

SCHEDULE E

ADJUSTMENTS BUDGETS AND SUPPORTING DOCUMENTS OF MUNICIPAL ENTITIES

Format and content of adjustments budget and supporting documentation

1. An adjustments budget and supporting documentation of a municipal entity that is –
 - (a) contemplated in section 87(6)(a) and (b) of the Act 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 Act⁴², and
 - (b) is contemplated in section 87(6)(c) and (d) of the Act 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*
 - Chairperson's report
 - Resolutions
 - Executive summary
 - Adjustments budget tables
 - *PART 2 – SUPPORTING DOCUMENTATION*

⁴² See *MFMA Budget Formats Guide* published on the National Treasury's website.

- Adjustments to budget assumptions
- Adjustments to budget funding
- Adjustments to expenditure on allocations and grant programmes
- Adjustments to allocations and grants made by the municipal entity
- Adjustments to board member allowances and employee benefits
- Adjustments to the service delivery agreement and multi-year business plan
- Adjustments to capital expenditure
- Other supporting documentation
- Chief executive officer's quality certification

PART 1 – ADJUSTMENTS BUDGET

Chairperson's report

3. The chairperson's report accompanying an adjustments 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) parent municipality allocation adjustments;
 - (b) recommendation that the entity board approves the adjustments budget after the prior approval by the mayor;
 - (c) a recommendation that the entity approves the board of directors approves the revisions to the service delivery targets and performance indicators in the service delivery agreement, if applicable; and
 - (d) any other information considered relevant by the chairperson.

Resolutions

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

- (b) approval of any adjustments permitted in terms of regulation 61;
- (c) approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery agreement, if any, to correspond with the approval of the adjustments budget; and
- (d) approval of any amendments to budget-related policies necessitated by the adjustments budget.

Executive summary

5. The executive summary must cover at least the following –
- (a) the effect of the adjustments budget on service delivery and the 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; and
 - (c) the effect of the adjustments budget on the service delivery agreement, multi-year business plan and long-term sustainability of the municipal entity.

Adjustments budget tables

6. The adjustments budget tables must consist of the tables in the Attachment to this Schedule –
- (a) Table E1 Adjustments Budget Summary
 - (b) Table E2 Adjustments Budget - Financial Performance (revenue and expenditure)
 - (c) Table E3 Adjustments Capital Expenditure Budget by programme and funding
 - (d) Table E4 Adjustments Budget - Financial Position
 - (e) Table E5 Adjustments Budget - Cash Flows
7. 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.
8. If a municipal entity's operations are sufficiently complex, the parent municipality may stipulate additional requirements for the adjustments budget tables to ensure that adequate information is provided.

9. If a municipal entity's business operations extend across multiple municipal votes, the parent municipality must stipulate the provision of additional information needed to complete the necessary consolidation.

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 include at least the following where applicable –

- (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 municipal entity;
- (b) a reconciliation showing that operating and capital expenditure remain funded in accordance with section 18 of the Act;
- (c) adjustments to debtors collection levels estimated;
- (d) any adjustments to the municipal entity'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) board decisions to set aside funds including a time schedules for progressively meeting funding of provisions;
 - (iii) allowances made for working; and
 - (iv) non-statutory reserves;
- (i) adjustments related to new proposed borrowing to be raised in the budget year; and
 - (j) adjustments related to allocations and grants from the parent municipality or 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 made by the municipal entity

13. Provide a summary of any adjustments made to allocations, grants or dividends or other distributions made by the municipal entity, including any to the parent municipality.

Adjustments to board member allowances and employee benefits

14. Provide details of any adjustments made to board member and employee benefits.

Adjustments to service delivery agreement and multi-year business 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; and
 - (b) a list of adjusted capital programmes and projects aligned to the goals of the Integrated Development Plan of the municipality.

Other supporting documents

20. A municipal entity 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 municipal entity.

Chief executive officer'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,, chief executive officer of(name of municipal entity, 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 the Act, and that the adjustments budget and supporting documentation are consistent with the business plan of the entity, the service delivery agreement with the parent municipality and the Integrated Development Plan of the parent municipality.

Print Name _____

Chief executive officer of(name of municipal entity)

Signature _____

Date _____