



**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK:**

**PREPARING THE BUDGET FOR  
THE 2016/2017 FINANCIAL YEAR**

**Ndlambe Municipality EC 105**

**Eastern Cape**

**2016**

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## **ABBREVIATIONS**

BSC	Budget Steering Committee
BTO	Budget and Treasury Office
EC	Executive Committee
IDP	Integrated Development Plan
MIG	Municipal Infrastructure Grant
MTREF	Medium Term Revenue and Expenditure Framework
MFMA	Municipal Finance Management Act 56 of 2003
BTT	Budget Technical Team

## Introduction

The budget proposals for the 2016 MTREF should be informed by Council's Integrated Development Planning process, particularly in terms of objectives, outputs and targets envisioned for the next 3 years. In this way, budget proposals and the Integrated Development Plan will be linked directly to each other.

Better budgeting enhances service delivery. This is the main message underlying recent reforms that Council has been subjected to. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. The performance management system gives effect to the emphasis on improved transparency and accountability for the management and use of public resources.

The *Budget Process Plan* is issued to the Council, Municipal Manager and various departments for the preparation of their 2016 MTREF budget proposals. The process plan emphasis on :

## The budget process

*The Medium Term Revenue and Expenditure Framework (MTREF) details 3-year rolling expenditure and revenue plans for Ndlambe Municipality. The MTREF budget process is designed to match the overall resource envelope, estimated through 'top-down' macro-economic and fiscal policy processes with the bottom-up estimation of the current and medium-term cost of existing departmental plans and expenditure programmes.*

*The budget process allows Council to :*

- *Strengthen and evaluate the alignment between medium and long-term plans and funding proposals.*
- *Revise its policy priorities, macro-economic framework and resource envelope.*
- *Evaluate departmental plans and allocate available resources in line with policy priorities.*
- *Obtain the required authority from Council to spend (service delivery).*
- *Align parameter setting with budget outcomes and resource allocations.*

*The purpose of the 2016 budget process will be the completion of a medium-term revenue and expenditure framework that apportions resources in line with Council's policy priorities for the next three years. How this will be achieved is described in the chapter.*

## Matching policy priorities and resources

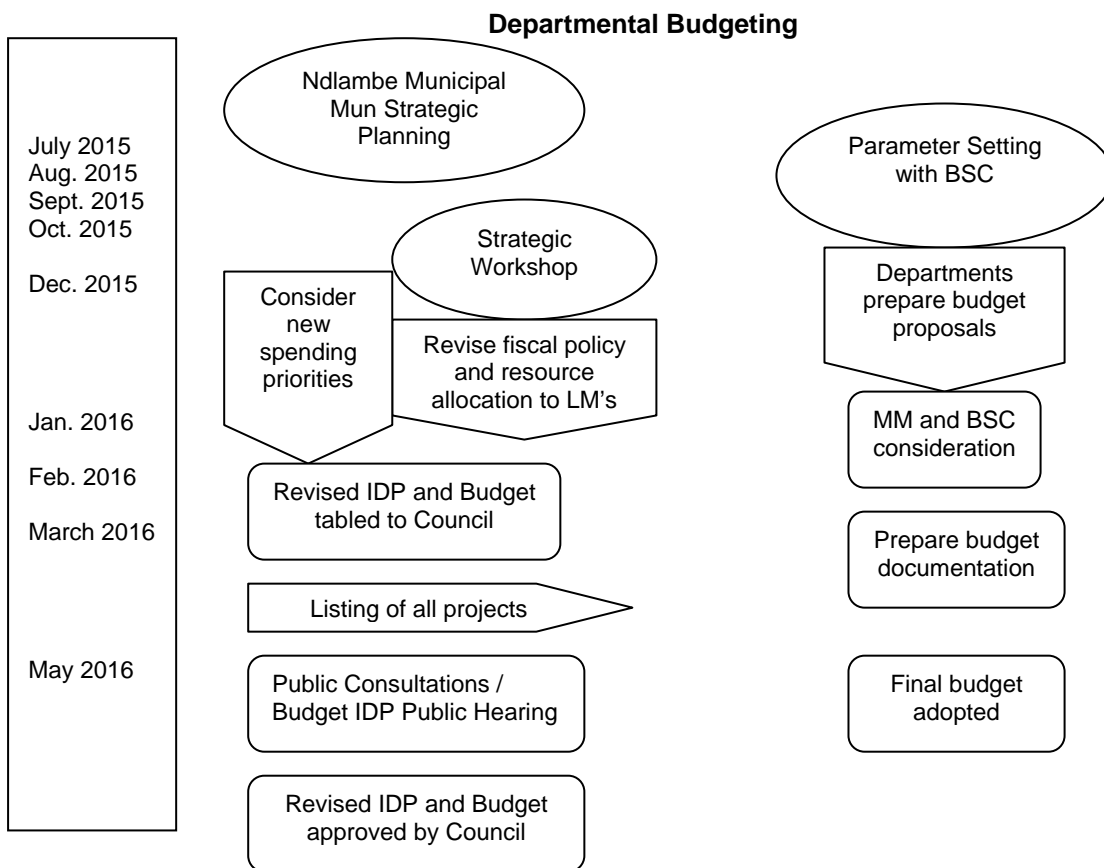
Deciding and agreeing on the best allocation of scarce resources to fund Council's many social, economic and political goals is the main purpose of the budget process.

Drafting these three-year plans will guide the policy prioritisation and budgeting process for the 2016 MTREF.

Formulating an MTREF that has a three-year outlook will be put together by various role-players who interact at various stages of the budget process that is illustrated in diagram 1 :

Formulating an MTREF differs from annual budgeting. In annual budgeting, the amount allocated to spending programmes is adjusted incrementally, with hardly any alignment to policy priorities. An MTREF provides the "linking framework" that allows expenditure to be "driven by policy priorities and disciplined by budget realities". – refer IDP.

**Diagram 1 : Outline of budget process**



A strategic Session consisting of the Councillors and senior management is recognised as the key gathering to decide and guide the process of developing a revised IDP and Budget. The budget and IDP are to be presented for consideration on or before 31 May 2016.

## Medium term policy review

The budget process starts early in the financial year with a review of the IDP and budget processes of the previous year, the budget parameters are set in August 2015 by Council on recommendation from the Municipal Manager and Heads of Departments.

Additional resources for funding new priorities arise from a review of the overall budget framework, including fiscal policy considerations, overall spending growth, inflation assumptions, and debt interest projections (if applicable at this stage).

The resource envelope that funds the new priorities consists of the two outer forecast years of the 2016 MTREF. This is the starting point for the new budget and planning process and is used as a basis to determine the MTREF allocation for the period 2016/2017 to 2018/2019

The allocation of resources to the different directorates will be largely determined by Council's funding formula, which is reviewed during the process of developing the MTREF/budget and will take into account the various departments responsibilities for service delivery.

The timetable for critical budget decisions in the policy review stage of the process is outlined in table 1.

**Table 1 : Process plan timeline**

July - September	Previous IDP and budget process plan review. Parameter setting.
October	Consideration of the revision of the Council's establishment plan – meeting the HR capacity needs and the cost applicable for such capacity (functions to be considered).
November	Aligning the budget to Council policy priorities.
January	Consolidation of budget and macro summary.
March	Budget Steering Committee approval and tabling the budget to Council.
April	Public consultation on the IDP and Budget
May	Council Approval

## Compiling MTREF budget proposals

### Budget Principles

Budgeting within the Medium Term Revenue and Expenditure Framework is based on a set of core principles that relate to :

- Fiscal policy and the budget framework
- Policy priorities and public expenditure
- Political oversight of the budget process
- Budgeting for service delivery

## **Fiscal policy and the budget framework**

Medium-term spending plans of the various departments for the period 2016/2017 to 2018/2019 will be prepared within the context of Council's macro-economic and fiscal framework.

As part of a three-year rolling budget process, the budget framework is revised each year. Additional resources for new expenditure will form part of the macro-economic forecast. Growth in the MIG allocation is important if Council is to meet the objectives established in the IDP.

The MTREF set out in the 2015 budget will define the budget baseline for the 2016 MTREF. The various role-players will have to examine the fiscal implications of new spending pressures and match them to available resources.

## **Policy priorities and public expenditure**

Strengthening the link between Council policy priorities and expenditure is at the core of medium-term budgeting. Expenditure allocation translates policy priorities into the delivery of services to communities, and is therefore a key tool for accomplishing Council's goals.

## **Political oversight of the Budget Process**

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. Council established a budget steering committee that is chaired by the Councillor that chairs the finance portfolio.

Political oversight of the budget process is essential to ensure that :

- The political executive is responsible for policy and prioritisation
- Policy priorities are linked to cluster spending plans and the delivery of quality services

The budget process commences with parameters and policy assessment and formulation.

Budgeting is primarily about the choices and trade-offs that Council has to make in deciding how to meet the agreed set of policy objectives through better service delivery. Political oversight of the budget process allows Council to manage the tension between competing policy priorities and fiscal realities.

## **Budgeting for service delivery**

Strengthening the link between Council's priorities and spending plans is not an end in itself. The goal is to improve delivery of services and ultimately the quality of life of people throughout the district.

Better budgeting as mentioned in the introduction leads to enhanced service delivery. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. It is important to emphasise the role of performance management which serve to monitor performance against measurable performance objectives that are informed by service delivery targets as captured in the various sector plans and subscribed to by the departments.

Measurable objectives are defined as specific, quantifiable results or outcomes that can be achieved within a foreseeable time period. They serve as a roadmap for achieving the institution's goals and define the actual impact on the district rather than focusing on the level of effort that is expended. They are tools to assess the effectiveness of an institution's performance and the value added to the district.



# **DETAILED BUDGET PROCESS PLAN INSTRUCTIONS AND GUIDELINES**

## **NDLAMBE MUNICIPALITY**

### **BUDGET : 2016/2017**

The Budget plan for the 2016/2017 financial year has been developed to meet the requirements of Act No. 56 of 2003: Local Government Municipal Finance Management Act, 2003.

The main aims of the annual Budget plan are:

- ! Assist co-ordination of various areas of responsibility in implementing and reviewing the IDP and other long term plans of the Ndlambe Municipality.
- ! Provide medium term financial plans for each directorate which are linked to plans and not one year incremental budgets.
- ! Ensure that progress against the budget plans can be monitored and corrective action taken if necessary.
- ! Ensure that plans are reviewed on a continual basis in concert with the budget in-year review.

The following documents are to be produced by each directorate:

- ! Directorates medium term budget policy statement. This document must set out the allocations for the next three years of both the capital and operating budget taking into account the strategic direction which the directorate intends taking over the next three years based on the current revenue collected.
- ! The IDP must give rise to the detailed plans that will be used to formulate the directorate's policy objective. All individual components of the policy objectives should be costed. Sufficient information is to be provided to allow priority rating.
- ! Functional operational plans must be drawn up which are to set out the operational plans for each section in a directorate per line item (SDBIP).

The above documents will influence budget allocations to each directorate so they are to be as detailed as possible.

High level strategic planning is to be undertaken while drawing up the Budget. The planning is to be long term (minimum three years) and must set out targets in terms of outcomes, levels of service delivery and general tariff policies. Service level requirements, demographics, backlogs, etc. are to be considered. Council and community consultation by directorates has to be undertaken during the time that the directorates are drawing up their budgets.

Some IDP projects may be individual projects but many will have a widespread impact across the operational budget. In this case it must be fully costed for a minimum period of three years. The costing must include capital outlay, increase or decrease in operational expenditure, and revenue that could be generated. Directorates should at this point also consider provincial and national government priorities.

Operation budgets are to be linked to plans (SDBIP). Each directorate must compile

operational plans and capital plans. The plans must be for the current budget year and for at least two years into the future. The plans must detail service levels, initiatives, financial forecasts and non-financial indicators. While directorates will prepare budgets at line items only, summary level information will be incorporated in the budget. Directorates need to first complete their operational plans then use the plans as a base for completing each line item. This is to ensure that directors consider high level strategy and outcomes and output objectives and do not let previous year line items drive the budget process.

Directors are to prepare line item budgets as per their operation plans. This detail will not be incorporated in the budget document but must be available in the budget process for councillors, community and other stakeholders to use in deliberations. The detailed line item budgets are to be kept by the relevant director and must agree to the published summary budget. The detailed line item budgets will be used throughout the year to gauge performance during the budget review stages.

The budget to be published will include information from the IDP, each directorate's operational plans and budget summary. Detailed budgets will only be given to directors for distribution to their relevant sections.

The actual budget document will be compiled by the Finance Directorate and will contain functional operational plans of each directorate which would have been submitted for at least the next three years. Directorates further need to maintain a rolling plan which is to incorporate operational objectives and initiatives, financial projections, financial and non-financial performance measures and commentary on the directorates' past performance. The Finance Directorate will interrogate the directorates' detailed budgets and financial plans to ensure consistency and accuracy. From all directorates' rolling plans, an executive summary will be made in a format which will allow councillors and the community to gauge performance during the budget process.

The consultation part of the budget is very important as it is during this phase that the budget has to be fine-tuned to fit service delivery and outcome objectives of each Directorate within the economic realities of Ndlambe Municipality. It involves consultation with the community and Council and will require sensitive analysis of the budget and policy choices to fit in with the limited financial resources.

The IDP/ Budget have to be completed by the end of March 2016, must be considered by the end of May 2016 and approved by the end of June 2016. This will give directors sufficient time to pass the operational plans onto their sections prior to the start of the budget year. Regular IDP/Budget reviews are to be held between ward councillors and directorates to review the plans and determine the progress against the IDP and Budget objectives.

## **BUDGET POLICY GUIDELINES**

1. A three-year budget is to be prepared.
2. Council's IDP is to be consulted throughout the budget process.
3. Salary increases are to be budgeted for by the relevant directorate / office with  $\pm 7.5\%$  increase plus notch.
4. Noticeable changes and/or adjustments to income and expenditure are to be reported on.
5. Relevant documentation to be completed with regard to capital expenditure.
6. Expansion and/or restriction to any service to be reported on.
7. Request for posts to be filled during the next three budget periods to be handed to the human resources per the dates reflected on the budget timetable.
8. Average increase on the annual budget is to be limited as far as possible to the guidelines by the Department of Finance to 5.5% for 2016/2017, 5.5% for 2017/2018 and 5.5% for 2018/2019.
9. The NER is to be contacted for guidelines on the increase in electricity income.
10. Councillors and stakeholders are to be involved in the Budget process at all times.

## **INSTRUCTIONS**

1. Consult all relevant legislation including circulars when completing your budget.
2. Clearly indicate the budget year on the working sheets. Use red ink for 2016/2017, blue for 2017/2018 and black for 2018/2019 to eliminate any confusion.
3. All items on the budget are to be budgeted for (including electricity/water, rates, insurance, etc.) - do not leave any gaps.
4. Tariff by-laws are to be consulted when calculating tariffs.
5. All amounts budgeted must be rounded off to the nearest R10,00.
6. The Budget timetable is to be strictly adhered to.

7. SDBIP has to be completed for all income / expenditure as per the attached circular from National Treasury and ensure that the SDBIP corresponds with the OPEX AND CAPEX.
8. The Budget co-ordinators are Ms N Matthews and Ms U Qinela.
9. The capital request forms A,B and C are to be completed in respect of every capital item placed on the budgets for the three years. If capital request forms are not completed the capital item will be removed from the capital budget.

**NDLAMBE MUNICIPALITY**

**BUDGET TIMETABLE FOR THE 2016/2017 FINANCIAL YEAR**

<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
<b>AUGUST 2015</b>		
21 August 2015	Budget timetable, budget guidelines, budget instructions, budget schedules to be presented to the Budget Steering Committee.	Budget Office
21 August 2015	Budget timetable, budget guidelines, budget instructions, budget schedules to be presented to all managers and directors.	Budget Office
30 August 2015	Budget timetable, budget guidelines, budget instructions, budget schedules to be presented to Council for adoption.	Budget Steering Committee
30 August 2015	Based on financial statements of the previous year and performance review, determine the financial position of the municipality and assess its financial capacity and potential impacts on future strategies and budgets.	All Managers / Directors
<b>SEPTEMBER 2015</b>		
7 September 2015	Advertise the budget process and schedules (Newspaper, noticeboards, web-site)	Budget Office
7 September 2015	Chairperson of the Budget Steering Committee to establish the budget steering committee. The committee must be representative of each office and directorate	Chairperson Budget Steering Committee
11 September 2015	Budget Steering Committee to meet and make suggestions on any structural changes to the budget.	Chairperson Budget Steering Committee
11 September 2015	Budget Steering Committee to set parameters for the next 3 years based on marked trends and other information available. <ul style="list-style-type: none"> <li>➤ Tariff increases</li> <li>➤ Salary increases</li> <li>➤ General expenses</li> <li>➤ Repairs and maintenance</li> <li>➤ Key changes to be reflected considering all strategies and studies (including institutional study)</li> <li>➤ Develop priority areas</li> <li>➤ Reflect on all factors that could potentially impact on future budgets.</li> </ul>	Chairperson Budget Steering Committee

<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
11 September 2015	Confirm Councils existing and new policy priorities for next three years	Chairperson Budget Steering Committee
11 September 2015	Budget Steering Committee to determine the funding / revenue envelope potentially available for next three years.	Chairperson Budget Steering Committee
11 September 2015	Each office and directorate to submit to the budget steering committee all funding available to the department for the next three years, from both National and Provincial (DORA). This could for example include : <ul style="list-style-type: none"> <li>➤ Infrastructural Grants (MIG/EPWP/DWAF)</li> <li>➤ Recurrent Grants (FMG/MSIG/)</li> <li>➤ Equitable Share</li> <li>➤ Other (LED)</li> </ul> <p>NB – funding identified is to be as per local government financial year and not National financial year.</p>	Chairperson Budget Steering Committee  All Managers / Directors
11 September 2015	Budget Steering Committee to determine the most likely financial outlook and identify need for changes to fiscal strategies.	Chairperson Budget Steering Committee
11 September 2015	Budget Steering Committee to review tariff structures, if necessary.	Chairperson Budget Steering Committee
18 September 2014	Managers / directors to have held a staff meeting with staff in their directorate responsible for compiling the budgets where the budget timetable, policies, guidelines, instruction and minutes of the budget steering committee are to have been discussed.	All Managers / Directors
18 September 2014	Chairperson of the Budget Steering Committee to have held a meeting with all ward councillors to discuss the budget timetable, policies, guidelines, instructions and minutes of the budget steering committee.	Chairperson Budget Steering Committee
30 September 2015	Ward councillors to have completed meetings with their ward committees to explain the budget process and documentation and to gather information and submit to the Chairperson of the Budget Steering Committee that is to be considered when offices and directorates do their capital / operational budgets and tariffs.	All Ward Councillors
<b>OCTOBER 2015</b>		
5 October 2015	Chairperson of the Budget Steering Committee to provide all offices and directorates with the input from Ward Councillors to consider when preparing their budgets and tariffs	Chairperson Budget Steering Committee

<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
23 October 2015	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget – reference to legislation	All Managers / Directors
26 October 2015	Offices and Directorates to start to prepare draft capital and operational plans with cost and revenue estimates	All Managers / Directors
28 October 2015	Managers and directors to assess the Human Resources component of their operating budget for the next year and for the two following years and make submissions to the finance department. Submissions would include full motivations for each post and assessments must take into consideration all known studies, establishment plan (organogram) and any other future developments over the next three years that would require a provision for costing.	All Managers / Directors
30 October 2015	The submission on all offices and directorates human resources requirements to be considered by the Municipal Manager in consultation with each manager and director and to be facilitated by the Chairperson of the Budget Steering Committee.	Chairperson Budget Steering Committee / Municipal Manager / Directors
30 October 2015	The submission of the salary and allowance component of the budget to be provided to the Human Resources Department by all managers and directors. The Human Resources Department is responsible for determining the costs associated with the submissions. Once Human Resources Department has costed all salary and allowance budgets for all offices and directorates, this information is then to be submitted to the relevant office or directorate.	All Managers / Directors
30 October 2015	Human Resources Department to calculate required budget amount for the Leave Provision.	Dir. Corporate Services

COMPLETION DATE	ACTIVITY	RESPONSIBILITY
<b>NOVEMBER 2015</b>		
20 November 2015	<p>Offices and directorates are to scientifically determine operating income and through sound budgeting techniques determine operating expenditure / costs linked to the budget for the next three years under the budget categories :</p> <ul style="list-style-type: none"> <li>• Income</li> <li>• Salaries and Allowances (As presented by the Human Resources Department)</li> <li>• General expenses</li> <li>• Repairs and maintenance</li> <li>• Capital outlay</li> <li>• Financing charges</li> </ul>	All Managers / Directors
20 November 2015	<p>The finance department will assist offices and directorates where required in determining budget figures for :</p> <ul style="list-style-type: none"> <li>• Insurance</li> <li>• Depreciation</li> <li>• Provision for bad debts</li> </ul>	All Managers / Directors
27 November 2015	<p>Offices and directorates are to complete the relevant capital request forms as provided by the finance directorate with all required information and to provide a summary of capital requirements for the next three financial years.</p>	All Managers / Directors
27 November 2015	<p>Income, expenditure and capital budgets together with all forms and supporting documents are to be consolidated to be submitted to the finance department in the format determined by the finance directorate for inclusion in a line item budget designed for three years.</p>	All Managers / Directors
27 November 2015	<p>Offices and directorates to finalise their SDBIP's for each cost / functional centre on what is contained in the operating budget that indicate what the key objectives / measurable outputs are. The SDBIP format provided by the Office of the Municipal Manager is to have been used.</p>	All Managers / Directors
27 November 2015	<p>Offices and directorates to review tariffs and charges and develop options for changes to be included in the budget to be tabled.</p>	All Managers / Directors



<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
<b>DECEMBER 2015</b>		
4 December 2015	Draft operational / capital budgets and tariffs to have been completed and submitted to the Budget Office together with detailed plans (SDBIP) on all expenditure / income to be incurred for the ensuing three years.	All Managers / Directors
9 December 2015	Chairperson of the Budget Steering Committee to confirm in writing to the Mayor that all required documentation (SDBIP's, Capital Budget, Operating Budget, Tariffs) has been submitted to the finance directorate for consolidation.	Chairperson Budget Steering Committee
11 December 2015	Chairperson of the Budget Steering Committee to advise the Mayor and Municipal Manager, in writing, of any office or directorate that has not submitted all budget related documentation to the finance directorate by 4 December 2015	Chairperson Budget Steering Committee
<b>JANUARY 2016</b>		
29 January 2016	All the submissions from offices and directorates are to be consolidated by the finance department with all working papers that would have been submitted in support of the proposed operating and capital budget.	BTO
29 January 2016	The finance directorate is to keep a central file on all budget related documents.	BTO
29 January 2016	The finance directorate to review all budget related policies with internal stakeholders and request written submissions on any proposed amendments from internal stakeholders.	All Managers / Directors
29 January 2016	Chairperson of the Budget Steering Committee to confirm in writing to the Mayor that all SDBIP's, Capital Budgets and Operating Budgets have been consolidated.	Chairperson Budget Steering Committee
29 January 2016	Finance directorate to incorporate any changes from National and Provincial Governments on three-year allocations in the budget.	BTO
29 January 2016	Finance directorate to review tariffs and charges and ensure that all costs of trading and economic services are covered by the tariff submitted by offices and directorates.	BTO
29 January 2016	Finance directorate to document all material changes in budgets from the previous financial year budget and report such changes to the Chairperson of the Budget Steering Committee.	BTO
29 January 2016	Budget Steering Committee to have met to discuss capital / operational budget to be tabled to Council, tariffs, draft SDBIP's and any material changes to the budget based on the previous year's budget. Also to ensure that anticipated expenditure meets parameters set out by National / Provincial Government.	Chairperson Budget Steering Committee  Budget Steering Committee

<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
<b>FEBRUARY 2016</b>		
17 February 2016	Budget Steering Committee Chairperson to have met with the ward councillors to discuss any anticipated changes to the operational / capital budget, tariffs and draft SDBIP's that are to be tabled to Council.	Chairperson Budget Steering Committee  All ward councillors /
26 February 2016	Finance directorate to finalise detailed budget to be tabled in the formats issued by National Treasury.	BTO
26 February 2016	Finance directorate consolidates all comments on budget related policies and inserts budget policies with internal comments into the budget pack to be tabled to Council.	BTO
<b>MARCH 2016</b>		
11 March 2016	The capital/operating budget and draft SDBIP's and budget related policies presented to the Budget Steering Committee by the finance directorate and to include a high level summary and is supported by the budget forecasting model and reflects over a period of three years.	BTO
16 March 2016	Chairperson of Budget Steering Committee presents budget pack to Mayor with recommendations.	Chairperson Budget Steering Committee
31 March 2016	Mayor to have tabled budget, resolution, plans and draft SDBIP's to Council.	Executive Mayor / Budget Office
<b>APRIL 2016</b>		
1 April 2016	Submit tabled budget to National Treasury.	BTO
1 April 2016	Forward copy of budget to National and Provincial Governments and Cacadu District Municipality for review, both electronically and in printed format.	BTO
1 April 2016	Finance directorate to advertise the tabled budget approved by Council, inviting comments from all stakeholders.	BTO
17 April 2016	Ward Committee Chairpersons in their Ward Committees to debate the capital/operating budget, tariffs, SDBIP's and budget related policies and to then provide input and comments to the Budget Steering Committee Chairperson.	All Ward Councillors
24 April 2016	Mayor to have completed public hearings on the budget where managers and directors present their budget plans to the community.	Executive Mayor / All Managers / All Directors
24 April 2016	Budget Steering Committee to discuss and analyse additional inputs from community, ward committees, National/Provincial Governments and Cacadu District Municipality.	Chairperson Budget Steering Committee

<b>COMPLETION DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
30 April 2016	Managers and directors to incorporate feedback from community, ward committees, National/Provincial Governments, and if required, revise the budget previously tabled to Council in consultation with the Chairperson of the Budget Steering Committee.	All Managers / Directors
<b>MAY 2016</b>		
29 May 2016	Mayor to have presented final budget to Council for adoption and to have included operating / capital budget, resolutions, tariffs, capital implementation plans, operational objectives, changes to IDP and budget plans.	Executive Mayor / Budget Office
29 May 2016	Mayor to have published capital / operational budget and tariffs	Executive Mayor / Budget Office
29 May 2016	Capital / operating budget to have been presented to National Treasury and DPLG.	Budget Office
<b>JUNE 2016</b>		
17 June 2016	Publish tariffs for 2016/2017 in local newspapers.	BTO
17 June 2016	Publish approved budget, budget related policies, tariffs and forward copy of approved budget to National and Provincial Government.	BTO
29 June 2016	Complete all the budget annexures required by National Treasury and submit to the National Data Base and submit hard copies to National and Provincial Treasury	BTO
29 June 2016	Publish the budget, budget related policies and tariffs on the Council's official website.	BTO
29 June 2016	Finance to provide Mayor with the consolidated SDBIP for consideration	BTO
29 June 2016	Publish the Rates Tariff in the Provincial Government Gazette	Dep Dir Revenue

ANNEXURE A

NDLAMBE MUNICIPALITY

DEPARTMENTAL REQUEST FOR CAPITAL ITEM (FURNITURE,  
EQUIPMENT AND VEHICLES)

REQUEST

Directorate and Section: \_\_\_\_\_

Description of Item: \_\_\_\_\_

Brief Specification: \_\_\_\_\_

Price R \_\_\_\_\_ + VAT \_\_\_\_\_ = Total R \_\_\_\_\_

Estimated maintenance costs per annum R \_\_\_\_\_

Vote Designation :

Should additional personnel be needed for this purpose: YES/NO  
Have the additional personnel been applied for? YES/NO

Is this a new item, or a replacement? NEW/REPLACE  
If replacement, what is the condition of the old item? \_\_\_\_\_  
What will be done with the old item? \_\_\_\_\_

MOTIVATION

What is the nature of the problem you are experiencing?  
\_\_\_\_\_  
\_\_\_\_\_

What is the cause of the problem / shortfall?  
\_\_\_\_\_  
\_\_\_\_\_

How were results achieved in the past without this item?  
\_\_\_\_\_  
\_\_\_\_\_

Does the municipality not have such an item that you could use or have transferred to you?  
\_\_\_\_\_  
\_\_\_\_\_

What is the expected percentage of utilization on the item requested?  
\_\_\_\_\_  
\_\_\_\_\_

What alternate solution is there to the problem?

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What will the result be if the item is not procured?

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COMMENTS

DIRECTOR OF A DIRECTORATE / HEAD OF SECTION

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DIRECTOR: FINANCIAL MANAGEMENT

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MUNICIPAL MANAGER

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Is it necessary for all those areas/people to benefit from the project?

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What is the lowest level at which the project could be executed, at which serious impairment of the general well-being of the community could be obviated?

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Are there any circumstances which could delay the planning or execution of the project, e.g. completion of other phases of the project, loans, acquisition of land, etc.

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What would be the result if the project is (i) Not undertaken at all. (ii) Is delayed or postponed. (iii) Is extended over a longer period. (iv) Is executed less extensively / luxuriously. (v) Is executed in a completely different way.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

(v) \_\_\_\_\_

How will the project be executed?                      Internal / Contractors

What additional equipment and personnel would be required to make departmental execution of the project possible?

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Have the equipment and personnel already been requested? YES/NO

What other projects would be affected / involved by this project?

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Has the planning of the project been completed?

YES/NO

What will the future running expenses of the project be, per year, upon completion?

Salaries		R
Electricity/Water		R
Insurance		R
Maintenance	R	
Interest/Redemption		R
Other (Specify)		R

Can savings on expenditure or additional income be expected? (specify)

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**COMMENTS**

**DIRECTOR OF A DIRECTORATE / HEAD OF SECTION**

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**DIRECTOR: FINANCIAL MANAGEMENT**

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**MUNICIPAL MANAGER**

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ANNEXURE C

NDLAMBE MUNICIPALITY

PROJECT EVALUATION

(See notes attached to complete)

1. Directorate \_\_\_\_\_ 2. Section \_\_\_\_\_

3. Funding Source: \_\_\_\_\_

4. Project Name: \_\_\_\_\_

5.1 Classification: A \_\_\_\_\_ O \_\_\_\_\_

5.2 Was the project evaluated last year? YES/NO

5.3 If YES, what was the priority point? \_\_\_\_\_

6.1 Estimated expenditure for the following three years at current prices:

R \_\_\_\_\_  
R \_\_\_\_\_  
R \_\_\_\_\_

6.2 Should circumstance necessitate it, would it be possible to execute the project in phases? YES/NO

6.2.1 Number of possible phases: \_\_\_\_\_

6.2.2 Costs and possible financial year of each phase:

PHASE	COST R	FINANCIAL YEAR
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

6.3 Will other resources be required on account of the project, eg

Personnel = R \_\_\_\_\_ p.a.  
Transport = R \_\_\_\_\_ p.a.  
Maintenance = R \_\_\_\_\_ p.a.  
Electricity/Water = R \_\_\_\_\_ p.a.  
Insurance = R \_\_\_\_\_ p.a.  
Other (specify) = R \_\_\_\_\_ p.a.  
TOTAL = R \_\_\_\_\_

6.3.1 Other Expenses (describe) (e.g. transfer costs, legal costs)

7	Project Evaluation (1 to 5 Points)	Evaluation		For use of committee only		
		Previous Year	Director	Budget Committee	Weight	Total
		Column 1	Column 2	Column 3	Column 4	Column 5
7.1	<u>Positive Scale</u>					
7.1.1	Rendering of service				5.1	
7.1.2	Statutory Requirement				3.7	
7.1.3	Commitment				2.8	
7.1.4	Safety to the community				3.0	
7.1.5	Direct income advantage for the Council				1.7	
7.1.6	Cost avoidance for the community				1.6	
7.1.7	Cost advantage for the community				2.0	
7.1.8	Communal advantage				2.9	
7.1.9	Environmental quality and appearance of the area				1.4	
7.1.10	Education / Training value				1.8	
7.1.11	Recreational Value				1.7	
7.1.12	Information Service				1.0	
	<u>Sub-Total 7.1.1 to 7.1.12</u>					
7.2	<u>Negative Scale</u>					
7.2.1	Higher Rates / Taxes					
7.2.2	Additional operational staff and equipment					
	<u>Sub-Total 7.2.1 to 7.2.2</u>					
	<u>Multiplication Factor</u>					
	<u>Final project evaluation score</u>					

COMPILED BY \_\_\_\_\_

TELEPHONE \_\_\_\_\_

APPROVED BY \_\_\_\_\_

DIRECTOR \_\_\_\_\_

## NOTES

### Point System (Score 1 – 5 Points)

7.1.1	compulsory projects	5
	necessary projects	4
	project highly desirable	3
	project desirable	2
	project nice to have	1

7.1.2 points to be allocated from 1 – 5 in accordance with compliance with specific regulations.

7.1.3	definite Council resolution	5
	principal council resolution	3
	director decision	1

7.1.4 points to be allocated from 1 – 5 depending on link to safety.

7.1.5	trading service	5
	economic service	3
	subsidized service	2
	community service	1

7.1.6 points to be allocated from 1 – 5 depending on cost to be avoided.  
(eg. Replace a vehicle and repayments less than maintenance on existing vehicle)

7.1.7 points to be allocated from 1 – 5 depending on the savings to the community on their own money.

7.1.8 points to be allocated from 1 – 5 depending on the percentage of the community that will benefit. (5 points if all the community to benefit)

7.1.9 point scored on area to benefit  
to 5 points = entire area benefits

7.1.12 1 point = small area benefits

7.2.1 points scored from 1 – 5 on increased tariffs (5 = High increase)

7.2.2 1 point to be scored for each staff that will have to be employed.  
highest score of 5

All other calculations will be done by the budget committee

8. Project description

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9 Motivation for the project, including the advantages to Council and the community. Quantify any direct savings on running expenses and or additional income to be generated on an annual basis.

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10.1 Is the project a continuation/extension of an existing project? YES/NO

10.2 If the project must be completed in a specific financial year, state the financial year and give reasons for the year stated. YEAR 20

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11.1 Is there any obligation on Council regarding the execution of the project? YES/NO

11.2 Particulars if answer is YES

Principal decision of Council	DATE _____
Resolution of Council (attach copy)	DATE _____
Statutory requirement (attach copy)	DATE _____

12 Are there any circumstances which may delay the project, e.g. purchasing of property, planning to be done, etc

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13 What will be the disadvantage if the project is not done or delayed?

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14.1 Which directorate and person should handle the planning of the project?

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14.2 What progress has been made as regards the planning of the project?

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**Annexure E**

**BUDGET PROCESS PLAN (2015/2016) : KEY MILESTONES**

		<b>ACTIONS</b>	<b>PURPOSE</b>	<b>TARGET</b>
<b>1</b>		<b>Provisional planning of IDP and Budget Process</b>	To align IDP & Budget processes	August 2015
<b>2</b>		<b>Finalise Budget &amp; IDP Process Plan</b>	To determine responsibilities, role players, budget priorities, principles and budget framework	August 2015
<b>3</b>		<b>Review Current Reality and Strategies – IDP</b>		October 2015
	(a)	Evaluation of changed circumstances	To inform Status Quo	August 2015
	(b)	Review of IDP Strategies		September 2015
	(i)	Strategic Workshop – ExCo/Management	To review IDP priorities for the 2015/2016 budget allocation, (revisions that may be likely in the current IDP)	August 2015
	(ii)	Workshop Directors / ExCo / Council on Reviewed IDP Strategies and PMS and proposed financial strategies and Prioritisation Model	To obtain input from internal role-players	November 2015
	(c)	Review Organisational Performance Score-card	To monitor performance that may influence possible change in strategies	November 2015
	(d)	Prepare a Consolidated IDP Status quo and Strategies Report		November 2015
	(e)	Alignment of IDP needs to IDP Priorities	To identify ward needs aligned to IDP Priorities	October 2015
	(i)	Ward Councillors to consult with community	To ensure community input regarding IDP priorities	Sept. to Oct. 2015
	(ii)	Consolidate aligned needs list for public information and prioritisation		November 2015
<b>4</b>		<b>Development of budget guidelines</b>	To determine spending levels	August 2015
<b>5</b>		<b>Approval of financial strategies / prioritisation model / KPI / budget</b>		January 2016
	(a)	Internal consultation		November 2015
	(b)	First community consultation process KPI's		December 2015
	(c)	Approval of reviewed IDP Strategies and identified needs and consideration and / or approval of submissions		January 2016
	(d)	Submission of draft IDP to the MEC's office	To comply with IDP guidelines of Province	March 2016

		<b>ACTIONS</b>	<b>PURPOSE</b>	<b>TARGET</b>
<b>6</b>		<b>Review and/or Development of Sector Plans – IDP</b>		January 2016
<b>7</b>		<b>Prioritisation</b>		January 2016
	(a)	Needs prioritisation		January 2016
	(b)	Consult legislation and circulars regarding medium term expenditure framework (MTEF)	To incorporate Dora allocations into IDP and budget	January 2016
<b>8</b>		<b>Draft Budget Consolidated</b>		January 2016
<b>9</b>		<b>Compilation of Draft IDP, PMS and Budget</b>		January 2016
	(a)	Submission by Directorates of draft 3-year operating and capital budget, review of IDP, service delivery plans and performance agreements	CFO and IDPM to receive	December 2016
	(b)	Further review of budgets with budget steering committee, managers and directors		Feb – March 2016
<b>10</b>		<b>Internal Consultation on Final Draft IDP, PMS and Budget with internal role-players</b>	To ensure that the Council is up to date with the IDP, budget and the implementation process	March 2016
<b>11</b>		<b>Draft IDP, PMS and Annual Budget tabled to Council</b>	Compliance with legislation	March 2016
<b>12</b>		<b>Second Community Consultation process</b>	To ensure public participation	April 2016
	(a)	Advertise the availability of the tabled annual budget, IDP and SBDIPS and place on website		April 2016
	(b)	Public submissions to the tabled budget and IDP review		May 2016
<b>13</b>		<b>Approval of budget / IDP review / PMS / SDBIP's</b>		May 2016
	(a)	Annual budget / IDP review / PMS / Draft SDBIP's / draft performance agreements tabled to Council		May 2016
	(b)	Annual budget to Council for approval with relevant documentation		May 2016
	(c)	Annual budget, related policies, PMS, SDBIP's & documents placed on website and at all municipal offices	Compliance with legislation	June 2016