



DETAILED BUDGET PROCESS PLAN 2014/2015

ACTIVITIES RELATING TO NEW BUDGET FOR THE NEXT YEAR
JULY 2013
<p>Establish the budget team. The team would be representative of each department. Department would be requested to confirm nominations to the team. The BTO would be the co-coordinator and facilitator of the team.</p> <p>Review the IDP and Budget processes undertaken for the previous year budget preparation, and adapt the processes to address deficiencies, develops improvements and ensure integration of processes “NEXT 3 YEARS “budgets.</p> <p>Establish the schedule for the next cycle.</p> <p>Ensure technical systems, procedures and standardized documentation are in place.</p> <p>Present the budget process plan to the HOD meeting.</p> <p>Review external mechanisms for possible changes for agreements impacting on next budget.</p>
AUGUST 2013
<p>Based on financial statements of the previous year and performance review, determine the financial position of the municipality and assess its financial capacity and potential impacts on future strategies and budgets.</p> <p>The budget process plan to Executive Committee and adopted by Council on August 2013.</p> <p>Advertise the budget process and schedule – by end August.</p>
SEPTEMBER 2013
<p>Budget team to make suggestion on any structural changes to the budget.</p>



The Executive Committee to establish the future directions and priority areas for the municipality to guide the budget allocations.

Set parameters for the next 3 years based on market trends and other information available:

- Tariff increases
- Salary increases
- General expenses
- Repairs and Maintenance
- Key Changes to be reflected considering all strategies and Studies
- Develop priority areas
- Reflect on all factors that could potentially impact on future budgets

Confirm existing and set new policy priorities for next three years.

Determine the funding / revenue envelop potentially available for next three years.

The main municipal strategic plan should take place, and the mini strategic plans to commence in the next month giving the departments enough time to budget for all the operations in their operational plans.

- Infrastructure Grants – MIG
- Electrification
- Small Town Development
- Rural Households Infrastructure Grant
- Recurrent Grants- MSIG
- Recurrent Grants- FMG
- Equitable Share

Determine the most likely financial outlook and identify need for changes to fiscal strategies.

Refine funding policies including tariff structures, if necessary.

Consider any relevant adjustment to powers & functions.

OCTOBER 2013



National Government determines co-ordinate pricing regime for next three years.

Municipalities received other inputs from National and Provincial Government and other bodies on factors influencing the budget- reference to legislation and completed studies.

Prepare drafts for IDP and the capital and operational plans with cost and revenue estimates.

HOD's to assess the Human Resource component of the operating budget for the next year and for the two following years and make submission to the BTO. Submission would include full motivation for each post and assessment must take into consideration all known studies, establishment plan [organogram] and any other future developments over the next three year that would require a provision for costing.

The submission on HR would then be considered by the Municipal Manager in consultation with each HOD, to be facilitated by the BTO.

The submission on the Municipal Resources component of the budget to be provided to the HR department. The HR department would then be responsible for determining the cost associated with the submission. This information is then be captured by the team.

HR to also calculate required budget amount for the Leave Gratuity Fund

Analyze current budget in anticipation of an adjustments budget for next current year.

NOVEMBER 2013

Departments are to determine operating income /costs linked to the budget categories

- General expenses
- Repairs and Maintenance
- Capital outlay
- Financing charges

The BTO will be instrumental in determining budget for:

- Insurance
- Interest and Allowances
- Provision for Bad Debts



Interest earned

These costs are to be submitted to the BTO for inclusion in a line item budget designed for three years, the templates will be provided by the finance department.

Department to consider projections on past performance and adjusted for known commitments(e.g. backlogs) and asset maintenance requirements,

Adjust plans to align with resources available and policy priorities.

Finalise preliminary options text summaries for each cost/functional center on what is contained in the operating budget and, what the key objectives / measurable outputs are. A generic format for submissions will be suggested by the BTO which will be in line with national prescriptions.

Administration Department to ensure Council meeting schedules for late March and late May each year, and Budget Office to confirm dates for HOD forum's and Executive committee meetings for the next calendar year in order to feed into the March and May Council dates.

DECEMBER 2013

The submissions are to be consolidated by the BTO with all working papers that would have been submitted in support of the proposed operating budget.

The BTO will keep a central file on all budget assumptions.

Consider again any relevant adjustments to powers and functions

JANUARY 2014

Continue finalisation of detailed plans and budgets.

National and Provincial accounting officers finalise any adjustments to projected allocations for next three years.



Conduct and assess mid year review of current budget for impacts on budget for next three years. Also incorporate any changes from National and Provincial government on three year allocations. Table the assessment in council.

Review tariffs and charges and develop options for changes to be included in draft budget.

Incorporate changes in preliminary budget and IDP proposals to make account of assessment for mid-year review and consultations on tariffs.

The BTO to determine the allocations for projects to be financed from levies for the next three years. The IDP targets will determine the splitting of these funds.

Refer IDP process for project identification. Projects are to be linked to strategies.

Asset the performance of the municipality during the first half of the financial year, taking into account:

- 1) Monthly statements referred to in section 71 for the first half of the financial year.
- 2) SDBIP during the first half of the financial year.
- 3) The past year's annual report, and progress on resolving problems identified in the annual report; and
- 4) Assess whether there will be a need for an adjustments budget or not.

Submit the Mid-year budget and performance assessment to council no later than 25th of January for approval and submit to Provincial and National treasury.

FEBUARY 2014

Submit adjustments budget for current year to Council no later than the 28th of February.
Submit adjustments budget to National Treasury

Published current year adjustments budget on the website.

Finalize detailed draft budget in uniform formats.

MARCH 2014

Executive committee receive budget and IDP

The budget presented to the Executive Committee includes a high level summary and is supported by the budget – forecasting model and reflect over a period of three years.



Presentations to the Executive Committee will include a cash flow reflection and balance sheet for the next 3 years. A list of assumptions is to be included.

Submit tabled budget to National Treasury

Forward copy of budget and updates to IDP of National and Provincial Government for review, both electronically and in printed format.

Intergrate and align the budget and IDP documentation.

Finalise budget for next three years in prescribed formats.

Executive Committee adopts budget.

Mayor tables the draft budget in council by latest 31 March 2014 [Legislative compliance]

Council debates draft budget and updated IDP

APRIL 2014

Advertise budget, inviting comments and undertake community consultation on budget and updated IDP.

Receive and analyze additional inputs from community and National and Provincial Governments.

Incorporate feed back from community and national and provincial government and if required revise the budgets updates tabled in council.

Assess impacts on budget from third quarter results of the current financial year and if necessary revise the budget and IDP updates tabled in Council.

MAY 2014

Mayor presents final budget and IDP incorporating community input in council –no later than 31 May.



Municipal Council approves budget and IDP by 31 May. [Budget for current year and notes budget projection for the two years thereafter]

Complete the Annexures required by National Treasury and submit in flat file format to the National Data Base for Local Government Budget.

Appoint company to design and print the budget for public distribution.

Advise Provincial Treasury & Auditor General of banking details.

JUNE 2014

Publish tariffs for 2014/2015 in Provincial Gazette and Local Newspapers.
Publish budget and IDP and forward copy of approved budget to National and Provincial Government.

Finalize the budget implementation plan.

Budgets are to be received from the design house and distributed internally to Councilors and Officials.

Budget is to be sent to the relevant National and Provincial Departments for noting.

Publish the budget on Councils Official website.

Advise Auditor General of bank accounts including type, number opening and closing balances.