

10387

## 2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK PLAN (MTREF) PROCESS PLAN AND TIMETABLE

*This report served before the Financial Services Committee on 23 September 2015.  
The recommendation were supported.*

### PURPOSE

To submit the 2016/17 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

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 Ensure GRAP compliance 5.1.1.2 SCOA compliant ( new reform) 5.1.1.3 Review of all budget related policies 5.1.1.4 Adherence to all MFMA and budget and reporting 5.1.1.5 Compliance with the Supply Chain Management regulation and PPPFA
	5.1.2 Sustainable Financial and supply chain Management	5.1.2.1 Improve internal communication on budget matters 5.1.2.2 Maintenance of fixed asset register 5.1.2.3 Credit control and debt collection 5.1.2.4 Compliant internal controls 5.1.2.5 Compliant grant reporting 5.1.2.6 Obtain targeted cash-backed statutory reserves 5.1.2.7 Development and appropriate training and assistance to employees 5.1.2.8 Identify and redress water and electricity tampering 5.1.2.9 Demand and acquisition management 5.1.2.10 Warehouse management 5.1.2.11 Contract administration

### 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**

Council to note that in terms of MFMA this process plan was due to serve in August 2015, however due to the implementation of mSCOA, the report has been submitted in September 2015.

The following are attached as Annexures:

**Annexure "A"** - The Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable 2016/17 (**DMS 1071573**).

Adequate planning for the budget process is essential to ensure that Council's 2016/17 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 2016/17 (**DMS 1074273**).

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 2015/16 year. The Guideline includes the requirements to prepare a mSCOA budget specifically the requirements for the Project segment. Departments are to take note of the deadlines for the submission of both the Adjusted 2015/16 and Tabled MTREF 2016/17 information to the Chief Financial Officer. The Guideline document is being circulated to the Senior Management and any amendments will be made prior to the final circulation.

**Annexure "C"** - Budget requests 2016/17 from Councillors/Ward Committees (**DMS 1071588**).

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 6 November 2015.

## ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

## FINANCIAL IMPLICATIONS

This report relates only to the submission and acceptance by Council of the 2016/17 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 HELD BY THE FINANCIAL SERVICES COMMITTEE ON 23 SEPTEMBER 2015

Concern was expressed with regards to the appointment of too many consultants as opposed to performing services in house, as well as the protection and misuse of municipal assets.

## RECOMMENDED THAT:

1. the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable (**DMS 1071573**) be noted and accepted by Council;
2. the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF) Guideline (**DMS 1074273**) be used by all departments in the compilation of their budgets and the submission deadlines herein be adhered to;
3. the budget requests form 2016/17 from Councillors/ward committees (**DMS 1071588**), fully supported within the Integrated Development Planning document, be submitted to the Municipal Manager by no later than **6 November 2015** in order for the relevant Deputy Municipal Managers to determine the financial and operational impacts of such requests;
4. the 2015/16 Integrated Development Plan Review (**RPT 158224**) approved on 26 May 2015 in accordance with Council Resolution 10149 be used to inform the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF) Process Plan and Timetable (**DMS 1071573**); and
5. all consultative processes during the budget process be adequately published in the media.