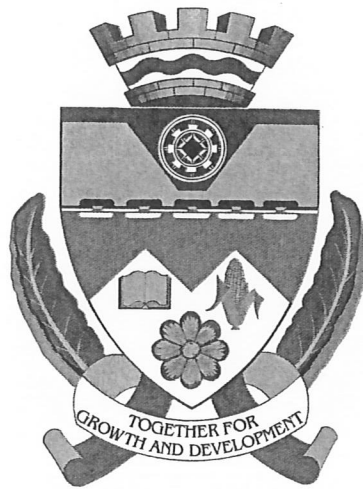


# *Victor Khanye Local Municipality*

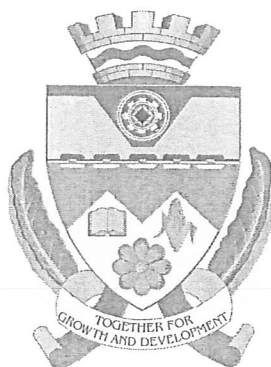


## *DRAFT BUDGET* *(MTREF)*

*2018 / 2019*

*Indicative Medium Term  
2019/20 - 2020/21*

ADOPTED BY COUNCIL  
29 MARCH 2018



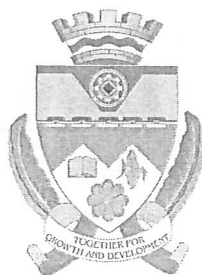
## VICTOR KHANYE LOCAL MUNICIPALITY

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## VICTOR KHANYE LOCAL MUNICIPALITY



## FINAL BUDGET RESOLUTIONS

2018/2019

### It is resolved that:

1. The consolidated operating budget amounting to **R476 130 935** as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows are adopted by Council and constitute the Budget of the Victor Khanye Local Municipality for the 2018/2019 financial year.
2. Council note that the employee cost of Council is within the legislated percentage of 33%. The calculations for shift allowances, acting allowances and standby allowances have a huge impact on the budget in respect of employee costs.
3. Council take note that the inclusion of insurance paid on behalf of Councilors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.
4. The capital budget to the amount of **R 36 567 000** as set out in the Municipal Budget Document as well as the relevant appropriation votes and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2016/2017 Financial year.
5. The current cash flow situation of Council is under severe pressure and the following cost containment measures are recommended for continued implementation in terms of National Treasury Circular 70,72 and Circular 82 to ensure that council continue to service its monthly liabilities:
  - 5.1 Travel claims be paid with the monthly payroll run upon the submission of supporting documents;
  - 5.2 Service providers be paid on the following specified days in a month:

- From the 1<sup>st</sup> to 6<sup>th</sup> are non-paying days, due to month end procedures
  - Payments for invoices received from the 1<sup>st</sup> until the 14<sup>th</sup> be paid by no later than the 20<sup>th</sup> or the next working day
  - Invoices received from the 15<sup>th</sup> until the 24<sup>th</sup> of a month be paid by the 27<sup>th</sup> or the next working day;
  - Invoices received after the 24<sup>th</sup> be paid in the following month;
- 5.3 No overtime will be paid in excess of 40 hours per month, excluding essential services such as water, electricity, sanitation, fire and cemeteries that is pre-approved by the Head of Department. Overtime in excess of 40 hours be converted into time off in lieu of overtime.
- 5.4 Refreshments be provided only for external meetings attended by external stakeholders where possible as per the cost containment measurements.
- 5.5 Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration.
- 5.6 Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.
- 5.7 The number of employees travelling to conferences or meeting on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.
- 5.8 Meetings, workshops and training events be held at the venues of the municipality at most (depending on the capacity to be accommodated) and no outside facilities (at a cost) be approved for internal stakeholders meetings;
- 5.9 Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies;
- 5.10 Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred.
- 5.11 Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount.
- 5.12 Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection.
- 5.13 Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment and the use of existing facilities and equipment is encouraged.

5.14 Any other cost containment measures as determined by the Accounting Officer in terms of these circulars.

6. The supporting information contained in the 2018/2019 to 2020/2021 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.
7. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2018/2019 financial year for implementation with effect from 1 July 2018.
8. The indicative medium term budgets for the 2018/2019 and 2020/2021 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium term budget of the Victor Khanye Local Municipality.
9. Council take note of the following budget related policies attached as **ANNEXURE BSC 01 – 1** and approve all amendments to such policies:
  - 9.1. Indigent Policy
  - 9.2. Tariff Policy
  - 9.3. Debt collection and Credit Control Policy
  - 9.4. Provision for doubtful debt and write off Policy
  - 9.5. Cash Management and Financial Procedures Policy
  - 9.6. Supply Chain Management Policy
  - 9.7. Property Rates Policy
  - 9.8. Petty Cash Policy
  - 9.9. Inventory Policy
  - 9.10. Asset Management Policy
  - 9.11. Virement Policy
  - 9.12. Loss control Policy
  - 9.13. Contract Management Policy
  - 9.14. Monitoring and Evaluation of Service Providers Policy
  - 9.15. Creditors and Staff Payment Policy
10. Service delivery objectives and plans (SDBIP) for each of the votes as set out in the 2018/2019 Municipal Budget Document be drafted and submitted to the Executive Mayor for approval and tabled in Council for notification.

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## VICTOR KHANYE LOCAL MUNICIPALITY



## OVERVIEW OF ANNUAL BUDGET PROCESS

2018/2019

This section provides an overview of the budget process followed to compile the draft budget tabled by the Executive Mayor on 29 March 2018 in Council.

The 2018/2019 budget process commenced with the approval of the time schedule of key deadlines by Council during a Council meeting.

A review of the 2018/2019 budget together with the indicative medium term for the outer two years was performed after the mid-year assessment was done during January 2016. Based on this assessment, by the different Directorates, it was resolved to move towards a more realistic activity based budget with the objective to ensure a credible budget that is funded by realistic revenue sources.

It was the objective to ensure that the budget addresses the following issues:

- Focus on municipal priorities
- Alignment with the Integrated Development Plan
- Visible service delivery
- Political oversight
- Compliance to legislation

Through policy direction as well as prioritization, it was ensured that political leadership formed the base of the budget process. Through the political oversight during the budget process, it was ensured that the political executive engaged with the different stake holders.

The level of service was one of the main considerations with an emphasis on the basic needs as well as affordability for both the community and Council. Although an all inclusive process was followed, it was needed to prioritize the expenditure focus due to limited income resources.

## 2018/2019 BUDGET PROCESS TIME SCHEDULE OF KEY DEADLINES

Headlines in terms of the MFMA
Quarterly report on budget execution
Annual report on financial performance
Annual report to AG, NT & MPG
Annual report on mid-year performance/
Annual report on budget and public service delivery