

PROVINCE OF KWAZULU-NATAL
PROVINCIAL TREASURY



OFFICE OF THE HEAD OF DEPARTMENT

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Date: 20 June 2011
Enquiries: Mr F. Cassimjee

**TO: MUNICIPAL MANAGERS
CHIEF FINANCIAL OFFICERS
KWAZULU NATAL MUNICIPALITIES (DELEGATED)**

PROVINCIAL TREASURY CIRCULAR TC/RM 7 OF 2010/11

SUBMISSION AND PUBLICATION OF APPROVED 2011/12 BUDGET DOCUMENTS AND RETURNS

The circular provides guidance to municipalities on the submission and publication of approved 2011/12 budget documents and returns. It supplements MFMA Circular No. 54 and 55 issued by National Treasury.

The circular covers the following main reporting areas:

- (A) Submission of Approved Budget Documentation and Schedules for 2011/12 in compliance with Legislation.
- (B) Submissions of 2011/12 Budget Reform Returns to the National Treasury Local Government Database for Publication.
- (C) Reliability of Published Budget and Expenditure Figures
- (D) Publication of 2011/12 Budgets on Municipal Websites.

(A) Submission of Approved Budget Documentation and Schedules for 2011/12 in compliance with Legislation.

Section 17(1) of the MFMA states that an annual budget of a municipality must be in the prescribed format. Also Section 9 of the Municipal Budget and Reporting Regulations states that, *"the annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."*

Section 24(3) of the MFMA, read in conjunction with Budget and Reporting Regulation 20(1), requires that the approved annual budget and supporting council resolution must be submitted within ten working days after the Council has approved the annual budget to the National Treasury and the relevant Provincial Treasury. If the Council only approves the annual budget on 30 June 2011, the final date for the submission of the approved budget and budget documents is **Wednesday, 14 July 2011**, otherwise an earlier date applies.

Your municipality is reminded to submit electronic and hard copies of the 2011/12 budget and related documents, ensuring full compliance with all the components reflected in the attached Annexure A, to National and Provincial Treasuries within ten working days after the final budget has been approved.

The budgets and budget documents must be forwarded to the following addresses:

Provincial Treasury

Printed copies of the required documents can be couriered or hand delivered to:

The Provincial MFMA Coordinator
Provincial Treasury
7th Floor Treasury House
145 Chief Albert Luthuli Road
Pietermaritzburg
3201

FOR ATTENTION: URASHNA GOBERDHAN

Electronic copies of the required documents must be e-mailed to mfma@kzntreasury.gov.za.

National Treasury

Printed copies of the required documents can be sent to:

Posted documents:

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0002

Couriered documents:

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria

Electronic copies of the required documents must be e-mailed to lgdocuments@treasury.gov.za. If the budget documents are too large to be sent via e-mail, arrangements for them to be downloaded from the municipality's website must be made with Elsabe Rossouw (e-mail: elsabe.rossouw@treasury.gov.za).

Service Delivery and Budget Implementation Plan

Your municipality is further reminded that the Mayor must approve the Service Delivery and Budget Implementation Plan (SDBIP) within 28 days after the budget is approved.

Chapter 1 of the MFMA defines the SDBIP as "*a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-*

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter; and

(c) any other matters that may be prescribed,

and includes any revisions of such plan by the mayor in terms of section 54(1)(c)."

In terms of Section 20(2)(b) of the Municipal Budget and Reporting Regulations, "*the Municipal Manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic format, the approved service delivery and budget implementation plan within ten working days after the mayor has approved the plan*".

(B) Submissions of 2011/12 Budget Reform Returns to the National Treasury Local Government Database for Publication.

As indicated in National Treasury MFMA Circular 55, municipalities are required to use the Budget Reform Returns listed below to upload the budget and other annual returns to the National Treasury Local Government Database (lgdatabase@treasury.gov.za):

- Asset Management (AM)
- Budget Evaluation Checklist (BEC)
- Statement of Financial Position (BS)
- Budgeted Capital Acquisition (CA)
- Cash Flow Budget (CFB)
- Grants and Subsidies Given (GSG)
- Grant and Subsidies Received (GSR)
- Statement of Financial Performance Budgeted (OSB)
- Reconciliation of IDP to Budget (SP)
- Implementation Plan

The relevant return forms can be downloaded from the National Treasury website http://www.treasury.gov.za/legislation/mfma/return_forms/default.aspx. This will be the last year that National Treasury will permit municipalities to submit their budget information using the old return forms. As from 2012/13, all municipalities will need to have migrated to using the aligned version of the electronic returns.

Should your municipality require assistance in the completion of these returns, please contact the Provincial Treasury. The onus rests with Accounting Officer to ensure that their municipality fully complies with all reporting requirements.

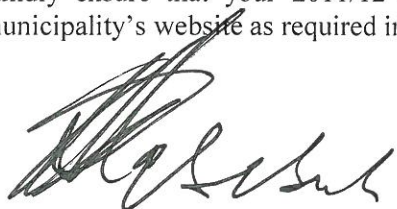
(C) Reliability of Published Budget and Expenditure Figures

Provincial Treasury is concerned about the reliability of budget figures published by National Treasury. It was noted in the past that there has been discrepancies in the data submitted to the Local Government Database by municipalities.

To ensure that the figures published by National Treasury are reliable, it is imperative that the Budget Reform Returns submitted to the National Treasury Local Government Database for Publication reconcile to Schedule A of your 2011/12 Adopted Budget.

(D) Publication of 2011/12 Budgets on Municipal Websites.

Kindly ensure that your 2011/12 approved budget and other relevant information are published on the municipality's website as required in terms of Section 75 of the MFMA.



MR L.S MAGAGULA
HEAD: PROVINCIAL TREASURY

CC MAYORS
Jan Hatting: National Treasury
Herman van Zyl: Auditor-General

ANNEXURE A: APPROVED BUDGET DOCUMENTS SUBMITTED BY MUNICIPALITY

Main Compliance Component	Sub Component/Explanation	Submitted to National & Provincial Treasury
Mayors Report	Verification of inclusion in budget report/document	
Executive Summary	Verification of inclusion in budget report/document	
Draft MTREF Tabled 90 days prior to new year	Was the budget tabled in accordance with this provision (Section 16(2) of the MFMA), no later than 31 March	
Overview of Budget Process	Is there a paragraph/section included dealing with this aspect	
Overview of alignment of annual budget with IDP	Is there a paragraph/section included dealing with this aspect	
Measurable performance objectives and indicators	Is there a paragraph/section included dealing with this aspect	
Grant Budget is aligned to DoRA (SA18)	Verify if the grant allocations balance / reconcile to DoRA	
Budget Related Policies		
Against this component verify if the policies are attached, and if not, is there a section/paragraph referring to where the policies can be found for viewing. The mentioned policies are the most important, but there can be more. It needs to be noted that if there have been proposed amendments to any policy as part of the budget process, it would be preferable that the amended policy be attached to the budget document.	Tariff Policy on Property Rates (Must be included if service is rendered)	
	Tariff Policy on Electricity (Must be included if service is rendered)	
	Tariff Policy on Water (Must be included if service is rendered)	
	Tariff Policy on Sanitation (Must be included if service is rendered)	
	Tariff Policy on Refuse Removal/Solid Waste (Must be included if service is rendered)	
	Municipal Property Rates Policy (as informed by the Municipal Property Rates Act)	
	Credit Control and Debt Collection Policy	
	Cash Management and Investment Policy	
	Borrowing Policy	
	Funding and Reserves Policy	
	Policy related to long-term financial planning	
	Supply Chain Management Policy	
	Policy related to the Management and Disposal of Assets	
	Policy relating to dealing with infrastructure investment and capital projects	
	Indigent Policy	
	Budget Implementation and Management Policy	
Budget Assumptions	Is there a paragraph/section included on this aspect	
Overview of Budget Funding including funding compliance (Table SA10)	Is there a paragraph/section included on this aspect	
Expenditure on grant allocations	Is there a paragraph/section included on this aspect	
Service Delivery and Budget Implementation Plans (SDBIP)	Must be included in the budget document	
Service Delivery Agreements of Municipal Entities (if applicable)	Must be included in the budget document if applicable	
Capital expenditure details	Is there a paragraph/section included on this aspect	
Legislation Compliance Status	Is there a paragraph/section included on this aspect/component	
Annual budgets of municipal entities (D Schedule)	Inclusion of the annual budgets of municipal entities, if applicable	
Quality Certificate	Quality Certificate Complying with Schedule A, signed by the Municipal Manager	
Annual Budget Tables A1 to A10: No Municipal Entities		
	Table A1: Budget Summary	
	Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification)	
	Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)	
	Table A4: Budgeted Financial Performance (Revenue and Expenditure)	
	Table A5: Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)	
	Table A6: Budgeted Financial Position	
	Table A7: Budgeted Cash Flow	
	Table A8: Cash backed reserves/accumulated surplus reconciliation	
	Table A9: Asset Management	
	Table A10: Basic service delivery measurement	
Annual Budget Tables A1 to A10: With Municipal Entities		
	Table C1: Consolidated Budget Summary	
	Table C2: Consolidated Budgeted Financial Performance (Revenue and Expenditure by standard classification)	
	Table C3: Consolidated Budgeted Financial Performance (Revenue and Expenditure by municipal vote)	
	Table C4: Consolidated Budgeted Financial Performance (Revenue and Expenditure)	
	Table C5: Consolidated Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)	
	Table C6: Consolidated Budgeted Financial Position	
	Table C7: Consolidated Budgeted Cash Flow	
	Table C8: Consolidated Cash backed reserves/accumulated surplus reconciliation	
	Table C9: Consolidated Asset Management	
	Table C10: Consolidated Basic service delivery measurement	
Supporting Tables SA1 to SA37		
	SA1: Supporting Detail to Budgeted Financial Performance	
	SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept)	
	SA3: Supporting detail to Budgeted Financial Position	
	SA4: Reconciliation of IDP, Strategic Objectives and Budget (Revenue)	
	SA5: Reconciliation of IDP, Strategic Objectives and Budget (Operating Expenditure)	
	SA6: Reconciliation of IDP, Strategic Objectives and Budget (Capital Expenditure)	
	SA7: Measurable Performance Objectives	
	SA8: Performance Indicators and Benchmarks	
	SA9: Social, Economic and Demographic Statistics and Assumptions	
	SA10: Funding Measurement	
	SA11: Property Rates Summary	
	SA12 / 13: Property Rates by Category	
	SA14: Household Bills	
	SA15: Investment Particulars by Type	
	SA16: Investment Particulars by Type	
	SA17: Borrowing	
	SA18: Transfers and Grant Receipts	
	SA19: Expenditure on Transfers and Grant Programme	
	SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds	
	SA21: Transfers and Grants made by the Municipality	
	SA22: Summary Councillor and Staff Benefits	
	SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)	
	SA24: Summary of Personnel Numbers	
	SA25: Budgeted Monthly Revenue and Expenditure	
	SA26: Budgeted Monthly Revenue and Expenditure (Municipal Vote)	
	SA27: Budgeted Monthly Revenue and Expenditure (Standard Classification)	
	SA28: Budgeted Monthly Capital Expenditure (Municipal Vote)	
	SA29: Budgeted Monthly Capital Expenditure (Standard Classification)	
	SA30: Budgeted Monthly Cash Flow	
	SA31:	
	SA32: List of External Mechanisms	
	SA33: Contracts having Future Budgetary Implications	
	SA34a: Capital Expenditure on New Assets by Asset Class	
	SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class	
	SA34c: Repairs and Maintenance Expenditure by Asset Class	
	SA35: Future Financial Implications of the Capital Budget	
	SA36: Detail Capital Budget	
	SA37: Projects Delayed from Previous Financial Years	