

City of Johannesburg Council 2019-01-30

COJ : MAYORAL COMMITTEE 2019-01-23

FINANCE

3 ADJUSTMENT BUDGET FOR THE 2018/19 FINANCIAL YEAR

1 STRATEGIC THRUST

Well Governed and Managed City.

2 OBJECTIVE

The 2018-19 adjustment budget reports and related documentation in the form of contents to sub-items are submitted to Council for consideration in terms of section 28 of the Municipal Finance Management Act 56 of 2003 (MFMA, the Act).

3 BACKGROUND

In terms of Section 28 of the Municipal Finance Management Act 56 of 2003 (MFMA), a municipality may revise an approved budget through an adjustments budget. Only the Mayor may table an adjustments budget in the municipal council and may only be tabled within prescribed limitations as to timing or frequency.

In terms of section 28 of the Municipal Finance Management Act, an adjustment budget, amongst others:

- a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- b) May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- c) May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) May authorise the utilisation of projected savings in one vote towards spending under another vote;
- e) May correct any errors in the annual budget
- f) May provide for any other expenditure within a prescribed framework

In terms of Municipal Budget and Reporting Regulations, only one adjustment budget may be tabled in Council during the financial year, after tabling of the mid-year budget and performance assessment, but not later than 28 February 2019.

3.2

City of Johannesburg Council 2019-01-30

COJ : MAYORAL COMMITTEE 2019-01-23

FINANCE

4 SUMMARY

As part of the 2018/19 adjustment budget report, the following sub-items and their specific Annexures are submitted for consideration:

- SUB-ITEM 1 : ADJUSTMENT OPERATING BUDGET FOR THE 2018/19 FINANCIAL YEAR
- SUB- ITEM 2 : ADJUSTMENT CAPITAL BUDGET FOR THE 2018/19 FINANCIAL YEAR

It should be further noted that the contents of these sub-items, recommendations specific to each sub-items, as well as the supporting documents are also attached to this report.

5 POLICY IMPLICATIONS

None.

6 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report is in compliance with the provisions of the Municipal Finance Management Act (Act 56 of 2003).

7 FINANCIAL IMPLICATIONS

The financial implications are discussed in each of the separate report attached to this report.

8 COMMUNICATION IMPLICATIONS

In terms of Section 24 of the MFMA, the Accounting Officer must inter alia, submit the approved adjustment budget to National Treasury and Provincial Treasury immediately after the approval of the adjustment budget.

The approved adjustment budget will also be communicated to the community and various stakeholders in the manner prescribed by law.

9 OTHER BODIES/DEPARTMENTS CONSULTED

Group Legal and Contract, core administration departments and municipal entities.

10 KEY PERFORMANCE INDICATOR

Management of the budget process in compliance with the Municipal Finance Management Act Chapter 4.

IT IS RECOMMENDED

**1SUB-ITEM 1 : ADJUSTMENT OPERATING BUDGET FOR THE 2018/19
FINANCIAL YEAR**

3.3

City of Johannesburg Council 2019-01-30

COJ : MAYORAL COMMITTEE 2019-01-23

FINANCE

(1) That the Adjustment Operating Revenue and Expenditure for Core Administration and Municipal Entities as set out in Annexure A, B, C and D be approved.

(2) That the supporting information contained in the 2018/19 Adjusted Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) be considered in conjunction with this report.

(3) That the risks highlighted in the body of the report be noted and mitigated.

(4) That efficiency measures to manage expenditure within the final adjusted budget allocations be continued by all Departments and Entities.

2SUB-ITEM 2 : ADJUSTMENT CAPITAL BUDGET FOR THE 2018/19 FINANCIAL YEAR

(1) That the Adjustment Capital Budget for 2018/19 amounting to R8 064 898 000 as set out in Annexure E and F be approved.

(2) That the budget requests to adjust the Capital Budget for the 2019/20 and 2020/21 financial years be considered in conjunction with the 2019/20 - 2020/21 medium term budget process.

(FINANCE)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM