



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

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Date: 04 August 2021

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

PROVINCIAL TREASURY CIRCULAR PT/MF 01 OF 2021/22

TIME SCHEDULE OUTLINING KEY DEADLINES FOR THE 2022/23 MTREF BUDGET

PURPOSE:

The purpose of this circular is:

- To remind municipalities of the requirements of Section 21 of the Municipal Finance Management Act, No. 56 of 2003, (MFMA); and
- To remind municipalities about the additional key processes to be included in the time schedule outlining key deadlines for the preparation of the 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) Budget.

BACKGROUND:

Section 21 of the MFMA, Budget preparation process states that:

(1) *The mayor of a municipality must –*

- co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget related policies are mutually consistent and credible;*
 - at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for-*
 - the preparation, tabling and approval of the annual budget;*
 - the annual review of-*
 - the integrated development plan in terms of section 34 of the Municipal Systems Act;*
- and*

- (bb) *the budget related policies;*
 - (iii) *the tabling and adoption of any amendments to the integrated development plan and budget-related policies; and*
 - (iv) *any consultative processes forming part of the processes referred to in subparagraphs (i), (ii) and (iii).*
- (2) *When preparing the annual budget, the mayor of a municipality must-*
 - (a) *take into account the municipality's integrated development plan;*
 - (b) *take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the Municipal Systems Act, taking into account realistic revenue and expenditure projections for future years;*
 - (c) *take into account the national budget, the relevant provincial budget, the national government's fiscal and macro-economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum;*
 - (d) *consult-*
 - (i) *the relevant district municipality and all other local municipalities within the area of the district municipality, if the municipality is a local municipality;*
 - (ii) *all local municipalities within its area, if the municipality is a district municipality;*
 - (iii) *the relevant provincial treasury, and when requested, the National Treasury; and*
 - (iv) *any national or provincial organs of state, as may be prescribed; and*
 - (e) *provide, on request, any information relating to the budget-*
 - (i) *to the National Treasury; and*
 - (ii) *subject to any limitations that may be prescribed, to-*
 - (aa) *the national departments responsible for water, sanitation, electricity and any other service as may be prescribed;*
 - (bb) *any other national and provincial organ of states, as may be prescribed; and*
 - (cc) *another municipality affected by the budget.*

Furthermore, Section 68 of the MFMA, Budget preparation states that:

- (1) *The accounting officer of a municipality must—*
 - (a) *assist the mayor in performing the budgetary functions assigned to the mayor in terms of Chapters 4 and 7; and*
 - (b) *provide the mayor with the administrative support, resources and information necessary for the performance of those functions.*

IMPLEMENTATION

MFMA Circular No. 10 of 2004 lists six (6) key steps in the budget preparation process. Step one in the process is planning which includes the tabling of a time schedule outlining key deadlines for the budget process to Council as required by Section 21 of the MFMA. Municipalities are reminded that Section 68 of the MFMA requires the Accounting Officer to assist the Mayor in preparing and implementing the budget. Municipalities are further reminded that a time schedule outlining key deadlines should include tasks and consultations both internally (within the municipality) and externally (local community and other stakeholders).

In order to approve a credible budget that is consistent with the municipality's strategy, the municipality's time schedule outlining key deadlines must contain key processes with realistic deadlines which also comply with the MFMA and related legislation. Annexure A to this Circular is an example of a time schedule outlining key deadlines as contained in MFMA Circular No. 10. The example contains legislated deadlines which **must** be adhered to, the key processes identified and the legislation from which these processes emanate. Municipalities are reminded that Annexure A contains a minimum amount of information that should be included in the time schedule outlining key deadlines. Municipalities are encouraged to include the detailed activities and deadlines required to achieve each key process and to highlight the municipal section or official that will drive the achievement of each activity.

Furthermore, municipalities with entities should also ensure that the processes and timelines in the budget process plan of each entity supports the achievement of the time schedule outlining the key deadlines of the parent municipalities.

In terms of the 2022/23 MTREF Budget process, municipalities are requested to make provision for engagements with Provincial Treasury in their time schedules outlining key deadlines for the following processes:

1. 2021/22 Mid-year budget and performance assessment (February – March 2022); and
2. 2022/23 Tabled (Draft) Budget Assessments (April – May 2022).

While the time schedule outlining the key deadlines should be detailed, MFMA Circular No. 10 encourages municipalities to make public a simplified version of the schedule to ensure the community is aware of the timelines, processes and opportunities to have input into the budget and Integrated Development Plan (IDP).

COMPLIANCE ASSESSMENTS

Provincial Treasury will conduct a high level assessment of all time schedules outlining key deadlines submitted by municipalities to determine if they comply with the minimum requirements shown in the attached Annexure A. The feedback on these assessments will only be sent to municipalities where discrepancies are identified. Municipalities are kindly encouraged to consider any feedback from Provincial Treasury in order to improve future time schedules outlining key deadlines prepared by municipalities.

SUBMISSION REMINDER

You are reminded to table your time schedule outlining key deadlines for the 2022/23 budget year to Council by **31 August 2021** as required by Section 21(1)(b) of the MFMA.

Furthermore, Section 74(1) of the MFMA states "*the accounting officer of a municipality must submit to the National Treasury, the Provincial Treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required*".

The municipality is therefore reminded to submit the following documents in terms of Section 74(1) of the MFMA to the National Treasury at lgdocuments@treasury.gov.za and copy the KwaZulu-Natal Provincial Treasury at mfma@kzntreasury.gov.za as well as the Provincial Treasury Budget Analyst assigned to your municipality, **no later than the 03 September 2021:**

- *Tabled Time schedule outlining key deadlines;* and
- *A copy of the signed Council resolution confirming the tabling of the Time schedule outlining key deadlines in Council.*

Yours faithfully



Ms. N. SHEZI
ACTING HEAD OF DEPARTMENT: KZN PROVINCIAL TREASURY

CC **Mayors – KZN Municipalities**
 Ms. N. Dube-Ncube – KZN MEC for Finance
 Mr. J. Hattingh – National Treasury
 Mr. T.V Pillay – National Treasury
 Ms. N. Mhlongo – Business Executive (Auditor General)
 Administrators

Annexure A

TIME SCHEDULE OF KEY DEADLINES

Mayor to Table in Council 10 Months Prior to Start of Budget Year

Month	Municipality _____	Budget Year _____
	Mayor and Council / Entity Board	Administration - Municipality and Entity
July	Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53 Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist	Accounting officers and senior officials of municipality and entities begin planning for next three-year budget MFMA s 68, 77 Accounting officers and senior officials of municipality and entities review options and contracts for service delivery MSA s 76-81
August	Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year. MFMA s 21,22, 23; MSA s 34, Ch 4 as amended Mayor establishes committees and consultation forums for the budget process	
September	Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans	Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)
October		Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS
November		Accounting officer reviews and drafts initial changes to IDP MSA s 34
December	Council finalises tariff (rates and service charges) policies for next financial year MSA s 74, 75	Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous years performance as per audited financial statements
January	Entity board of directors must approve and submit proposed budget and plans for next three-year budgets to parent municipality at least 150 days before the start of the budget year MFMA s 87(1)	Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36
February	Council considers municipal entity proposed budget and service delivery plan and accepts or makes recommendations to the entity MFMA s 87(2)	Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2)
March	Entity board of directors considers recommendations of parent municipality and submit revised budget by 22nd of month MFMA s 87(2) Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 16, 22, 23, 87; MSA s 34	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March MFMA s 42
April	Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc MFMA s 21	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
May	Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year. MFMA s 23, 24; MSA Ch 4 as amended Entity board of directors to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality MFMA s 87	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature
June	Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year MFMA s 16, 24, 26, 53 Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. MFMA s 53; MSA s 38-45, 57(2) Council must finalise a system of delegations. MFMA s 59, 79, 82; MSA s 59-65	Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. MFMA s 69; MSA s 57 Accounting officers of municipality and entities publishes adopted budget and plans MFMA s 75, 87

Abbreviations: IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan