

## **SCHEDULE B**

### **ADJUSTMENTS BUDGETS AND SUPPORTING DOCUMENTATION OF MUNICIPALITIES**

#### **Format and content of adjustments budgets and supporting documentation**

1. An adjustments budget and supporting documentation of a municipality that is –
  - (a) contemplated in subregulation 23(1) must have all the headings in the sequence shown in the table of contents below, contain the information described in this Schedule and be appropriately page numbered, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act<sup>38</sup>, and
  - (b) is contemplated in subregulations 23 (3), (4), (5) and (6) must have all the headings in the sequence shown in Part 1 of the table of contents below, and the headings that are relevant to the particular adjustments budget from Part 2 of the table of contents below, and contain the information described in relation to the relevant headings in this Schedule and be appropriately page numbered, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act

#### **Table of contents**

2. An adjustments budget and supporting documentation must commence with a table of contents and show the relevant headings in the sequence set out below –
  - *PART 1 – ADJUSTMENTS BUDGET*
    - Mayor's report
    - Resolutions
    - Executive summary
    - Adjustments budget tables
  - *PART 2 – SUPPORTING DOCUMENTATION*
    - Adjustments to budget assumptions

- Adjustments to budget funding
- Adjustments to expenditure on allocations and grant programmes
- Adjustments to allocations and grants made by the municipality
- Adjustments to councillor allowances and employee benefits
- Adjustments to service delivery and budget implementation plan
- Adjustments to capital expenditure
- Other supporting documents
- Municipal manager's quality certification

## **PART 1 – ADJUSTMENTS BUDGET**

### **Mayor's report**

3. The mayor's report accompanying an adjustments budget must provide –
- (a) a summary of the reasons for the adjustments budget having regard to the material variances highlighted in the latest monthly budget statement including at least the following where applicable –
    - (i) new allocations of cash backed accumulated funds;
    - (ii) multi-year funds shifting in relation to the capital programme;
    - (iii) unforeseen and unavoidable expenditure; and
    - (iv) allocations and grant adjustments;
  - (b) a recommendation that the municipal council approves the adjustments budget;
  - (c) a recommendation that the municipal council approves the revision to the service delivery targets and performance indicators in the service delivery and budget and implementation plan if applicable; and
  - (d) any other information considered relevant by the mayor.

### **Resolutions**

4. Resolutions dealing with at least the following matters must be prepared and presented as part of the adjustments budget documentation –
- (a) approval of the adjustments budget;

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<sup>38</sup> See *MFMA Budget Formats Guide* published on the National Treasury's website.

- (b) approval of any adjustments permitted in terms of section 28(2) of the Act;
- (c) approval of the transfer of funds to a separate bank account for purposes contemplated in section 12 of the Act;
- (d) approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget; and
- (e) approval of any amendments to budget-related policies<sup>39</sup> necessitated by the adjustments budget.

#### **Executive summary**

5. The executive summary must cover at least the following –
- (a) the effect, including the financial and service delivery implications, of the adjustments budget on service delivery and related financial implications making reference to the adjustments budget tables, charts and explanations.
  - (b) the effect of the adjustments budget on the provision of basic services;
  - (c) the effect of the adjustments budget on the service delivery and budget implementation plan, service delivery agreements and medium term revenue and expenditure framework and long term financial sustainability of the municipality; and
  - (d) highlighting the adjustments made to the approved annual budget and any subsequent approved adjustments budgets.

#### **Adjustments budget tables**

6. If a municipality does not have any municipal entities, the adjustment budget tables must consist of the tables in the First Attachment to this Schedule, namely –
- (a) Table B1 Adjustments Budget Summary
  - (b) Table B2 Adjustments Budget Financial Performance (standard classification)
  - (c) Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)
  - (d) Table B4 Adjustments Budget Financial Performance (revenue and expenditure)

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<sup>39</sup> See footnote under regulation 7.

- (e) Table B5 Adjustments Capital Expenditure Budget by vote and funding
- (f) Table B6 Adjustments Budget Financial Position
- (g) Table B7 Adjustments Budget Cash Flows
- (h) Table B8 Cash backed reserves/accumulated surplus reconciliation
- (i) Table B9 Asset Management
- (j) Table B10 Basic service delivery measurement

7. If a municipality does have one or more municipal entities, the adjustment budget tables must consist of –

- (a) the tables mentioned in item 6; and
- (b) the tables in the Second Attachment to this Schedule, namely –
  - (i) Table B1 Consolidated Adjustments Budget Summary
  - (ii) Table B2 Consolidated Adjustments Budget Financial Performance (standard classification)
  - (iii) Table B3 Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)
  - (iv) Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure)
  - (v) Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding
  - (vi) Table B6 Consolidated Adjustments Budget Financial Position
  - (vii) Table B7 Consolidated Adjustments Budget Cash Flows
  - (viii) Table B8 Consolidated cash backed reserves/accumulated surplus reconciliation
  - (ix) Table B9 Consolidated Asset Management
  - (x) Table B10 Consolidated basic service delivery measurement

8. Supporting information, charts and explanations of trends and anomalies must be presented for each table where such presentation will assist with understanding the information contained in the tables.

9. If a municipality has municipal entities, the information in 6, 7 and 8 and any other supporting documentation must be presented for the parent municipality only.

## PART 2 – SUPPORTING DOCUMENTATION

### Adjustments to budget assumptions

10. Provide a description of any adjustments made to the budget assumptions presented in the annual budget.

### Adjustments to budget funding

11. The disclosure on adjustments to budget funding must, where applicable, include –
- (a) a narrative summary of the impact of the adjustments budget on –
    - (i) the funding of operating and capital expenditure;
    - (ii) financial plans;
    - (iii) reserves; and
    - (iv) the financial sustainability of the municipality;
  - (b) a reconciliation showing that operating and capital expenditure remain funded in accordance with section 18 of the Act;
  - (c) adjustments to collection levels estimated;
  - (d) any adjustments to the municipality's monetary investments by –
    - (i) type; and
    - (ii) maturity date;
  - (e) any adjustments to contributions and donations in cash or in-kind specifically listing donor assistance secured by formal agreement or contract;
  - (f) adjustments related to proceeds from the sale of assets;
  - (g) adjustments related to proceeds from the lease of assets, where the period of the lease is three years or more;
  - (h) adjustments related to the planned use of previous years' cash backed accumulated surplus including –
    - (i) any shortfall between liabilities or provisions and cash reserves set aside for this purpose;

- (ii) municipal council decisions to set aside funds including time schedules for progressively meeting funding of provisions;
  - (iii) allowances made for working capital ; and
  - (iv) non-statutory reserves;
- (i) adjustments related to new proposed loans to be raised in the budget year; and
- (j) adjustments related to allocations and grants to the municipality, distinguishing between operating and capital, from national government, provincial government, other municipalities and other donors.

**Adjustments to expenditure on allocations and grant programmes**

12. Provide a summary of any adjustments made to planned expenditure of allocations and grants received.

**Adjustments to allocations or grants made by the municipality**

13. Provide a summary of any adjustments to allocations or grants made by the municipality.

**Adjustments to councillors and board members allowances and employee benefits**

14. Provide details of any adjustments to councillor and board members allowances and employee benefits.

**Adjustments to service delivery and budget implementation plan**

15. Provide details of any adjustments to quarterly service delivery targets and performance indicators in the plan.

16. Provide a summary of any adjustments made to the key financial indicators presented in the annual budget.

17. Provide details of any adjustments to monthly targets for revenue, expenditure and cash flow.

18. Provide explanations for the adjustments referred to in 15, 16 and 17 referring to the relevant monthly budget statement where appropriate.

#### **Adjustments to capital expenditure**

19. The disclosure on adjustments to the capital programme must provide at least –

- (a) a summary of adjustments to capital expenditure by class and sub-class;
- (b) a list of adjusted capital programmes and projects of the municipality aligned to the goals of the Integrated Development Plan of the municipality.

#### **Other supporting documents**

20. A municipality must add to its adjustments budget documents any supporting documents not covered in this Schedule if such documents are necessary to fully explain the impact of the adjustments budget on service delivery and the state of financial affairs of the municipality including municipal entities.

#### **Municipal manager's quality certification**

21. An adjustments budget and supporting documentation must be covered by a quality certificate in the format described below:

##### **Quality certificate**

I, ....., municipal manager of ..... (name of municipality), hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name \_\_\_\_\_

Municipal manager of..... (name and demarcation code of municipality)

Signature \_\_\_\_\_

Date \_\_\_\_\_