled MTREF 2015/2016 information to the Chief Financial Officer.

**Annexure "C"** – Budget requests 2015/2016 from Councillors/ward committees (**DMS 974350**);

This budget request form to be submitted directly to the Municipal Manager and a copy to the relevant Deputy Municipal Manager and to the Budget Office for attention and record purposes respectively by no later than 17 October 2014.

## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

## **FINANCIAL IMPLICATIONS**

This report relates only to the submission and acceptance by Council of the 2015/2016 Medium Term Revenue and Expenditure Framework (MTREF) process plan and timetable.

## LEGAL IMPLICATIONS

The Mayor of a Municipality must upon becoming aware of any impending non-compliance with the provisions of the MFMA especially Chapter 4 (Municipal Budgets), inform the MEC for Finance in the province in writing.

## COMMENTS OF THE CHIEF FINANCIAL OFFICER

The recommendations are supported.

## DISCUSSION BY THE FINANCIAL SERVICES PORTFOLIO COMMITTEE ON 17 JULY 2014

Concern was expressed regarding the plans which were devised but not followed through. The Administration was urged to plan accordingly and adhere to those plans to avoid deviations from the processes of the Supply Chain Management Policy. Cllr B J de Lange indicated that the quarterly reports must also be submitted to enable the Committee to view quarterly performance of Departments.

## RECOMMENDED THAT:

1. the 2015/2016 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable (**DMS 969201**) be noted and accepted by Council;
2. the 2015/2016 Medium Term Revenue and Expenditure Framework (MTREF) Guideline 2015/2016 (**DMS 969204**) be used by all departments in the compilation of their budgets and the submission deadlines herein be adhered to;
3. the budget requests form 2015/2016 from Councillors/ward committees (**DMS 974350**), fully supported within the Integrated Development Planning document, be submitted to the Municipal Manager by no later than **17 October 2014** in order for the relevant Deputy Municipal Managers to determine the financial and operational impacts of such requests;
4. the 2014/2014 Integrated Development Plan Review (RPT 156215) approved on 24 June 2014 in accordance with Council Resolution 9413 be used to inform the 2014/2015 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable (**DMS 969201**); and
5. all consultative processes during the budget process be adequately published in the media.