

ITEM 48:

2010/2011 BUDGET ROLLED OVER TO 11/12 IDP BUDGET

PURPOSE OF THE REPORT

The purpose of the report is to submit the 2010/2011 unspent budget rolled over to the 2011/2012 IDP budget on projects of the Waterberg District Municipality to Council for approval.

STATUTORY/LEGAL REQUIREMENT

Section 19 of the MFMA reads as follows:

“19. (1) A municipality may spend money on a capital project only if—
(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);
(b) the project, including the total cost, has been approved by the council;
(c) section 33 has been complied with, to the extent that that section may be applicable to the project; and
(d) the sources of funding have been considered, are available and have not been committed for other purposes.
(2) Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider—
(a) the projected cost covering all financial years until the project is operational; and
(b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
(3) A municipal council may in terms of subsection (1)(b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.”

Section 28(e) of the MFMA reads as follows:

“an adjustment budget may authorise the spending of funds that were unspent at the end of the financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the council”

Paragraph 9 of the Municipal Budget & Reporting regulations (MBRR) indicates that:

The annual budget and supporting documentation must be in the format specified in Schedule A and include all the required tables, charts and explanatory information.

MBRR paragraph 13 states that:

All capital projects must be approved by Council. If a new project is added, the MM must make this public within 10 days after Council approval. Capital projects of which the total projected cost is below 5% of the municipality's revenue where the total revenue of WDM does not exceed R 250 million, may be approved by Council individually or as part of a consolidated capital program.

Paragraph 14 of the MBRR indicates that:

An annual budget and supporting documentation tabled in a municipal council must be in the format in which it will eventually be approved by Council and be credible and realistic such that it is capable of being approved and implemented as tabled.

MBRR paragraph 23 states that:

An Adjustment Budget to approve the roll-overs of the prior year must be approved by Council by 25 August annually if there are roll-overs on projects.

MBRR Chapter 6 Unauthorised, Irregular or Fruitless & Wasteful Expenditure states that:

Section 32 expenditure incurred in the 10/11 financial year must be investigated and be reported to Council for consideration.

BACKGROUND, EXPOSITION, FACTS AND PROPOSALS

The new Municipal Budget and Reporting Regulations, Notice 393 of 2009, Government Gazette no 32141 dated 17 April 2009 (MBRR) was effective for high capacity municipalities from 1 July 2009 and is effective for medium and low capacity municipalities (like Waterberg District Municipality) on budgets prepared from 1 July 2010.

In compliance with the Municipal Budget & Reporting Chapter 6 Unauthorised, Irregular or Fruitless & Wasteful Expenditure - Section 32 expenditure incurred in the 2010/2011 financial year is still being investigated by the MM and Legal Services and is still to be reported to Council for consideration.

Projects rolled over from prior years

An amount of R 23,966,689 is to be rolled over from the 10/11 budget year and this was not included upon approval of the 11/12 budget approved in April 2011 as the exact amount of the roll-over could not be determined before 30 June 2011. This is the unspent amount of the 10/11 IDP excluding savings identified on these and other projects. The projects are in the process of being implemented and the majority should be completed by the December 2011. Attached per Annexure A (a detailed project list) and B (projects per priority on the MBRR required table) is the list of projects that is requested to be rolled over from previous financial years. The total budget of these projects was R 40,304,727 of which R 16,338,038 was spent by 30 June 2011.

The savings identified on roll over project budget was transferred to the 11/12 accumulated surplus and will be utilised to fund the budget adjustments increase, if any, in the 11/12 Adjustment Budget which is to be submitted to Council in February 2012. The remainder will be utilised in the 12/13 IDP.

STAFF IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Total 2010/2011 Roll Over Budget R 23,966,689

OTHER PARTIES CONSULTED

WDM Section 57 managers
WDM Divisional managers

ANNEXURES

Annexure A - Detailed project listing of 11/12 Roll Over projects
Annexure B - Supporting Table SA37 11/12 Roll Over projects

AUTHORITY

- Municipal Finance Management Act, No 56 of 2003
- MFMA Circular No 51 of 19 February 2010
- Municipal Budget and Reporting Regulations, Notice 393 of 2009, Government Gazette no 32141 dated 17 April 2009

RECOMMENDATIONS

That:

1. The report by the Executive Mayor regarding the 2010/2011 Projects Rolled Over to the 2011/2012 Budget of the Waterberg District Municipality contained in the agenda, be approved.
2. Council approve the 2010/2011 Roll Over Budget of R 23,966,689 for the 2011/2012 financial year.