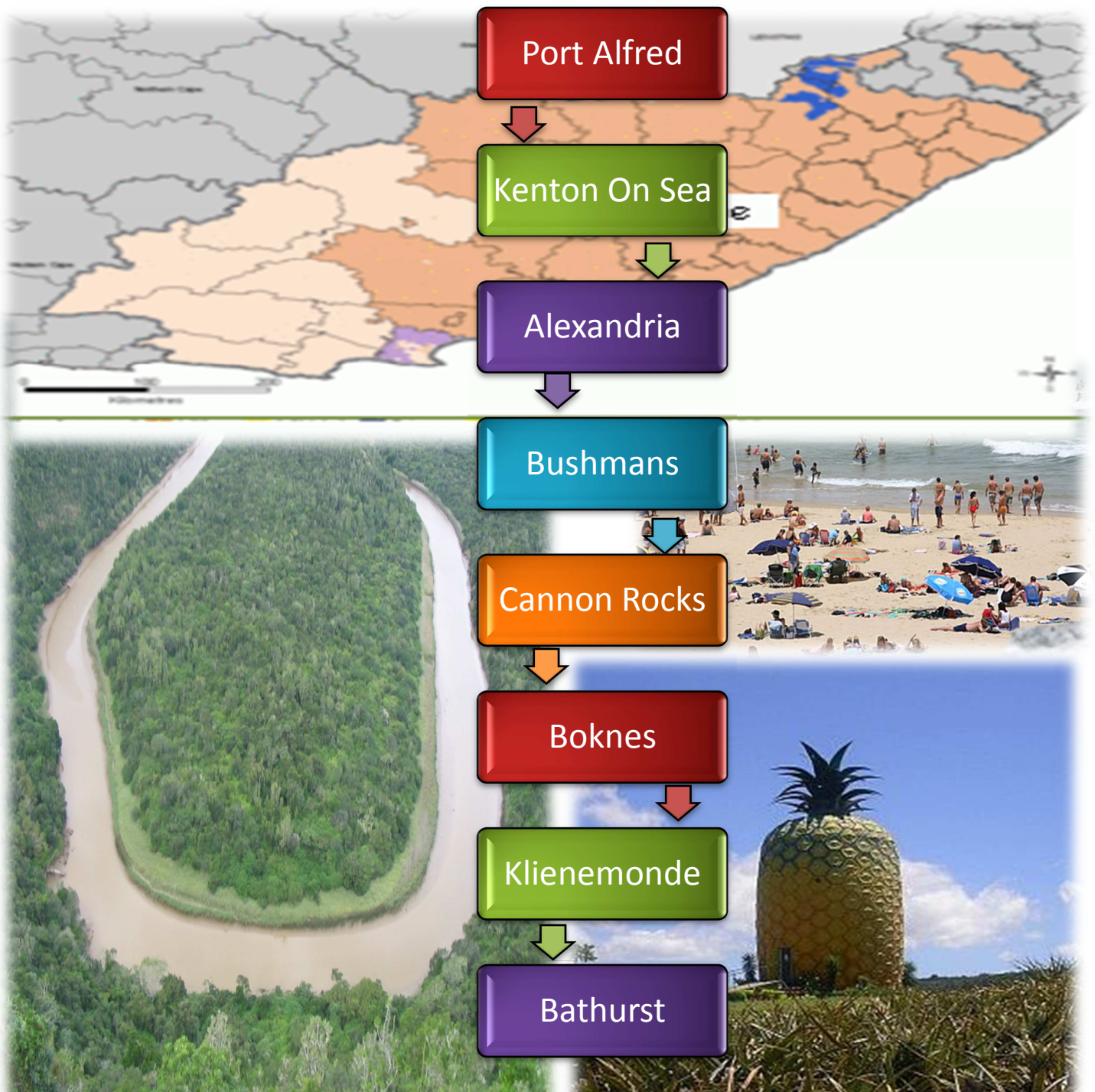


NDLAMBE MUNICIPALITY

ADJUSTMENT
BUDGET

2018/2019



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VISION:

Ndlambe Municipality strives to be a growing and investment friendly region that provides sustainable, efficient, cost-effective, adequate and affordable services to all citizens in a healthy and safe environment by 2025.

MISSION:

To achieve our vision by enabling optimal performance within each of the five key performance areas of local government within the context of available resources.

VALUES:

- **Commitment**
- **Transparency**
- **Honesty**
- **Trustworthiness**
- **Care**



Part 1 – Annual Budget

1) Mayor's Report

Speech to be inserted after Council meeting

2) RESOLUTION OF THE NDLAMBE MUNICIPAL COUNCIL APPROVING THE ADJUSTMENT CAPITAL AND OPERATING INCOME AND EXPENDITURE FOR THE 2018/2019 FINANCIAL YEAR

THAT the adjustment budget as submitted by the Mayor in respect of:

- ✓ Additional revenues that have become available over and above those anticipated in the annual budget be approved.
- ✓ The consolidation of the unspent funds (approved roll-over budgets) into the mid-year adjustment budget be approved.
- ✓ Utilisation of projected savings in terms of the Municipal Finance Management Act, Act No 56 of 2003, Section 28(2)(d) as presented in the annexures be approved.
- ✓ The correction of the error that has occurred in the annual budget, in terms of the Municipal Finance Management Act, Act No 56 of 2003, Section 28(2)(f) be approved

THAT the following approved Budget Related Policy for the 2018/2019 financial year to remain unchanged:

- ❖ Rates Policy
- ❖ Fixed Asset Policy
- ❖ Indigent Policy
- ❖ Banking and Investment Policy
- ❖ Budget Policy
- ❖ Creditors, Staff and Councilor's Payment Policy
- ❖ Imprest/Petty Cash Policy
- ❖ Credit Control and Debt Collection Policy
- ❖ Entertainment Policy
- ❖ Funding and Reserve Policy
- ❖ Loans Policy
- ❖ Management of Accumulated Surplus and Bad Debt Policy
- ❖ Tariff Policy
- ❖ Supply Chain Management Policy
- ❖ Virement Policy
- ❖ Write-off of Irrecoverable Debt Policy
- ❖ Subsistence and Travel Policy
- ❖ Unforeseen and Unavoidable Expenditure Policy

THAT the Tariff list approved by Council at the beginning of the financial year to remain unchanged.

THAT the 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 2018/2019 adjustments budget.

3) EXECUTIVE SUMMARY OF THE MUNICIPAL MANAGER, ROLLY DUMEZWENI, ON THE 2018/2019 ADJUSTMENT BUDGET OF THE NDLAMBE MUNICIPALITY

4)

Operating Adjustment Budget Overview

- ❖ The introduction and implementation of mScoa has its own complexity on the 2018/2019 salary budget due to the fact that it is now a requirement that the payroll and HR systems must seamlessly interface with the mScoa financial system (MUNSOFT). This has resulted in personnel costs being allocated to the incorrect cost centres and omissions of certain item segments. This on its own had a significant impact on the overall budget under spending and overspending in certain items.
- ❖ The mid-year performance assessment has outlined that it is vital that the municipality should consider passing adjustment budget in particular to areas where the spending is less than 30% for the past six months of the financial year and to the areas where the budget has been exceeded already in past six months.
- ❖ The unspent Operating Grants and the Skills Development Levy Refund (LGSETA) with a total of R2 214 000 at the end of the past financial year where the under-spending could not be reasonably have been foreseen at the time of the approval of the annual budget. The roll-over budget was subsequently approved by Council. The Council resolution numbers NCM034/08/2018 and SNCM011/07/2018 support the roll-over budget. It is therefore required that all adjustments made during the year be consolidated in the mid- year adjustment process.
- ❖ The municipality received donations of R350 000 from Sarah Baartman District Municipality for Ndlambe Music Festival, Spring Festival and Boxing Tournament after the annual budget approval. LGSETA has refunded the municipality R147 204 for Skills Development Levy refunds.
- ❖ The error occurred at the time of capturing the annual budget, R 1 465 000 was incorrectly captured as the mScoa Operating grant data string; consequently the Operating Transfer and Subsidies were over stated. The MFMA Section 28(2)(f) allows the municipality to make corrections on errors occurred in the annual budget through an adjustment budget. The effect of the error will be a decrease in Operating Transfer and Subsidies and increase Capital Transfers.

	ORIGINAL BUDGET	ROLL OVER BUDGET VAR	MID YEAR ADJ VARIANCES	ADJUSTED BUDGET
Transfers and Subsidies	97 910 000	2 064 000.00	- 1 115 000.00	98 859 000
Skills Development Levy Refund	-	150 000.00	147 204.00	297 204
	97 910 000	2 214 000	-967 796	99 156 204

Capital Adjustment Budget Overview

- ❖ In 2017/2018 financial year the municipality made the commitment of R4 585 383 for the procurement of the Refuse Compactor, 2 Sanitation Trucks and the Paving of Biscay Road. Due to delays of the special fitment that was done in the trucks delivery could not be fulfilled before the end of the financial year. The Council approved the roll-over of the funds that were committed to 2018/2019 budget. The specialised vehicles were subsequently delivered in the new financial year 2018/2019. The Council resolution number SNCM012/07/2018 supports of the roll-over.
- ❖ The unspent grant of R1 780 000 for Libraries funded by DESRAC at the end of the past financial year where the under-spending could not be reasonably has been

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

foreseen at the time of the approval of the annual budget. The roll-over budget was subsequently approved by Council. The Council resolution number NCM034/08/2018 supports the roll-over budget. The amount of R1 116 000 of the R1 780 000 was allocated to Capital budget. It is therefore required that all adjustments made during the year be consolidated in the mid- year adjustment process.

- ❖ National Treasury budget verification on mScoa data strings and the 2018/2019 approved annual budget outlined the rejection of capital items that are budgeted from FMG and Equitable Share grants with the reasons that the two grants are only Operating grants not Capital grants therefore they should be accounted for such. The effect of this adjustment will be increasing the internal funded capital by R238 710.00 however it will show no effect on the overall total of the Capital expenditure.
- ❖ The municipality received an additional capital grant of R5 000 000 from Office of the Premier after the approval of 2018/2019. The adjustment was made as required by Section 28(2)(b) of the MFMA in accordance with Municipal Budget and Reporting regulation sub regulation 23(3). The Council resolution number SCN010/06/2018 supports the adjustment budget made. It is therefore required that all adjustments made during the year be consolidated in the mid- year adjustment process.
- ❖ The DORA revision of Schedule 6b grants converted to Schedule 5b has major effect on the capital expenditure budget among other adjustments. The Council has approved the three drought relief projects:
 - Water and Conservation and demand
 - Upgrading of Port Alfred East Dune Supply
 - Augmentation of Port Alfred Water Supply from Sarel Hayward Dam
- ❖ The effect of the Capital adjustment budget after all the consolidation for 2018/2019 capital expenditure will be R42 915 383(R37 809 000+R5 106.383)

FUNDING SOURCE	ORIGINAL BUDGET	ROLL OVER BUDGET VAR	MID YEAR ADJ VARIANCES	ADJUSTED BUDGET
Revolving Fund Internal	2 778 000	4 585 383.00	238 710.00	7 618 710
Capital Transfers/ Grant Funding	27 767 000	521 000.00	37 570 290.00	65 858 290
Finance Loan	23 065 000	0	0	23 065 000
	53 610 000	5 106 383	37 809 000	96 542 000

5) Adjustment Budget Tables

See Annexure 2

PART 2 – SUPPORTING DOCUMENTATION**1) OVERVIEW OF THE ANNUAL BUDGET PROCESS**

The annual budget process plan is attached below. The budget process plan indicated all the key deadlines that needed to be met to ensure that a credible budget was produced for presentation to Council on 31 March 2018 and subsequently approved on 27 June 2018.

NDLAMBE MUNICIPALITY BUDGET TIME TABLE FOR THE 2018/2019 FINANCIAL YEAR

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
AUGUST 2017				
10 August 2017 (Already completed)	Finalize Performance Agreements (2017/18) of Municipal Manager and Managers reporting to the Municipal Manager and submit to MEC and publicize.	Municipal Manager	Check legal requirement	
24 August 2017	Call for civil society to register for representation on Rep Forum; Update database and reconstitute public participation structures (e.g. IDP Representatives Forum)	Municipal Manager, CFO, IDP Official	Notices and newspaper advertisement	Done on the 31 August 2017
24 August 2017	IDP/Budget timetable, budget guidelines, budget instructions, IDP/budget schedule to be presented to the Budget Steering Committee.	IDP/Budget Office	Budget Steering committee minutes and attendance register	
31 August 2017	Review Process Plan and develop IDP/ Budget time schedule for 2018/19 (MFA S35(1)).	(Legal requirement) Cacadu DM and Local Municipality.	Aligned Draft IDP and Budget time schedule / Process Plan with CDM Draft Framework.	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
31 August 2017	Submit reviewed IDP/Budget timetable, budget guidelines, budget instructions, and budget schedules for 2018/2019 to be presented to Council for adoption.	IDP/Budget Steering Committee	Council Resolution and IDP/Budget process plan	
31 August 2017	1st Meeting with Cogta-EC. To monitor development of process plans as per sec 31 of MSA	Local Municipalities in Cacadu Region	Areas identified for monitoring	
31 August 2017	Submit draft 2016/17 annual performance report	Municipal Manager, CFO, Sec 56 Managers	Letter of Acknowledgement by Office of the AG.	
SEPTEMBER 2017				
11 September 2017	Upload the IDP/Budget time schedule, process plan on the municipal website, place on notice boards and advertise in a local newspaper	IDP/Budget Office	Newspaper advert and notice	Notice is attached
11 September 2017	Chairperson of the IDP/Budget Steering Committee to establish the IDP/budget steering committee. The committee must be representative of each office and directorate	Chairperson IDP/Budget Steering Committee	IDP/Budget steering committee minutes.	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
11 September 2017	<p>IDP/Budget Steering Committee to meet and make suggestions on any structural changes to the budget.</p> <p>Report on project implementation progress, spending trends and challenges; present status quo on backlogs in preparation for the IDP Rep Forum Meetings</p>	<p>Chairperson IDP/Budget Steering Committee</p> <p>Mayor, Portfolio Cllr. Municipal Manager, CFO and Section 56 Managers</p>	<p>Reports, presentations, minutes and attendance register</p>	
11 September 2017	<p>IDP/Budget Steering Committee to set parameters for the next 3 years based on marked trends and other information available.</p> <ul style="list-style-type: none"> ➤ Tariff increases ➤ Salary increases ➤ General expenses ➤ Repairs and maintenance ➤ Key changes to be reflected considering all strategies and studies (including institutional study) ➤ Develop priority areas ➤ Reflect on all factors that could potentially impact on future budgets. 	<p>Chairperson IDP/Budget Steering Committee</p>		
11 September 2017	<p>Confirm Councils existing and new policy priorities for next three years</p>	<p>Chairperson IDP/Budget Steering Committee</p>		
11 September 2017	<p>IDP/Budget Steering Committee to determine the funding / revenue covering potentially available funding for next three years.</p>	<p>Chairperson IDP/Budget Steering Committee</p>		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
To be communicated by the District	Attend District IDP Rep Forum Meetings	IDP Co-ordinators and Mayors	Attendance Register	
January 2018 (Proposed date)	Review of the Strategic Plan	Mayor, Councillors, Municipal Manager, Directors and management	Strategic Plan document	
11 September 2017	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"> ➤ Infrastructural Grants (MIG/EPWP/DWAF) ➤ Recurrent Grants (FMG/MSIG/) ➤ Equitable Share ➤ Other (LED) NB – funding identified is to be as per local government financial year and not National financial year.	Chairperson IDP/Budget Steering Committee All Managers / Directors		
11 September 2017	IDP/Budget Steering Committee to determine the most likely financial outlook and identify need for changes to fiscal strategies.	Chairperson IDP/Budget Steering Committee		
11 September 2017	IDP/Budget Steering Committee to review tariff structures, if necessary.	Chairperson IDP/Budget Steering Committee		
14 September 2017	Submit adopted process plans and council resolution to EC-DCoGTA, National and Provincial Treasury	IDP/Budget Office	E-mail, formal letter or Courier receipt	Submitted Proof attached

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
14 September 2017	Submit adopted schedule of key dates to external stakeholders (Sector Departments)	MM and IDP Manager	E-mail or formal letter	
18 September 2017	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	Minutes of the meeting	
18 September 2017	Chairperson of the IDP/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 IDP/Budget Steering Committee		
21 September 2017	Convene first IDP/Budget Representative Forum meeting. Present adopted process plan and on project status and situational analysis of the area. Sector departments to report on 2017/18 FY project implementation progress.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
29 September 2017	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 IDP/Budget Steering Committee that is to be considered when offices and directorates do their capital / operational budgets and tariffs.	All Ward Councillors		
September 2017 (Depending on availability of external support)	In collaboration with Council, develop & publicize community based planning Review programme.	Office of the Mayor, Municipal Manager, IDP Officer, Public Participation Manager and CFO	CBP Programme	
OCTOBER 2017				
1 to 30 October 2017	Undertake ward-wide CBP workshops. Present IDP/Budget process plan / time schedule; obtain new needs to be prioritised for 2018/19.	Municipal Manager, Directors, IDP Officer, Mayor and Council	Attendance Registers, presentations and minutes and new priorities	
October 2017	Conduct gap analysis to determine level of existing development consider changes in the current environment; IDP Assessment (2018/19) and Annual Performance Report and develop corrective action plans.	Municipal Manager, Directors and IDP Official	Corrective Action Plans	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
6 October 2017	Chairperson of the IDP/Budget Steering Committee to provide all offices and directorates with the input from Ward Councillors to consider when preparing their budgets and tariffs	Chairperson IDP/Budget Steering Committee		
10 October 2017	Q1 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheet	
October 2017	Q1 review by Internal Audit.	MM, PMS Manager and Internal Audit Unit	Reviewed Reports	
16 October 2017	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget – reference to legislation	All Managers / Directors		
16 October 2017	Offices and Directorates to start to prepare draft capital and operational plans with cost and revenue estimates	All Managers / Directors		
October 2017	Convene the second IDP/Budget Steering Committee meeting. Report on refined objectives and strategies, planned strategic interventions and proposed amendment to the organogram in response to overcome challenges. Present consolidated proposed directorate projects and budget needs.	Municipal Manager, CFO and IDP Manager	Reports, presentations, minutes and attendance register	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
25 October 2017	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		
27 October 2017	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 IDP/Budget Steering Committee.	Chairperson IDP/Budget Steering Committee , Municipal Manager and Directors		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
31 October 2017	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 budgeted 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	Salary budget per directorate	
31 October 2017	Human Resources Department to calculate required budget amount for the leave provision.	Dir. Corporate Services	Leave provision calculation	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
NOVEMBER 2017				
15 November 2017	<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"> ➤ Income ➤ Salaries and Allowances (As presented by the Human Resources Department) ➤ General expenses ➤ Repairs and maintenance ➤ Capital outlay ➤ Financing charges 	All Managers / Directors		
15 November 2017	<p>The finance department will assist offices and directorates where required in determining budget figures for:</p> <ul style="list-style-type: none"> ➤ Insurance ➤ Depreciation ➤ Provision for bad debts 	All Managers / Directors		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
16 November 2017 (Proposed date)	<p>Convene the second IDP/Budget Representatives Forum meeting (community engagement).</p> <p>Report on community needs; Report on interventions and strategies to deal with developmental challenges. Sectors to report on project progress for 2017/2018 and submit sector projects and indicative budget allocations for 2018/19</p>	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register	
17 November 2017	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.	All Managers / Directors		
20 November 2017	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 mScoa format for inclusion budget designed for three years.	All Managers / Directors	Income and expenditure budget	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
27 November 2017	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.	All Managers / Directors	27 November 2017	
27 November 2017	Offices and directorates to review tariffs and charges and develop options for changes to be included in the budget to be tabled.	All Managers / Directors		
27 November 2017	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	Draft budget submission	
DECEMBER 2017				
18 December 2017	Chairperson of the IDP/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 IDP/Budget Steering Committee	Letter or email	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
18 December 2017	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 27 November 2017.	Chairperson IDP/Budget Steering Committee	Letter or email	
JANUARY 2018				
10 January 2018	Q2 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer		
22 January 2018	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.	Budget office		
22 January 2018	The finance directorate is to keep a central file on all budget related documents.	Budget office		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
22 January 2018	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		
22 January 2018	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all SDBIP's, capital budgets and operating budgets have been consolidated.	Chairperson IDP/Budget Steering Committee		
22 January 2018	Finance directorate to incorporate any changes from National and Provincial Governments on three-year allocations in the budget.	Budget office		
22 January 2018	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.	Budget office		
22 January 2018	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.	Budget office		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
22 January 2018	IDP/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 IDP/Budget Steering Committee		
25 January 2018	Review of performance by MPAC and adoption by Council	MPAC and Council	Moderated Reports adopted by Council	
FEBRUARY 2018				
8 February 2018	IDP/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 IDP/Budget Steering Committee All ward councillors		
By mid-February 2018	IGR Session to facilitate alignment	Municipal Manager and IGR secretariat	Attendance Register	
26 February 2018	Finance directorate to finalise detailed budget to be tabled in the formats issued by National Treasury.	Budget office		

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
26 February 2018	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.	Budget office		
MARCH 2018				
Early March 2018	<p>Convene the third IDP/Budget Steering Committee.</p> <p>Finalize internal alignment and project register. Ensure budget alignment between the draft IDP and draft SDBIP with agreed upon targets and performance indicators per project.</p>	Municipal Manager, Mayor and IDP Official	Reports, presentations, minutes and attendance register	
6 March 2018	The capital/operating budget and draft SDBIP's and budget related policies presented to the IDP/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.	Budget office		

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
13 March 2018	Chairperson of IDP/Budget Steering Committee presents budget pack to Mayor with recommendations.	Chairperson IDP/Budget Steering Committee		
Mid-March 2018	Convene the third IDP/Budget Representatives Forum meeting. Present the final draft IDP and Draft SDBIP. Sector Dept. report on project implementation for 2017/18 and confirm project and budget allocations for 2018/19. (Finalize external project alignment)	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register	
30 March 2018	Mayor to have tabled draft IDP, operating/capital budget, tariff list and budget related policies and draft SDBIP's to Council.	Executive Mayor / IDP/Budget Office	Tabled budget document and Council resolution	
APRIL 2018				
10 April 2018	Forward copy of tabled budget to National and Provincial Governments and Cacadu District Municipality for review, both electronically and in printed format.	Budget office	Email and courier receipt	
10 April 2018	Finance directorate to advertise the tabled budget approved by Council, inviting comments from all stakeholders.	Budget office		

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
10 April 2018	In collaboration with Council develop and publicize the draft IDP and tabled budget 2018/19 Community Engagement Programme. Make citizens aware of outreaches, prior to the adoption of the final Draft IDP and Budget. Secure venues and arrange logistics for scheduled meetings.	All Ward Councillors	Public notices.	
10 April 2018	Q3 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheets and attendance registers	
12 April 2018	Convene 4th IDP and Budget Steering Committee. Interrogate community comments and finalize SDBIP/IDP alignment and any necessary amendments to the IDP/ budget.	Municipal Manager and IDP Official and CFO	Reports, presentations, minutes and attendance register	
19 April 2018	Convene the 4th IDP Representatives Forum meeting to present final IDP for consideration Present the FINAL IDP . Report on public engagement and outcome of the 21-days public inspection and invite any last changes or additions to sector project register.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
23 April 2018	IDP/Budget Steering Committee to discuss and analyse additional inputs from community, ward committees, National/Provincial Governments and Cacadu District Municipality.	Chairperson Budget Steering Committee		
27 April 2018	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 IDP/Budget Steering Committee.	All Managers / Directors		
MAY 2017				
Mid May 2018	Submit 2018/19 IDP/Budget to the MPAC for oversight before adoption.	Municipal Manager, CFO and Mayor	Oversight report and recommendations by MPAC	
31 May 2018	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/budget plans.	Executive Mayor / IDP/Budget Office	Adopted Final IDP/Budget and related budget policies and Council resolution.	
JUNE 2018				
Within 10 days after adoption	Submit adopted Reviewed IDP to the MEC for local government	MM and IDP Manager	Letter of acknowledgment	

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE	BTO RESPONSE
11 June 2018	Capital / operating budget to have been presented to National Treasury and DPLG.	Executive Mayor/Budget Office		
11 June 2018	Upload the Council approved Reviewed IDP/Budget (2018/19) on the municipal website and place a notice in local newspapers for public inspection (21days).	Budget office and IDP Manager	Notice and local newspaper	
29 June 2018	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	Budget office		
29 June 2018	Finance to provide the Mayor with the consolidated SDBIP for consideration	Budget office		
29 June 2018	Publish the rates tariff in the Provincial Government Gazette	Dep Dir Revenue		
Date to be communicated by COGTA	Final IDP Provincial Assessment	DM, LM, KPA leaders, CoGTA, Sector Departments	Signed MEC comments and individual assessment reports	

The following budget instructions were approved by Council and issued to all directorates and offices to assist them with the compilation of the 2018/2019 budget;

The Budget plan for the 2018/2019 financial year has been developed to meet the requirements of Act No. 56 of 2003: Local Government Municipal Finance Management Act, 2003 and Standard Chart of Accounts for Local Government Regulations, 2014, that take effect on 1 July 2018.

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:

- ! Directorate's medium term budget policy statement. This document must set out the allocations for the next three years of both the capital and operating budget in mSCOA format, 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 2018/2019 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 in the mSCOA format 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 consolidated 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 2018, must be considered by the end of May 2018 and approved by the end of June 2018. 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 in mSCOA format.
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 time-table.
8. Average increase on the annual budget is to be limited as far as possible to the guidelines by the Department of Finance to 6.4% for 2018/2019, 5.7% for 2019/2020 and 5.6% for 2020/2021.
9. NERSA 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 2018/2019, blue for 2019/20 and black for 2020/21 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 Mrs U Xako.
9. The capital request form 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.

The budget policies, guidelines, national treasury circulars, budget regulations and instructions were presented to all managers and directorates in August 2015. The new budget formats continue to be a challenge and submissions to Council and stakeholders will be improved on as we move forward to mSCOA.

2) OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

Directorates aligned all operating and capital expenditure to the goals and actions as set out in the Integrated Development Plan. On the capital budget, the operating budget and the service delivery budget implementation plan directors have provided IDP numbers where possible to highlight the linkages. The budget is linked to the following main strategic goals and objectives as per the Integrated Development Plan;

- Basic Services Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public participation
- Cost effective and sustainable service delivery

Through the process of drafting the budget the key responsibilities of the Ndlambe Municipality were taken into account;

- Provide democratic and accountable government for all local communities of Ndlambe.
- Ensure the provision of services to all the Ndlambe community in a sustainable manner

Promote social and economic development

- Promote a safe and healthy environment
 - Encourage the involvement of all communities and community-based organizations in the matters of local government
 - Maximizing of infrastructural development through the utilization of all available resources
 - Implementation of effective management systems, internal controls and procedures
 - Ensure we have a skilled, committed and motivated workforce
- Comply with the Batho Pele principles

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3) MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Department	Institutional Objective	Focus Area	Programme	Strategic Initiatives	Indicator	Means of Verification
KPA 1: BASIC SERVICE DELIVERY						
Infrastructure	Develop state-of-the-art physical infrastructure	State-of- the-art physical infrastructure	CAPEX fund mobilization	% of target funds raised	SAI 1.2.1: Number of funding partnerships established	DORA & Confirmation letters
Infrastructure		State-of- the-art physical infrastructure	Bulk Water & Sewerage Infrastructure Development	Identification of potential projects & sites (Bulk water only)	SAI 1.2.2: Number and location of Identified projects and sites	Consultants' report
Infrastructure					SAI 1.2.3: number of increased households with access to sanitation services	
Infrastructure				Pre-feasibility studies of identified infrastructure projects - to include integration into NM Master plan	SAI 1.2.4: Pre-feasibility studies of identified projects & sites	Pre-feasibility report

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Infrastructure				Identification possible sources of funding & Development of Business Plans	SAI 1.2.5: Number of identified sources of funding & Business Plan of projects identified	Identified projects Report - Project Business Plans
Infrastructure				Development / Intensification of partnerships with funders & investors	SAI 1.2.6: No. of partners & funders engagement	MOUs
Infrastructure				Sourcing of funding	SAI 1.2.7: % Confirmation of funding allocation	DORA & Confirmation letters
Infrastructure				Feasibility studies of funded projects	SAI 1.2.8: Number of feasibility studies for funded projects completed	Record of decisions (environmental impact assessment report) - Procurement documents
Infrastructure				Water Conservation & Water Demand Management Strategy development & Implementation (to include Harvesting of Rain & Storm Water)	SAI 1.2.9: Water Conservation & Water Demand Management Strategy	Strategy & Implementation Report

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Infrastructure				Blue drop compliance (Water budget ring fencing, deal with process/ technical issues)	SAI 1.2.10: % implementation of action plan to improve compliance	Blue drop assessment report - Action Plan
Infrastructure				Green drop compliance (same as blue water issues)	SAI 1.2.11: % implementation of action plan to improve compliance	Green drop assessment report - Action Plan
Infrastructure			Roads & Storm Water infrastructure development programme	Roads condition assessment	SAI 1.2.12: Assessment of Road categories and kilometres requiring maintenance & upgrading	Assessment Report
Infrastructure				Roads and Storm Water Master Plan Development	SAI 1.2.13: Development of Roads & Storm Water Master plan development	Draft Roads Master Plan
Infrastructure				Identification of possible sources of Funding & Development of Business Plans	SAI 1.2.14: Number of Identified sources of funding & Business Plan for identified roads projects	Identified projects Report - Project Business Plans

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Infrastructure			Green renewable energy infrastructure	Identification of possible sources of Funding & Development of Business Plans for electricity infrastructure construction, upgrading & maintenance (to include green sources of energy)	SAI 1.2.16: Number of identified sources of funding & Business Plan of projects identified for electricity infrastructure construction, upgrading & maintenance (to include green sources of energy)	DORA & Confirmation letters
Infrastructure			Town planning Estates & Building Control	Processing of Land use applications	SAI 1.2.18: % of applications processed within legislated time	Updated land use register
Infrastructure				Identification of possible sources of Funding & Development of Business Plans for the for Reviewing SDF & Developing an eCadastre	SAI 1.2.19: Number of identified sources of funding & Business Plans submitted	Confirmation letters

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Infrastructure				Engage in spatial re-engineering to close physical gaps & costly service delivery inefficiencies created by past spatial planning regimes	SAI Reviewed spatial development framework in line with SPLUMA, Land audit, eCadastre system in place	1.2.20:
Infrastructure				Framework for mixed housing development	SAI Framework for mixed housing development in place	1.2.21: Mixed Housing framework report
Infrastructure			Lease administration	Leasing of caravan parks	SAI Enhanced caravan park infrastructure	1.2.22: Confirmation letters
Community	Create a safe and secure living environment	A safe and secure living environment	Safe, secure & healthy neighborhoods programme	Identify key projects & Funding sources / mechanisms	SSE 2.3.1: Identified sources of funding & Business Plan of the identified projects	DORA, Finance - Rates & Taxes receipts, Business Plans
Community				Source the required funding for identified projects	SSE 2.3.2: % Funding received from the business plans	Confirmation letters
Community				Engagement with potential litigators	SSE 2.3.3: No. of engagements with potential litigators	Minutes & registers of stakeholder engagements

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Community				Enhancement of by-laws enforcement	SSE 2.3.4: % of reported infringements (written / verbal warning/ fines / arrests / court outcomes) comprehensively dealt with	Reported infringements (written / verbal warning/ fines / arrests / court outcomes) comprehensively dealt with
Community				Enhancement of traffic management services - (Traffic - Drivers / learners licenses & motor vehicle licenses)	SSE 2.3.5: Required traffic management measures are implemented according to legislation	
Community					SSE 2.3.6: % of all applications of all learners and drivers licenses is completed within the confirmed timelines	Completed applications and examination reports, - Bookings backlog report
Community				Improve the effectiveness of fire & emergency services in the whole of Ndlambe municipality	SSE 2.3.7: % of all reported fire and emergency related incidences are dealt with comprehensively	Incident report

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Community				Improve the effectiveness of environmental health services in Ndlambe	SSE 2.3.8: % of applications & random inspections of food premises carried through to completion	Business licenses, Certificate of acceptability, Completed inspection tools, compliance notices
Community					SSE 2.3.9: % of reported notifiable medical conditions from within Ndlambe carried out	Hospital report, Environmental health practitioners report
Community				Improve the effectiveness of waste & cleansing services in Ndlambe - Zero waste campaign (proactive recycling - link with SMME development)	SSE 2.3.10: % of refuse removals and cleansing services carried out as per relevant schedules	Refuse removal and cleansing services carried out according to the relevant schedules
Community					SSE 2.3.11: % of waste separation at source / processed where measuring equipment exists	Zero waste campaign report

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Community				Improve the effectiveness of the Parks & recreation services in Ndlambe covering parks, public open spaces, sports fields & cemeteries	SSE 2.3.12: % of complaints on unkempt parks, public open spaces, cemeteries attended to	Complaints register, Verification forms
Community					SSE 2.3.13: No of Maintenance carried out on sports fields & cemeteries & recreational areas as per maintenance schedule	Maintenance schedule
Community	Preserve the natural beautiful environment	Natural beautiful Ndlambe Municipality environment	Environment Protection Programme	Effective environmental education & awareness	NBE 3.1.1: No. of adults & scholars serviced in line with environmental themes & number of programs as per environmental calendar	Education awareness verification document
Community				Blue flag beach management (Impact on tourism)	NBE 3.1.2: No. of beaches obtaining full blue flag status and pilot blue flag beach status	Blue flag applications POEs and Blue flag certificates, blue flag inspections sheets

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Community				Environmental compliance	NBE 3.1.3: No. of law enforcement patrols carried out estuaries, beaches, nature reserves (Impact of patrols, reduced violations)	Patrol sheets, fines and written warnings issued
Community				Nature reserve management	NBE 3.1.4: Ecological capacity of the reserve not exceeded, effectively manage the accommodation estb in the reserve including maintenance of hiking trails, No. of fence patrols	Game count surveys & records
Community			Disaster management programme	Start the process of implementing the disaster risk assessment outcomes from SBDM	NBE 3.1.5: Disaster avoidance / mitigation & management strategy & plan in place	Disaster avoidance / mitigation & management strategy & plan
KPA 2: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						
Corporate				Relevant advertisements and notices done within the legislated time frames	OEG 1.1.27: % Relevant advertisements and notices are done within the legislated time frames	Advertisement / Notices

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Corporate			Customer Care	Response time and resolution of complaints to be within 7 days of receipt	OEG 1.1.28: Reduction in response time and resolution of complaints to be within 7 days of receipt	Complaints register
Corporate			Team building	Team building execution to enhance service delivery through motivation, silo elimination & discovery of new / latent skills [Corporate services, All]	OEG 1.1.29: Internal positive perception survey result - -% Rapid response weekly meetings attendance & % items actioned - Meetings attended by lower level staff	Perception survey report - actioned items & attendance numbers
Corporate			Capacitation of Municipality workforce & Council	Closing of skills gap	OEG 1.1.30: % skills gap closed as per baseline	Internal perception survey
Corporate			Wellness programme	Development of effective wellness program	OEG 1.1.31: % of days lost for sick leave	Leave reports
Corporate			Libraries		OEG 1.1.31: Number of ventures increasing public access to libraries and information services	

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Corporate			Employment Equity		OEG 1.1.32: % of the people employed must comply with the targets set in Employment Equity Plan for designated groups	EE Report
Corporate			Job Evaluation		OEG 1.1.33: Mechanisms for Job Evaluation put in place	Job Evaluation reports
Finance			Performance Management	A Municipal Performance Plan in place	OEG 1.1.34: Performance plan developed and adopted.	
Finance				PMS Framework in place and cascaded to Supervisory and Management levels	OEG 1.1.35: PMS Framework reviewed and a plan to cascade in place	
Finance				Enhance performance reporting	OEG 1.1.35: Municipal quarterly, mid-year and annual performance reports compiled according to applicable prescripts	
Finance			Integrated Development Planning		OEG 1.1.36: Reviewed IDP annually and adopted according to applicable prescripts	

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Corporate	Position the municipality as a learning hub of excellence	Ndlambe municipality as a learning hub of excellence	Entrepreneurship development programme	Partner with SGBs to promote entrepreneurship at school level through conditional funding	LHE 2.4.1: No. of conditional funding programmes in place	Entrepreneurship bursaries
Corporate			Centers of excellence programme	Develop centers of excellence - (Agriculture, Aviation, New economy technologies) (LED)	LHE 2.4.2: No. of strategic partners engaged successfully	Partnership agreements
Corporate				Provide conditional bursary schemes for youth artisanal & new economy skills training	LHE 2.4.3: No. of conditional bursaries awarded	Awarded bursaries
Special Projects				Improvement in the implementation of Indigent Policy	CAS 2.2.4: % Indigent households having access to free basic services	Indigent access to basic services reports
Special Projects			Social Issues & Special Projects / Programmes	Develop Special Projects Unit strategy and policy for the unit	CAS 2.2.5: Strategy and policy for the Special Projects unit in place	Special Projects Policy & Strategy report
Special Projects				Establish Youth, Women & Disability Forums	CAS 2.2.6: Youth, Women & Disability Forums in place	Youth, Women & Disability Forums reports

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KPA 3: LOCAL ECONOMIC DEVELOPMENT						
LED	Develop a vibrant, rapidly growing, employment generating agri-based economy	A vibrant, rapidly growing, Agri-based, employment generating economy	LED agric-based projects funds mobilization	Identification of possible sources of funding for SMEs support for agriculture production, agro-processing - (Chicory, Horticulture, Dairy)	VAE 1.3.1: No. of identified sources of funding for SMEs development support, % engaged & % target funds raised	DORA & Confirmation letters
LED				Agri-based projects implementation (Chicory, Horticulture, Dairy)	VAE 1.3.2: No. of SMEs horticulture projects at implementation stage	Project implementation plans
LED	Develop a vibrant, rapidly growing, employment generating tourism based economy	A vibrant, rapidly growing, tourism based, employment generating economy	LED tourism projects funds mobilization	Identification of possible sources of funding for SMEs support for heritage tourism	VTE 1.4.1: No. of identified sources of funding for SMEs support for heritage tourism	List of possible sources of funding
LED				Development / Intensification of partnerships with possible funders & investors	VTE 1.4.2: % of identified potential SME heritage support partners & funders engaged	MOUs, MOAs

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LED				Sourcing of funding for SMMEs support for Heritage Tourism Projects	VTE 1.4.3: % of business plans for identified & engaged possible funders for SME heritage tourism support & developed, submitted & funded	DORA & Confirmation letters
LED	Develop a vibrant, rapidly growing, employment generating Oceans economy	A vibrant rapidly growing Oceans economy	Blue Oceans economy program	Partner with global partners /investors advanced in opportunities in the Oceans economy	VOE 1.5.1: No. of Partnerships established / Investors	Partnership agreement
LED				Sourcing of funding for the development of identified oceans economy initiatives (Development of small harbor in PA, Dredging of the Kowie river project, Kowie river banks rehabilitation project, Manufacturing, assembly and repairs of boats project)	VOE 1.5.2: % of potential initiatives funders engaged, business plans submitted & funded	DORA & Confirmation letters

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LED				Sourcing of funding for the for the development of SMMEs and maritime skills	VOE 1.5.3: % of potential funders / partners for the development of SMMEs and maritime skills engaged , business plans submitted & funded	DORA & Confirmation letters
LED	Develop a vibrant, rapidly growing, “New economy” employment generating based economy	A vibrant rapidly growing “New economy” technologies based employment generating economy	“New” economy development programme for the youth	Promote new economy technologies: ITCs, Cyber security, Precision agriculture, Renewable energies (Solar, Hydrogen cell, Wind)	VNE 1.6.1: New economy strategy in place	New Economy Strategy Report
LED				Undertake feasibility studies for prioritized projects	VNE 1.6.2: Feasibility studies of new economy technologies prioritized undertaken	Feasibility studies reports
LED				Establish linkages with BRICS partners	VNE 1.6.2: No. of linkages with BRICS partners established	BRICS Linkages report
LED			Productivity & competitiveness programme	Use of Open Innovation platforms to gain competitive advantage	VNE 1.6.3: No. of Open Innovation platforms challenges	Open Innovations Challenges reports

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LED	Develop and support adventure and extreme water sports	Support for adventure and extreme water sports	Ndlambe signature events	Develop concept document to create partnership with events organisers of: <ul style="list-style-type: none"> • Bathurst Ox braai • Bathurst Agricultural Show • 4x4 Rally in Bathurst and Mansfield • Rowing • Anything that floats (Kenton on Sea) 	EWS 3.2.1: Concept document developed and discussed with potential signature events partners	MOUs, MOAs
LED				Develop calendar of signature events	EWS 3.2.2: Adventure & extreme sport Signature events calendar in place	Signature events calendar
Special Projects	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Participation of previously disadvantaged groups in the local economy put in place	CAS 2.2.3: No. of projects for participation of previously disadvantaged groups in the local economy put in place	Project reports
KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT						

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Finance	Improve the municipal systems operational efficiencies and governance of the municipality	Operational efficiencies and governance	Unqualified audit	Unqualified audit 2018	OEG 1.1.1: compliance with 100% Audit Action Plan	Audit report
Finance			Enhanced fiscal discipline programme	Centralise Supply Chain Management	OEG 1.1.2: % of Supply chain management carried out through a centralized system	Functional Centralised Supply Chain Management system
Finance				Reduction of irregular expenditure related to procurement documentation in line with legislation and SCM Policy	OEG 1.1.3: % reduction of irregular expenditure related to procurement documentation in line with legislation and SCM Policy	Audit report
Finance				Compliant budget adjustment approved by Council in terms of all legislated requirements by 28th February	OEG 1.1.4: % Compliant budget adjustment approved by Council in terms of all legislated requirements by 28th February	Report on compliant budget adjustment approved by Council in terms of all legislated requirements by 28th February

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Finance				Supplementary valuation rolls as prescribed by the Municipal Property Rates Act No.6 of 2004, on all improvements to properties, subdivisions & consolidation done in the financial year	OEG 1.1.5: supplementary valuation rolls in place	No. of valuation	Supplementary valuation reports
Finance				Improve expenditure of allocated budgets	OEG 1.1.6: Expenditure spend on approved budget	%	Expenditure reports
Finance				Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA	OEG 1.1.7: Compliance of budget preparation & budget related policies finalization within MFMA prescripts	%	Compliant budget preparation and budget related policies finalisation in accordance with the MFMA
Finance				Number of in year budget performance reports as required by MFMA submitted on time	OEG 1.1.8: year budget performance reports as required by MFMA submitted on time	% of in	Compliant budget performance reports

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Finance				Positive cash flow management according to MFMA and its regulations maintained	OEG 1.1.8: No. of positive cash flow management according to MFMA and its regulations maintained	Monthly Cash Flow reports
Finance				Reduction of irregular expenditure related to procurement documentation in line with legislation and SCM Policy	OEG 1.1.9: % reduction of irregular expenditure related to procurement documentation in line with legislation and SCM Policy	Audit report
Finance				Measures in place to monitor and control fruitless and wasteful expenditure	OEG 1.1.10: % Reduction in fruitless and wasteful expenditure	Audit report
Finance				Maximise interest returns on investment opportunities	OEG 1.1.11: % Interest returns	Investment Register
Finance			Enhanced governance programme	Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	OEG 1.1.12: % Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	Compliant SCM reports

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Finance				Standard operating procedures operationalised in accordance with SCM policy and legislation	OEG 1.1.13: % operating procedures operationalised in accordance with SCM policy and legislation	Standard operating procedures operationalisation reports
Finance				Steps taken to mainstream the implementation of the SCM according to the policy and good practice	OEG 1.1.14: % Compliance with steps to mainstream the implementation of the SCM according to the policy and good practice	Report on steps to mainstream the implementation of the SCM according to the policy and good practice
Finance				Annual financial statements that are 100% compliant to GRAP Standards as per gazette issued by National Treasury	OEG 1.1.15: % of Annual financial statements that are 100% compliant to GRAP Standards as per gazette issued by National Treasury	Audit report
Finance				Increase in the number of finance employees that are competent (SETA certification) on minimum	OEG 1.1.16: Increase in the number of finance employees that are competent (SETA certification) on minimum	HR Finance Skills reports

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Finance				Manage Systems and procedures to ensure all creditors paid within legislated or contractual deadlines	OEG 1.1.17: % Creditors paid within legislated 30 days or contractual deadlines	Outstanding Creditors Report
Finance				Manage Systems and procedures to ensure all Councillors and employees are paid according to legislation, policy and conditions within legislated or contractual deadlines	OEG 1.1.18: % of Councillors and employees are paid according to legislation, policy and conditions within legislated or contractual deadlines	Monthly payroll reports
Finance				Manage Systems and procedures to ensure all Statutory Payments (PAYE, VAT, Levies, etc)are paid according to legislation, policy and conditions within legislated or contractual deadlines	OEG 1.1.19: % of Statutory Payments (PAYE, VAT, Levies, etc) paid according to legislation, policy and conditions within legislated or contractual deadlines	Statutory payments return forms

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Finance				Put in place asset management system with fixed asset register in place as prescribed by GRAP and the MFMA	OEG 1.1.20: % progress towards asset management system with fixed asset register in place as prescribed by GRAP and the MFMA	Asset Management System report and fixed asset register
Finance				Account for, manage, and insure all municipality assets of the municipality managed	OEG 1.1.21: % of assets of the municipality accounted for, insured and managed	Insurance Portfolio and claims records
Finance				Reduction of stock losses	OEG 1.1.22: % Reduction of stock losses	Stock losses reports
Finance				Increased use of mSCOA financial modules or system	OEG 1.1.23: No. of elements of mSCOA financial modules of system utilised	mSCOA modules utilisation reports
Finance				Increase in number of staff trained to effectively use the mSCOA financial system	OEG 1.1.24: No. of staff trained to effectively use the mSCOA financial system	mSCOA utilisation competency assessment
Finance				Develop a framework for financial delegations of authority in place as prescribed by the MFMA	OEG 1.1.25: Framework for financial delegations of authority in place as prescribed by the MFMA	Framework for Financial Delegations of Authority

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

Finance				Decrease in the number of qualification matters and matter of emphasis raised by the Auditor-General relating to finance to obtain a unqualified audit	OEG 1.1.26: No. of qualification matters and matter of emphasis raised by the Auditor-General relating to finance to obtain a unqualified audit	Audit report
Finance	Improve financial viability of the municipality	Financial viability of the municipality	Alternative funding options strategy	Identify alternative sources of funding & develop additional revenue generating strategies	FVM 2.1.1: % Target Budget realized	Memo, Municipal account
Finance				Engage financial advisory services	FVM 2.1.2: Financial advisors in place	Contract / SLA
Finance				Increase budget provision for asset repairs and maintenance	FVM 2.1.3: % Increased budget provision for asset repairs and maintenance	Asset repairs & maintenance budget
Finance			Improved billing & revenue collection	Ensure optimal billing for services	FVM 2.1.4: No. of Meter reading reports	Meter reading reports
Finance				Revenue collection improvement	FVM 2.1.5: % Revenue collection efficiency	Revenue collection reports

NDLAMBE MUNICIPALITY EC105 2018/2019 ADJUSTMENT BUDGET

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
MM	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Improve coordination & stakeholder management	CAS 2.2.7: % well-coordinated events & stakeholder engagements	Coordinated events & engagements reports
MM				Make noise and be heard for each deliverable milestone	CAS 2.2.8: % of milestones broadcast	Milestones broadcast report
MM					CAS 2.2.9: No. of Programmes to minimise the socio-economic impact of HIV/AIDS in place	

4) BUDGET RELATED POLICIES

The Municipal Finance Management Act and Reporting Regulations require that all budget and budget related policies be reviewed, and where applicable, be updated on an annual basis.

The draft budget related policies are as follows:-

- ❖ Rates Policy
- ❖ Indigent Policy
- ❖ Budget Policy
- ❖ Creditors, Staff and Councilors Payment Policy
- ❖ Credit Control and Debt Collection Policy
- ❖ Funding and Reserve Policy
- ❖ Virement Policy
- ❖ Subsistence and Travel Policy
- ❖ Policy and Procedures for Irregular and Fruitless Expenditure
- ❖ Fixed Asset Policy
- ❖ Supply Chain Management Policy
- ❖ Write-off of Irrecoverable Debt Policy
- ❖ Loans Policy
- ❖ Tariff Policy
- ❖ Management of Accumulated Surplus and Bad Debt Policy

Stakeholders are requested to comment on the policies listed above before the budget is presented to Council for final adoption.

The following finance policies also have an impact on the budget;

- ❖ Banking and Investment Policy
- ❖ Imprest/Petty Cash Policy
- ❖ Entertainment Policy
- ❖ Unforeseen and Unavoidable Expenditure Policy

All of the above policies can be viewed on the Ndlambe Municipality website www.ndlambe.gov.za

5) OVERVIEW OF BUDGET ASSUMPTIONS

Numerous factors contributed to the 2018/2019 financial year's budget and again it has been one of the most difficult budgets to fund. The greatest difficulty was to ensure a funded budget, while providing relief to rate payers in the form of rates rebates, complying with GRAP standards in terms of providing for depreciation and other provisions while keeping annual percentage increase at minimum.

The economic conditions in which we have had to operate over the past year have resulted in an increase in outstanding debtors and limited funds going to capital development and maintenance. The continued high increases imposed on electricity relative to low municipal increases allowed by the regulator and the increases projected for outer years not only impacts on electricity purchased for re-sale but has a negative impact on operational budgets.

From own usage perspective, the increase impacts on our operating costs, for electricity consumed by water and sewer treatment plants, municipal buildings, street lights and high mast lights to name a few. This increase must be viewed jointly with other operating expenses like wages. Consequently it may not be possible to remain within the growth parameters recommended by National Treasury in their budget circular for all municipal services.

Over the past few years Ndlambe Municipality has made a provision of R5m to be funded from own revenue, very little has been achieved in this regard due to a decline in payment of debt partly influenced by our economic status. Repairs and maintenance expenditure was kept at minimal, rates rebates, depreciation and receivables impairment were not fully provided for balance the budgets ensuring that the increases imposed were acceptable to all stakeholders.

This approach had impacted negatively in Audit outcomes, manifested in unauthorized expenditure and unfunded budget. 2018/19 budget has not made enough necessary provision for the depreciation. The provision made for the depreciation has increase but not to the full provision that the budget requires. The provisions meant an increase in expenditure which would require a very conservative prudent budget approach.

Using the proposed assumptions and trying to keep the increase to consumers at affordable levels has once again impacted on both the capital and operating budgets.

6) OVERVIEW OF BUDGET FUNDING

The 2018/19 budget is predominantly funded from rates, service and usage charges, grants and subsidies.

Total adjustment revenue budget of R 379 460 000 budgeted for from rates, service and usage charges, includes the equitable share and DORA Operating & Capital Transfers compared to original budget of R369 500 000

The environmental operating budget is funded through subsidies received from the Sarah Baartman District Municipality. The annexure for Transfers and Subsidies is attached.

Operating Revenue

See Annexure 2 attached

The budget will remain a plan which can only be realized through on availability of cash, therefore actual expenditure can only be incurred when the cash flow permits and that will on happen by increasing our collection rate.

Capital Expenditure

See Annexure 3 attached

The capital expenditure table shows that Ndlambe Municipality internal reserves are totally depleted and that we are now reliant on government grants and external funding. It is now essential that all projects are carefully considered and that the impact of the funded projects on the operating budget, infrastructure network and availability of water is taken into account before they are approved. It will be detrimental to continue with funded projects if our operational budget will not be able to carry them, the infrastructure network does not have the capacity to accommodate it and water is not available for the project. It is important for Directorates to be aware of funded projects to be able to provide for such in the budgets. Awareness will provide an opportunity for re-allocation of the limited operational budget.

Ndlambe Municipality has reached its borrowing capacity, external loans to fund capital expenditure is not an option to fund capital expenditure.

7) NDLAMBE ALLOCATIONS OF GRANTS AND SUBSIDIES

Name of Grant	Original 2018/2019	Adjusted 2018/2019	2019/2020	2020/2021
<i>Financial Management Grant (FMG)</i>	1 970 000	1 970 000	2 435 000	2 867 000
<i>Municipal Infrastructural Grant (MIG)</i>	26 809 000	26 809 000	27 295 000	28 641 000
<i>Expanded Public Works Program (EPWP)</i>	1 000 000	1 000 000	-	-
<i>Integrated National Electrification Program Grant (INEG)</i>	-	-	6 400 000	5 000 000
<i>Equitable Share - Ward Committees</i>	300 000	300 000	314 000	318 000
<i>Library Grant (DSRAC)</i>	2 750 000	4 530 000	2 848 500	3 005 168
<i>Councilor's Remuneration</i>	3 826 000	3 826 000	4 017 000	4 218 000
<i>Environmental Health Subsidy</i>	1 548 740	1 548 740	1 633 921	1 723 786
<i>Equitable Share</i>	84 115 000	84 115 000	91 454 000	99 666 000
<i>Public Safety</i>	1 060 000	1 060 000	749 050	790 247
<i>Office of the Premier (West Beach RD)</i>	0	5 000 000	0	0
<i>Disaster Grant</i>	0	950 000	0	0
<i>LED Grants</i>	0	132 000	0	0
<i>Other Sarah Baartman Grants</i>		668 000	0	0
<i>Drought Services (Schedule 5b)</i>	0	32 809 000	-	-
Total	123 378 740	164 717 740	137 146 471	146 229 201

8) ALLOCATIONS AND GRANTS MADE BY NDLAMBE MUNICIPALITY

Transfers and Subsidies Paid	Budget 2018/2019	Adjusted Budget 2018/2019
Tourism Development	685 000	685 000
SMME Development	500 000	500 000
Anti-Crime	360 000	360 000
Bursaries non-employees	221 000	221 000
Community Development Initiatives	130 000	250 000
Grants in aid	100 000	245 671
Soup Kitchen	80 000	80 000
Poverty Relief	70 000	120 000
Sport Development Donations	50 000	350 000
Amanzi Festival	0	40 000
Total	2 196 000	2 851 671

The above are the only allocations and grants budgeted for by the municipality. During the financial year, Council may resolve to make further allocations or grants based on the merits of the applicant. The Sarah Baartman has donated R300 000 in lieu of donation to Boxing tournament and Ndlambe Music Festival.

9) COUNCILOR ALLOWANCES AND EMPLOYEE BENEFITS

COUNCILORS ALLOWANCES 2018/2019

See annexure 2

SECTION 57 EMPLOYEES BUDGET 2018/2019

See annexure 2

10) MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

See annexure 2

The monthly targets for revenue expenditure and cash flow is to be found under annual budget tables, section 4 of part 1, tables SA22, SA23, SA24 and SA30 for the 2018/2019 financial year. Table SA 29 in the same section provides monthly projections for capital expenditure by vote.

From the information provided it is clear to note that expenditure can only be incurred if the revenue is in our bank account. Cash flow management is going to have to be a priority throughout the year and directors will only be permitted to incur expenditure if the revenue has been received.

11) ANNUAL BUDGETS AND SERVICES DELIVERY AND BUDGET IMPLEMENTATION PLANS PER DIRECTORATE

The service delivery budget implementation plan will be available after Council has adopted the 2018/2019 annual budget.

12) CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The contracts that have a financial obligation of more than three financial years are Munsoft (Pty) LTD service provider for the financial system, Uber Tech Technologies the service provider offers support on information technology, Telkom SA offers the service of communication services and Manalec (PTY) LTD offers the management and electricity service for Alexandria and Port Alfred Town/Suburb and Thornhill.

Service Provider	Service Provided	Start Date	End Date	2017/2018	2018/2019	2019/2020	2020/2021
Munsoft (PTY)	Financial System	01-Jan-19	01-May-19	1,776,120	1,873,806	1,976,865	
Uber Tech Technology	Support on Information Tech	01-Jul-15	30-Jun-18	2,200,000	1,192,620	-	-
Telkom SA	Telephone/Comm services	06-May-15	31-May-18	1,662,958	159,076	167,825	177,055
Manelec (PTY) LTD	Electricity Service	01-Oct-16	Month to month	12,000,000	15,500,000	16,352,500	17,251,887

13) CAPITAL EXPENDITURE DETAILS

Capital expenditure for the 2018/2019 financial year will be funded mainly by grants as follows;

See annexure3 attached for details

Funder	Grant Name	Allocation 2018/2019	Ajusted Allocation 2018/2019	Allocation 2019/2020	Allocation 2020/2021
Internal Transfers	Revolving Fund	2 778 000	7 618 000	3 214 254	3 391 037
National Government	Financial Management Grant	118 210	-	-	-
National Government	Municipal Infrastructural Grant	25 468 550	25 468 550	26 869 320	28 347 133
National Government	INEG	-	-	6 400 000	5 000 000
Financial Loan	Financial Loan	23 065 000	23 065 000	-	-
Other Government	Expanded Public Works Progr	1 000 000	1 000 000	1 055 000	1 113 025
SBDM District	Fire Grant	1 060 000	465 000	749 050	790 247
Provincial Government	Library grant	-	1 116 000	-	-
Provincial Government	Office of the Premier	-	5 000 000	-	-
National Government	Infrastructure Services	-	32 809 000	-	-
National Government	Equitable Share	120 500	0	127 128	134 119

The following are the top ten valued projects that will be undertaken by Ndlambe Municipality during the 2018/2019 financial year.

See annexure 3 attached for details

Project Name	Regional	Project Description	Amount
Drought Projects: Water Conservation and Demand	Whole of the Municipality	Drought Water Conservation and Demand	20 014 388.00
Water Treatment Works: Refurbishment of Internal Water Reticulation in	Ward 1	Refurbishment of Internal water Reticulation in Alex	9 403 191.00
Municipal Offices: Acquisition of Office buildings	Administrative or Head Office (Including Satel	Acquisition of Buildings	8 000 000.00
Drought Projects: Upgrading of Port Alfred East Dune Supply	Ward 10	Drought Project: Upgrading of PA East Dune Suppl	6 794 612.00
Drought Projects: Augmentation of Port Alfred Water Supply from Sarel	Ward 10	Drought Proj: Augmentation of PA Water Supply from	6 000 000.00
Upgrading of School Road: Klipfontein	Ward 4	Upgrading of School Road/Klipfontein Acquisition	4 542 380.00
Roads: Upgrading of Bathurst Road	Ward 5	Upgrading of Bathurst RD	4 031 117.00
Machinery and Equipment: Machinery and Equipment	Whole of the Municipality	Acquisitions Machinery and Equipment	3 425 000.00
Roads: Upgrading of West Beach Road	Ward 10	West Beach Road	3 287 075.00
Machinery and Equipment: Machinery and Equipment	Whole of the Municipality	Acquisitions Machinery and Equipment	2 700 000.00

14) LEGISLATION COMPLIANCE STATUS

The Ndlambe Municipal Councilors and staff are committed to comply fully with all legislation impacting on local government. Section 195(1) of the Constitution sets the basic values and principles that local government must adhere to. To comply fully with all legislation, the municipality must also adhere to circulars issued in line with the legislation and all regulations promulgated to give effect to certain legislation.

The main pieces of legislation that Ndlambe Municipality needs to comply with are;

- The Constitution of the Republic of South Africa
- Local Government: Municipal Structures Act, Act 117 of 1998 with all amendments to date
- Local Government: Municipal Systems Act, Act 32 of 2000 with all amendments to date

- Local Government: Municipal Finance Management Act, Act 56 of 2004 with all amendments to date
- Local Government: Property Rates Act, Act 6 of 2004 with all amendments to date
- Electricity Act of 1987
- Labour Relations Act of 1995
- Financial and Fiscal Commission Act of 1997
- Intergovernmental Fiscal Relations Act of 1997
- Water Services Act of 1997
- Municipal Demarcation Act of 1998
- National Environmental Management Act of 1998
- Remuneration of Political Office Bearers Act of 1998
- Skills Development Act
- Preferential Procurement Policy Framework Act of 2000
- Intergovernmental Relations Framework Act of 2005
- Division of Revenue Act
- Fuel Card User Policy

Circulars and regulations are published from time to time to give effect to the stipulations of the legislation and these also need to be complied with. Certain circulars are however only to be complied with if adopted by Council.

At present the Ndlambe Municipality does not comply with all the existing legislation and the aim is to ensure that by the end of the 2018/2019 financial year all legislation is complied with. This matter has been pointed out in the report of the Auditor-General for the past few years and is in the process of been addressed.

15) SERVICE DELIVERY STANDARDS

See annexure 4

The reporting on service delivery standards is a new initiative by the Ndlambe Municipality to make a commitment to the community and advise the community on the service delivery that they can expect from the municipality from the budget that is available. By documenting service delivery standards the community will have realistic expectations about the nature of the services being delivered. The community will know how often a service will be provided, how long it will take to receive a service, what level of service can be expected, how much the service will cost and be able to monitor performance against the set standards. It must be mentioned that the service delivery standards represent an ideal service to be provided, the aging infrastructure and fleet are key mechanisms to deliver the promised standards. In the event of being failed by these mechanisms, Ndlambe municipality will communicate with the community while finding alternatives to minimize service interruption.

17) MUNICIPAL MANAGERS' QUALITY CERTIFICATION



QUALITY CERTIFICATE

I **Rolly Dumezweni**, Municipal Manager of **Ndlambe Municipality**, hereby certify that the budget and the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Rolly Dumezweni

Municipal Manager of Ndlambe Municipality (EC105)

R DUMEZWENI

DATE

Part 3 – Annexures

Annexure 1	Tariff Schedule 2018/2019
Annexure 2	Budget Schedules 2018/2019
Annexure 3	Capital Budget 2018/2019
Annexure 4	Service Delivery Standards