



Budget Submission 2005/06

Introduction

Municipalities must submit their budget documentation along with the relevant budget returns to National Treasury. This applies to the tabled budgets due in April and the final approved budget due in June.

Each municipality must include in its budget documentation all information required by the MFMA according to the phase in provisions by capacity classification. Wherever possible, municipalities are encouraged to comply sooner.

Budget Submissions, Timing and Correspondence

Tabled (draft) Budget

The draft budget documentation must be tabled to Council no later than 1 April (90 days before the start of the budget year). Immediately after tabling, the following must be submitted to the National Treasury:

- three hard copies of the draft budget documentation
- the corresponding electronic budget returns (Appendix A and Appendix B)

It is also a requirement to post a copy of the budget and supporting documentation on the municipality's web site. It is expected that the municipality will announce at the time of tabling the budget the mechanism and period during which oral and written submission will be invited from the public and when the final adoption is to take place.

Approved Budget

The budget and related policies must be tabled to council for consideration for approval by 31 May (30 days before the start of the budget year) and approved before the start of the budget year. Immediately after approval by council the following must be submitted to National Treasury:

- three hard copies of the approved budget documentation
- the corresponding electronic budget returns (Appendix A and Appendix B)
- a copy of the SDBIP once approved by the Mayor (no later than 28 days after approval of the budget).

Please note that submission of the budget documentation and associated returns must not be delayed.

Return Forms

The budget returns (Appendix A and Appendix B) have been modified from last year with minor changes to improve usability. There has been no changes to the data requirements. These updated returns will be available on the Internet within the week at the following link:

www.treasury.gov.za/local_gov/return_forms/default.htm

The timely submission of these returns will allow for MFMA compliance and facilitate the preparation reports, in terms of section 71 and 72 of the Municipal Finance Management Act.

Municipalities are requested not to change the line items on the formats but rather supply additional information where necessary, separately. Municipalities with three-year budgets should complete the formats for all three years.

Standard Budget Return (Appendix A) – These formats must be completed by all municipalities comprehensively and as accurately as possible and submitted electronically.

Budget Reform Returns (Appendix B) – These formats must be completed by high capacity municipalities comprehensively and as accurately as possible and submitted electronically. Wherever possible, other municipalities are encouraged submit these returns.

All municipalities will ultimately complete these formats as they are phased in. However, high capacity municipalities are required to comply with this format for the 2005/06 budget. High capacity municipalities unable to comply must submit a motivation describing the reasons for non-compliance, the measures being instituted to comply and when such compliance will occur. It should be noted that these reporting formats have been developed to ease monitoring in the implementation of other government programmes, Division of Revenue and Municipal Finance Management Act. The completion and submission in these formats will support other planning, budgeting and accounting reforms.

Comments from National Treasury and Relevant Department

To improve co-ordination and support government monitoring processes, the National Treasury will forward copies of the documentation to the Provincial Treasury and other departments. Return correspondence from National Treasury or other relevant departments will be by exception only on a case-by-case basis and should occur ideally during the consultation period during April and May. Given that this is the first year that the new process in terms of the MFMA is being implemented, certain teething problems may occur. However, this should result in minimum disruption.

National Treasury will correspond with municipalities should the need arise, or when:

- a) growth guidelines have not been adhered to and increases not fully motivated
- b) revenue and expenditure projections are unrealistic based on past performance
- c) capital and operating budgets are not fully funded
- d) there appears to be material error or omission

It must be emphasised that council is responsible to ensure that a credible and balanced budget is adopted.

Electronic copies of returns are preferred

Wherever possible please provide all returns in electronic format in the templates as mentioned above. This is more efficient and expedites the consultation process.

Electronic budget submissions should be emailed to lgdatabase@treasury.gov.za. Kindly ensure that you insert the subject heading of “Financial Reporting Database Input” to facilitate automation.

Submission of hard copy budget documentation: three copies of all documentation (not including returns submitted electronically) must be posted or delivered as follows:

Post :	Delivery:
Chief Director: Local Government National Treasury Private Bag X115 Pretoria, 0001	Chief Director: Local Government National Treasury 40 Church Square, HB 03.33 Pretoria, 0001

Conclusion

This circular sets out the requirements for submission of budget documentation and associated returns to National Treasury. Municipalities must ensure that they satisfy the requirements of the MFMA in accordance with the phase in provisions by capacity classification.

Contact



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