

ITEM NO.	SUBJECT	REF
	2022/2023 CONSOLIDATED SPECIAL ADJUSTMENTS BUDGET AS PER MFMA S28(1)(2)	

REPORT TO: COUNCIL
DATE: 15 SEPTEMBER 2022
DIRECTORATE: FINANCE
AUTHOR: MANAGER BUDGET & COMPLIANCE

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TABLE OF CONTENT

1. Purpose
2. Deliberations
 - 2.1 Background and Discussion

PART 1 – ADJUSTMENTS BUDGET

- 1.1 Mayor’s Report
- 1.2 Resolutions
- 1.3 Executive summary
- 1.4 Adjustments Budget Tables

1.3 Executive Summary

- 1.3.1 Operating Revenue and Expenditure Framework Budget Summary**
 - 1.3.1.1. Operating Revenue Framework
 - 1.3.1.2. Expenditure Framework

PART 2 – SUPPORTING DOCUMENTATION

- 2.1.1 Adjustments to budget assumptions
- 2.1.2 Adjustments to budget funding
- 2.1.3 Adjustments to expenditure on allocations and grants programmes
- 2.1.4 Adjustments to allocations and grants made by the municipality
- 2.1.5 Adjustments to councillor allowances and employee benefits
- 2.1.6 Adjustments to Service Delivery and Budget Implementation Plan
- 2.1.7 Adjustments to Capital Expenditure
- 2.1.8 Other Supporting Documents
- 2.1.9 Municipal Manager’s quality certificate

3. Consultations
4. Strategic and Legal Implications
5. Resolutions/ Recommendations

ANNEXURES

Annexure A: MFMA B SCHEDULE

Annexure B: DBSA dated 07 July 2022

Annexure C: COGTA dated 30 June 2022 & Government Gazzete 46837 dated 31 August 2022

**Annexure D: KZNPT: HIGH LEVEL ASSESSMENT OF THE APPROVED BUDGET FOR 2022/2023
FINANCIAL YEAR**

1. PURPOSE

To recommend to council approval of a special adjustment budget in the 2022/2023 Financial year in terms Municipal Budget & Reporting Regulations and Section 28 (b) of Municipal Finance Management Act, No.56 of 2003;

- Appropriation of additional transfers of grant funding that has become available
- Adjust the capital and operational budget due to transfers and grants revision of the grant allocated to the municipality as per as per Gazette No.46837 and DBSA communication dated 07 July 2022,
- Appropriate any other budget related matters within acceptable provisions of the Act.

2. DELIBERATIONS

2.1 Background

Section 28 (2) (b) requires that “A Municipality may revise an approved annual budget through an adjustment budget. An adjustment budget may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for”.

The 2022/2023 original budget was approved on 27 May 2022 and is currently in implementation. The municipality has received an additional allocation on Municipal Disaster Relief Grant of R19.5 million and Humanitarian Relief and Stabilisation Support to the value of R10.5 million from Development Bank of South Africa in order to assist in accelerating the recovery and rebuilding process of affected municipalities by enabling access to basic services due to the floods that affected the areas of Ilembe District Municipality.

PART 1 – ADJUSTMENTS BUDGET

1.1 MAYOR'S REPORT

- This special adjustments budget comes after Council approved the original budget on 27 May 2022 successfully. The primary reason for this special adjusted budget is due to mainly appropriate the financial implications of additional funding from COGTA and DBSA communication dated 30 June and 07 July 2022 respectively, and adjustments to;
- Appropriation of additional transfers of grant funding that has become available
- Adjust the capital and operational budget due to transfers and grants revision of the grant allocated to the municipality as per Gazzette No.46837 and DBSA communication dated 07 July 2022,
- Appropriate any other budget related matters within acceptable provisions of the Act.

An additional grants that has become available during the financial year, allocated to the municipality by National Treasury. According to the Municipal Finance Management Act, No. 56 of 2003. A municipality may, except where otherwise provided in the Act, incur expenditure only —

(a) In terms of an approved budget; and,

(b) Within the limits of the amounts appropriated for the different votes in an approved budget.

This submission intends to realign the budget by appropriating these additional grants and the expenditure programme related to them.

Furthermore, the movement within the capital budget are within the allocation in the Division of Revenue Act. The changes will have a direct impact on service delivery, henceforth the changes will requires an adjustment to the service delivery and budget implementation plan. Nevertheless the changes do not change the objectives as set out on the Integrated Development Plan.

We are obliged to be efficient, effective and prudent in the manner in which we deal with the state resources. ILembe District Municipality continue to maintain good governance and sound financial management plays an integral role on this. This is required through continued improvement of skills depth, governance and oversight, performance management as well as regulatory compliance.

The main focus of the budget is the effort made by the District in the response to disaster, and ensuring that we continue distributing water to all the citizens including those in the rural areas. We are assure the community that as iLembe District we are taking reasonable steps in ensuring that we provide water and sanitation services to the community during this time; in the main these are considered on the budget.

The amendment will there mainly affect the following areas:

DC29 iLembe - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) -						
Description	Ref	Budget Year 2022/23				
		Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands	1	A	E	8 F	9 G	10 H
Total Revenue (excluding capital transfers and contributions)		1 208 266	6 851	–	6 851	1 215 117
Total Expenditure		1 201 323	5 957	–	5 957	1 207 280
Surplus/(Deficit)		6 943	894	–	894	7 836
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		277 498	12 672	–	12 672	290 170
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	10 500	10 500	10 500
Surplus/(Deficit) before taxation		284 441	13 566	10 500	24 066	308 506

Revenue Budget

The total original budget for the current year was approved at R 1 208 266 000 billion, currently adjusting to R1 215 117 000 billion.

The upward adjustment is mainly attributable from the ff:

- Additional Municipal Disaster Relief Grant R19.5 million as per Gazzette 46837, which is splitted into operational projects and capital projects. On operational transfers and subsidies has been adjusted upwards by R6.8 million;

Expenditure Budget

The total original budget for the current year was approved at R 1 201 323 00 billion and currently tabling the special adjusted budget of R 1 207 280 000. The upward adjustment is mainly attributable:

- Additional Municipal Disaster Relief Grant R19.5 million as per Gazzette 46837, which is splitted into operational projects and capital projects. On operational projects it has been adjusted upwards by R5.9 million;

Capital Budget

The approved capital budget was R344.0 million. The proposed special capital budget reflects a total amount of R 355.1 million, with an increase of R 11 million. The upward adjustment on the tabled adjustment budget of R 25 million is attributable from:

- R11.0 million funded by the additional Disaster relief grant as per Government Gazette No. 4683746095, issued 31 August 2022.

In this context, it is recommended that the iLembe District Municipal Council consider and approves the **2022/2023 Consolidated Special Adjustment Budget in terms of MFMA Section 28 (2)**.

It is also recommended that Council note the process that this adjustment requires the revision of service delivery targets and performance indicators as disclosed in the Service Delivery and Budget Implementation Plan and any other information relevant to the overall performance of the District as envisaged in the Municipal Finance Management Act of 2003 and other applicable legislation.

1.2 RESOLUTIONS

RESOLVED TO RECOMMEND:

- That the 2022/2023 Special Consolidated Adjustments Budget tabled herein be adopted.
- That the 2022/2023 Special Consolidated Adjustments Budget as per MFMA Section 28 (2) (b) on table B1 to B10 as per the Municipal Budget & Reporting Regulations and its supporting documentation be approved and adopted.
- It be noted that the adjustments budget is being tabled by the Mayor in terms of section 28 (2) (a) (b) and (d), as well as section 28 (4) of the MFMA.
- It be noted that the adjustments budget is fully compliant with section 28 (6) of the MFMA in that municipal tax and tariffs will not increase as a result of the adjustments budget.
- Upon approval of the adjustments budget, Manager Budgets & Compliance ensures that, in terms of section 22 (b) of the MFMA, the adjustments budget is submitted in both printed and electronic formats to the National Treasury and Provincial Treasury.
- That Council note that the service delivery and budget implementation plan for the 2022/23 be adjusted in accordance with the tabled adjustments budget in terms of the Act.
- That the High-level assessment of the approved original budget approved in May 2022 for 2022/2023 financial year be noted.

1.3 EXECUTIVE SUMMARY

In terms of section 28 (4) of the MFMA, the Mayor of the District must table an adjustment budget in the municipal Council accompanied by explanations on how the adjustment budget affects the annual budget, provide supporting documentation and motivates for any material changes to the annual budget. Paragraph (6) of that section however, forbid the Mayor to adjust tariffs and taxes except where required in terms of a financial recovery plan.

The operating budget summary provides information on both income and expenditure activities in line with the approved budget and the adjustment budget for the year under- review remains the same as per resolution no and the following will be discussed:

The summary below shows table B4 as a summary of capital expenditure.

DC29 iLembe - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) -													
Description	Ref	Budget Year 2022/23										Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjuste	Accu m.	Multi- year	Unfor e.	Nat. or Prov. Govt	Other Adjusts	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		A	3	4	5	6	7	8	9	10			
R thousands	1	A1	B	C	D	E	F	G	H				
Revenue By Source													
Property rates	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	220 087	-	-	-	-	-	-	-	220 087	229 881	240 218	
Service charges - sanitation revenue	2	70 217	-	-	-	-	-	-	-	70 217	73 528	76 819	
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		6								6	6	6	
Interest earned - external investments		16 580								16 580	17 724	18 951	
Interest earned - outstanding debtors		21 341								21 341	22 280	23 283	
Dividends received		-								-	-	-	
Fines, penalties and forfeits		134								134	140	147	
Licences and permits		40								40	42	44	
Agency services		2 061								2 061	2 151	2 248	
Transfers and subsidies		742 864					6 851		6 851	749 715	785 572	858 261	
Other revenue	2	9 418	-	-	-	-	-	-	-	9 418	9 832	10 275	
Gains		125 517								125 517	131 050	136 937	
Total Revenue (excluding capital transfers and contributions)		1 208 266	-	-	-	-	6 851	-	6 851	1 215 117	1 272 207	1 367 187	
Expenditure By Type													
Employee related costs		299 433	-	-	-	-	-	-	-	299 433	319 007	338 331	
Remuneration of councillors		13 883								13 883	14 785	15 672	
Debt impairment		23 395								23 395	23 999	25 079	
Depreciation & asset impairment		116 093								116 093	121 635	127 456	
Finance charges		4 823								4 823	6 254	3 733	
Bulk purchases - electricity		-								-	-	-	
Inventory consumed		272 161								272 161	284 136	296 922	
Contracted services		192 872					5 957		5 957	198 830	197 506	211 319	
Transfers and subsidies		-								-	-	-	
Other expenditure		169 007								169 007	167 900	176 765	
Losses		109 656								109 656	114 258	119 493	
Total Expenditure		1 201 323	-	-	-	-	5 957	-	5 957	1 207 280	1 249 479	1 314 770	
Surplus/(Deficit)		6 943	-	-	-	-	894	-	894	7 836	22 728	52 417	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		277 498					12 672		12 672	290 170	322 879	282 128	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-								-	-	-	
Transfers and subsidies - capital (in-kind - all)		-						10 500	10 500	10 500	-	-	
Surplus/(Deficit) before taxation		284 441	-	-	-	-	13 566	10 500	24 066	308 506	345 607	334 545	

REVENUE AND EXPENDITURE FRAMEWORK

A) REVENUE FRAMEWORK

The total original budget for the current year was approved at R 1 208 266 000 billion, currently adjusting to R1 215 117 000 billion. The upward adjustment is mainly attributable from:

1.3.1 Service Charges

No Adjustment on this category.

1.3.2 Rental on facilities

No Adjustment on this category.

1.3.3 Agency fees

No adjustment on this category

1.3.4 Interest Earned

No Adjustment on this category.

1.3.5 Transfers Recognised- operational

This item refers to grants received by the municipality related to operational grants, such as equitable share, operation MIG funded projects, FMG, operational Municipal Disaster Relief Grant (MDRG), etc. The item has been adjusted up by R 6.8 million on transfers and subsidies, attributable to:

- The additional Municipal Disaster Relief Grant (MDRG) as per Gazzette 46837 amount to R19.5 million, whereas an amount of R6.8 million was allocated to fund operational projects; **Annexure B**

1.3.6 Capital Transfers Recognised

- The additional Municipal Disaster Relief Grant (MDRG) as per Gazzette 46837 amount to R19.5 million, whereas an amount of R12.6 million was allocated to fund capital projects; **Annexure B**
- The 10.5 million that will be received as in-kind in a form of Humanitarian relief and stabilisation support (4 Water tanker & 3 Boreholes including Water treatment facility) (**Annexure C**)

DC29 iLembe - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2022/23				Budget Year +1 2023/24	Budget Year +2 2024/25	
		Original Budget	Nat. or Prov. Govt	Other Adjusts	Total Adjusts.	Adjusted Budget	Adjusted Budget	
R thousands	1	A	7 E	8 F	9 G	10 H		
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		277 498	12 672	-	12 672	290 170	322 879	282 128
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	10 500	10 500	10 500	-	-

1.3.7 Other Own Revenue

No Adjustment on this category.

B) EXPENDITURE FRAMEWORK

The total original budget for the current year was approved at R 1 201 323 000 billion. The proposed tabled budget has adjusted up to R 1 207 280 000 billion. The upward adjustment is attributable to:

1.3.7 Employee Related Costs

No adjustment on this category.

1.3.8 Remuneration of Councillors and Board Members

No adjustment on this category.

1.3.9 Depreciation and Asset Impairment

No adjustment on this category.

1.3.10 Finance Charges

No adjustment on this category.

1.3.11 Inventory Consumed

No adjustment on this category.

1.3.12 Contracted services

This item refers to all expenditure contracted by the municipality. The approved annual budget was R 192.8 million, however this has increased to R 198.8 million during this proposed adjusted budget and is mainly attributable from the following has been adjusted to address the challenges that the community of Ilembe District Municipality had faced due to the floods that took place in KZN:

- Ndwedwe - Msunduzi pipe repairs – Floods R260 870
- Ndwedwe - Toti pipe repairs – Floods R260 870
- Ndwedwe - eSilengeni pipe repairs – Floods R260 870
- Ndwedwe - Qedukoma pipe repairs – Floods R260 870
- Ndwedwe - Mgezengwane eDiphini – Floods R173 913
- Ndwedwe - Wosiyane - Abstraction – Floods R 173 913
- Kwadukuza - Doesburg pipeline – Floods R260 870
- Ndwedwe - Montebello - Uganda area – Floods R260 870
- Ndwedwe - KwaSathana borehole – Floods R 86 957
- Shaka's Kraal - pipeline – Floods R 996 487
- Kwadukuza Sewer reticulation – Floods R 2 786 957
- Mandeni - Thukela WWTW – Floods R 173 913

1.3.14 Other Expenditure

- There is no adjustment.

1.3.15 Debt Impairment

- There is no adjustment.

C) LONG TERM FINANCIAL SUSTAINABILITY

The municipality has community wealth of over R3.3 billion at the reporting date. Nevertheless, the liquidity position of the municipality is still under pressure, due to amongst other things including high consumer debts write-offs caused by the combination of both internal and external factors. There are various interventions to improve the current ratio and this could be achieved by increasing the collection rate to have sufficient cash to service all the municipal debts.

1.4 ADJUSTMENT BUDGET TABLES 9

The adjustment budget tables consist of the following, and they are attached as **Annexure A**

- Table B1- Adjustment Budget Summary
- Table B2- Adjustment Budget Financial Performance (standard classification)
- Table B3- Adjustment Budget Financial Performance (revenue and expenditure by municipal vote)
- Table B4- Adjustment Budget Financial Performance (revenue and expenditure)
- Table B5- Adjustment Capital Expenditure Budget by vote and funding
- Table B6- Adjustment Budget Financial Position
- Table B7- Budget Cash Flows
- Table B8- Cash backed reserves/ accumulated surplus reconciliation
- Table B9- Asset Management
- Table B10- Basic service delivery measurement

All comments made in the operating revenue and expenditure framework can be viewed from these budget adjustments tables and comparisons can be made as well as critical analysis and conclusions made thereto.

PART 2 – SUPPORTING TABLES

2.1.1 Adjustments to Budget Assumptions

There were no budget assumptions during this special adjusted budget 2022/23.

Furthermore, this special adjustment budget does not impact the budget assumptions submitted on the approved budget.

2.1.2 Adjustment to Budget Funding

The budget is funded out of a number of revenue sources, which includes grants, water and sanitation service charges, investment income and other miscellaneous revenue. This can be viewed in more detail on table A4. The effect made on this special budget has no negative impact on the funding. The budget remains funded as per table B8, sitting at R 428.7 million.

Cash Flow Management (Table B7)

Cash flow has been impacted, and has not been changed as the grant should be spent before year end June 2023. The anticipated balance remains at R 274.2 million.

The adjustments are as per the above variance.

DC29 iLembe - Table B7 Consolidated Adjustments Budget Cash Flows -												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjus	Accu m.	Multi-year	Unfo re.	Nat. or Prov. Govt	Other Adjusts	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		-							-	-	-	-
Service charges		189 380							-	189 380	196 408	204 907
Other revenue		175 857							-	175 857	138 923	142 679
Transfers and Subsidies - Operational	1	820 922							-	820 922	865 572	858 261
Transfers and Subsidies - Capital	1	277 498							-	277 498	322 879	282 128
Interest		16 580							-	16 580	17 724	18 951
Dividends		-	-						-	-	-	-
Payments												
Suppliers and employees		(1 055 580)					(6 851)		(6 851)	(1 062 431)	(1 119 206)	(1 103 996)
Finance charges		(4 791)							-	(4 791)	(6 220)	(3 698)
Transfers and Grants	1	-							-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		419 866	-	-	-	-	(6 851)	-	(6 851)	413 015	416 080	399 232
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-							-	-	-	-
Decrease (increase) in non-current receivables		-							-	-	-	-
Decrease (increase) in non-current investments		-							-	-	-	-
Payments												
Capital assets		(488 869)					(12 672)		(12 672)	(501 541)	(272 375)	(234 240)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(488 869)	-	-	-	-	(12 672)	-	(12 672)	(501 541)	(272 375)	(234 240)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-							-	-	-	-
Borrowing long term/refinancing		-							-	-	-	-
Increase (decrease) in consumer deposits		-							-	-	-	-
Payments												
Repayment of borrowing		(39 200)							-	(39 200)	(33 896)	(31 512)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(39 200)	-	-	-	-	-	-	-	(39 200)	(33 896)	(31 512)
NET INCREASE/ (DECREASE) IN CASH HELD		(108 203)	-	-	-	-	(19 523)	-	(19 523)	(127 726)	109 809	133 480
Cash/cash equivalents at the year begin:	2	382 428					19 523		19 523	401 951	274 225	384 034
Cash/cash equivalents at the year end:	2	274 225	-	-	-	-	0	-	0	274 225	384 034	517 514

2.1.3 Adjustments to Expenditure on allocations and grant programmes

DC29 iLembe - Supporting Table SB7 Consolidated Adjustments Budget - transfers and grant receipts -										
Description	Ref	Budget Year 2022/23							Budget Year	Budget Year
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F	+1 2023/24	+2 2024/25
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		723 818	-	-	6 851	-	6 851	730 669	785 572	858 261
Local Government Equitable Share		680 949						680 949	742 133	808 493
Energy Efficiency and Demand Side Management Grant	3	5 439						5 439	-	-
Expanded Public Works Programme Integrated Grant		1 000						1 000	-	-
Local Government Financial Management Grant		-						-	1 000	1 000
Municipal Infrastructure Grant		27 000						27 000	30 000	33 000
Water Services Infrastructure Grant		7 000						7 000	10 000	13 240
Rural Road Asset Management Systems Grant		2 430						2 430	2 439	2 528
Municipal Disaster Response Grant - Opex Water		-			3 446		3 446	3 446	-	-
Municipal Disaster Response Grant - Opex Sewer		-			3 405		3 405	3 405	-	-
Other		-	-					-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Infrastructure		-						-	-	-
KwaShushu Project EDTEA Funded Revenue		-						-	-	-
Other		-						-	-	-
District Municipality:		1 500	-	-	-	-	-	1 500	-	-
Infrastructure		-						-	-	-
Capacity Building and Other		1 500						1 500	-	-
Other		-						-	-	-
Other grant providers:		17 546	-	-	-	-	-	17 546	-	-
Business and Technical Skills MICT SETA Revenue		1 943						1 943	-	-
Education and Training: Food and Beverage SETA		6 235						6 235	-	-
Households		-						-	-	-
iLembe Non-Revenue Water Programme		9 369						9 369	-	-
Total Operating Transfers and Grants	6	742 864	-	-	6 851	-	6 851	749 715	785 572	858 261
Capital Transfers and Grants										
National Government:		277 498	-	-	12 672	-	12 672	290 170	322 879	282 128
Municipal Disaster Relief Grant		10 023			-			10 023	41 039	-
Municipal Disaster Response Grant - Capex Water		-			4 672		4 672	4 672	-	-
Municipal Disaster Response Grant - Capex Sewer		-			8 000		8 000	8 000	-	-
Municipal Demarcation Transition Grant		-						-	-	-
Integrated City Development Grant		-						-	-	-
Municipal Infrastructure Grant		194 475						194 475	201 840	209 868
Water Services Infrastructure Grant		73 000						73 000	80 000	72 260
Total Capital Transfers and Grants	6	277 498	-	-	12 672	-	12 672	290 170	322 879	282 128
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 020 362	-	-	19 523	-	19 523	1 039 885	1 108 451	1 140 389

The total initial approved budget on grants receipt was R 1.0 billion. This current proposed budget is hereby proposed to be at R 1 039 885 000 billion due to the following reasons:

- The total grant provision amounting to R 19.5 million as Gazette on MIG. **Annexure B.**

2.1.4 Adjustments to Expenditure on allocations and grant made/ received by the municipality

- There have been no adjustments made on allocations made by Municipality, however the municipality will be receiving the grant in-kind in a form of Humanitarian relief and stabilisation support (4 Water tanker & 3 Boreholes including Water treatment facility) amount to R10.5 million.

2.1.5 Adjustments to Councillors allowances and employee benefit

There is no adjustment

2.1.6. Adjustments to Service Delivery and Budget Implementation Plan

The SDBIP will be adjusted after the approval of the Special Adjusted Budget.

2.1.7. Adjustments to Capital Expenditure

DC29 iLembe - Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding -													
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25	
		Original Budget	Prior Adju 5	Accu m. 6	Multi year 7	Unfore. 8	Nat. or Govt 9	Prov. 10	Other Adjusts. 11	Total Adjusts. 12	Adjusted Budget	Adjusted Budget	
R thousands		A	A1	B	C	D	E	F	G	H			
Capital Expenditure - Functional													
Governance and administration		72 494	-	-	-	-	-	-	-	-	72 494	5 765	7 315
Executive and council		-									-	-	-
Finance and administration		72 494									72 494	5 765	7 315
Internal audit		-									-	-	-
Community and public safety		240	-	-	-	-	-	-	-	-	240	-	-
Community and social services		240									240	-	-
Sport and recreation		-									-	-	-
Public safety		-									-	-	-
Housing		-									-	-	-
Health		-									-	-	-
Economic and environmental services		7 055	-	-	-	-	-	-	-	-	7 055	150	150
Planning and development		7 055									7 055	150	150
Road transport		-									-	-	-
Environmental protection		-									-	-	-
Trading services		264 253	-	-	-	-	11 019	-	-	11 019	275 272	280 764	245 329
Energy sources		-									-	-	-
Water management		180 529					4 063		4 063		184 592	215 251	171 633
Waste water management		83 723					6 957		6 957		90 680	65 513	73 696
Waste management		-									-	-	-
Other		-									-	-	-
Total Capital Expenditure - Functional	3	344 042	-	-	-	-	11 019	-	11 019	355 061	286 679	252 794	
Funded by:													
National Government		241 303					11 019		11 019	252 322	280 764	245 329	
Provincial Government		-								-	-	-	
District Municipality		-								-	-	-	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educational Institutions)		-								-	-	-	
Transfers recognised - capital	4	241 303	-	-	-	-	11 019	-	11 019	252 322	280 764	245 329	
Borrowing		57 567								57 567	-	-	
Internally generated funds		45 173								45 173	5 915	7 465	
Total Capital Funding		344 042	-	-	-	-	11 019	-	11 019	355 061	286 679	252 794	

The approved annual budget reflects a total of R344.0 million. In this current proposed adjustment budget is R355.0 million, increase by R11.0 million, attributable from the below proposed special capital:

- R19.5 million funded by the additional MIG as per Government Gazette No.46837, issued 31 August 2022, and adjustments to; whereby the amount of R11.0 million has been allocated to capital projects.

- Below are the projects that were affected:
 - KwaDukuza - Shakaville Township Sewer lines – Floods R6.9 million
 - Ndwedwe - Waterfall-Desilting – Floods - R217 391
 - Kwadukuza - Shakaville Township – Floods R3 478 261
 - Ndwedwe - Magwaza Underground cable – Floods R366 957

Unspent Grant

The municipality has the following unspent grant as at 30 June 2022 in relation to capital projects:

- Municipal Disaster Relief R19.5 million (Gazette 46837)
- Rehabilitation of Nsuze R2.7 million (waiting for Approval)
- Sokesimbone Water Supply Scheme R13.4 million (Waiting for approval)

2.1.8 Municipal Entity

There is no adjustments made on Municipal Entity's approved annual budget.

2.1.9 Municipal Manager's Quality Certificate

The Municipal Manager's Quality Certificate has been attached on this item.

3. CONSULTATIONS

- The Accounting Officer,
- Chief Financial Officer
- His Worship, the Mayor
- All Directorates,
- The National Treasury & the Provincial Treasury
- Budget Steering Committee Chairperson

4. Strategic and Legal Implication

Section 28 of the Municipal Finance Management Act of 2003 allows Council to revise an approved budget via an adjustments budget process. Section 28 (2) of the same act lists the conditions under which Council can consider an adjustments budget. This adjustments budget is presented to Council of the District in terms of section 28 (2) (b) and (d) of the MFMA and other applicable guidelines as promulgated by National Treasury and applicable local government best practices. An Accounting Officer's quality certificate is also as prescribed.

ITEM NO.	SUBJECT	REF
	2022/2023 CONSOLIDATED SPECIAL ADJUSTMENTS BUDGET AS PER MFMA S28(1)(2)	

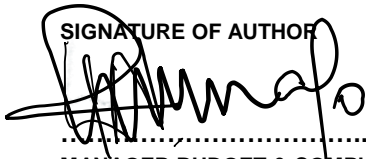
REPORT TO: EXCO
DATE: 15 SEPTEMBER 2022
DIRECTORATE: FINANCE
AUTHOR: MANAGER BUDGET & COMPLIANCE

5. RECOMMENDATIONS

RESOLVED TO RECOMMEND:

- That the 2022/2023 Special Consolidated Adjustments Budget tabled herein be adopted.
- That the 2022/2023 Special Consolidated Adjustments Budget as per MFMA Section 28 (2) (b) on table B1 to B10 as per the Municipal Budget & Reporting Regulations and its supporting documentation be approved and adopted.
- It be noted that the adjustments budget is being tabled by the Mayor in terms of section 28 (2) (a) (b) and (d), as well as section 28 (4) of the MFMA.
- It be noted that the adjustments budget is fully compliant with section 28 (6) of the MFMA in that municipal tax and tariffs will not increase as a result of the adjustments budget.
- Upon approval of the adjustments budget, Manager Budgets & Compliance ensures that, in terms of section 22 (b) of the MFMA, the adjustments budget is submitted in both printed and electronic formats to the National Treasury and Provincial Treasury.
- That Council note that the service delivery and budget implementation plan for the 2022/23 be adjusted in accordance with the tabled adjustments budget in terms of the Act.
- That the High-level assessment of the approved original budget approved in May 2022 for 2022/2023 financial year be noted.

SIGNATURE OF AUTHOR



MANAGER BUDGET & COMPLIANCE
N KUMALO



CHIEF FINANCIAL OFFICER
M CHANDULAL



ACTING MUNICIPAL MANAGER
C MBOLA