

**15.
TIME SCHEDULE FOR THE 2021/22 INTEGRATED DEVELOPMENT PLAN (IDP)
REVIEW/ BUDGET PROCESS**

5/1

RG Louw

27 July 2020

Senior Manager: Strategic Services

(028) 313 8071

1. Executive Summary

To inform Council of the time schedule for the Integrated Development Plan (IDP) review process as well as the compilation of the Budget for the 2021/22 financial year. This time schedule will be for the 4th (final) review of the current 5 year IDP (2017/2022) approved on 31 May 2017.

2. Service Delivery and Budget Implementation Plan - IGNITE

Management Services
Strategic Services

3. Compliance with Strategic Priority/ies

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services
Creation and maintenance of a safe and healthy environment
The encouragement of structured community participation in the matters of the municipality
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

Sections 28 and 29 (1) of the Local Government: Municipal Systems Act, No.32 of 2000 (MSA)
Section 21(1) of the Local Government: Municipal Finance Management Act, No.56 of 2003 (MFMA)

6. Background

Under Section 21(1) of the MFMA the Mayor must at least 10 months before the start of the new 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 IDP in terms of the Systems Act and the budget related policies;*
- *The tabling and adoption of any amendments to the IDP and the budget related policies, and*
- *Any consultative processes forming part of the processes referred to above.*

The tabling of the time schedule is thus a legislative competency reserved for the Executive Mayor.

Discussion

The drafting of the municipality's IDP review and Budget compilation process is to run concurrently and the time schedules are therefore consolidated into the IDP review/Budget schedule. The key budget deadlines in the time schedule were discussed with the Senior Manager: Financial Services and the Budget Office for endorsement.

The nationwide lockdown due to the COVID-19 pandemic might impact on the consultation mechanisms used during the IDP review and Budget process.

EXTENSION TO TIMELINES FOR SUBMISSION OF ANNUAL FINANCIAL STATEMENTS, ANNUAL REPORTS, AUDITS AND RELATED MATTERS IN TERMS OF THE MFMA CIRCULAR NO 104

MFMA Circular no 104 provided information to municipalities, municipal entities, auditors and other stakeholders, on the Ministerial Exemption issued in terms of section 171(1)(b) of the MFMA, "Gazette" published on 05 August 2020, (this consideration with the focus on the legislated submission of the Annual Financial Statements (AFS) on 31 August 2020, as referred to in Annexure A to this report), as follows:

- 2.1 The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight reports and associated processes.
- 2.2 The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated."

The Finance Directorate confirms that the drafting of the Annual Financial Statements are currently in progress in following the time-lines in accordance with the year-end plan, inclusive of the review process, although the process of obtaining information/submissions from role-players is more cumbersome and

entails dedicated follow-up and effort due to the adjustment related to COVID-19 impact (working from home, staggered approach, et cetera).

In the event of circumstances that qualifies for impact/event beyond our control, this matter will be re-considered in view of mentioned circular.

Conclusion

In terms of the IDP, this time schedule details the process for the 4th (final) review of the current 5 year IDP of 2017/2022.

This report seeks to ensure compliance with the relevant provision of the MFMA. The time schedule for the 2021/22 IDP review/ Budget process is attached as Annexure A to this report.

7. Financial Implications

Provision has been made for the costs of the above process in the 2020/21 operational budget.

8. Staff Implications

The IDP review and Budget compilation processes will be undertaken by internal staff.

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Time schedule for the 2021/22 IDP review/ Budget process

Annexure B: MFMA Circular no 104

RECOMMENDATION TO THE COUNCIL:

that the schedule of key dates for the 2021/22 compilation of an IDP review/ Budget process **be noted**.

RESPONSIBLE OFFICIAL :

RG LOUW

TARGET DATE FOR IMPLEMENTATION :

28 AUGUST 2020

TIME SCHEDULE FOR THE 2021/22 IDP REVIEW AND BUDGET PROCESS OF OVERSTRAND MUNICIPALITY
4th (FINAL) REVIEW OF THE CURRENT 5 YEAR IDP – 2017/2022 AND IN CONSIDERATION OF THE COVID-19 PANDEMIC

* The nationwide lockdown due to the COVID-19 pandemic might impact on the consultation mechanisms used during the IDP review and Budget process. Either virtual platforms and or contact meetings will be used depending on the COVID-19 situation.

Final to Council – 26.8.2020

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22
		2019/20 FINANCIAL YEAR	2020/21 FINANCIAL YEAR	BUDGET TIME FRAME
JUNE-OCTOBER 2020				
PREPARATION PHASE				
District IDP Managers & DLG pre-planning engagement to ensure alignment and integration of IDP/Budget Time Schedules (*virtual platform)	Strategic Office			30-June-20 & 16-July-20
Budget Office provide key budget timelines to Strategic Office for inclusion in the IDP review/ Budget time schedule	Budget Office			By 24-July-20
DLG: IDP assessment outcomes engagement (*virtual platform)	Provincial IDP Directorate (DLG)/ District IDP Managers			24-July-20
District IDP Managers Forum – district provide feedback to local municipalities on Provincial/District IDP Coordinators engagement	ODM IDP Manager/ B-mun IDP Managers / Strategic Office			Aug-20 (TBC)
Table in Council a budget and IDP time schedule of key deadlines (Every year- at least 10 months before the start of the budget year)	Strategic Office			26-Aug-20
Place public notice on the IDP review and Budget time schedule approval	Strategic Office			3-Sept-20
Submission of the time schedule to ODM, the Provincial Government and National Government	Strategic Office/ Budget Office			4-Sept-20

TASK/ ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close off 2020/21	2021/22
		FINANCIAL YEAR	FINANCIAL YEAR	BUDGET TIME FRAME
ANALYSIS, STRATEGY AND PROJECT PHASES				
Budget Office to submit Current 3 year capital budget and 2 years future planning to Strategic Office	Budget Office			31-July-20
Snr Managers for the respective administrations receive prioritised Wish list from Strategic Office of previous project requests for Ward Committees to review (including the Current 3 year capital budget from Budget Office)	Strategic Office/ Budget Office			21-Aug-20
Ward committees meet to review current needs on the wish list	Snr Managers for the respective administrations			Sept-20
Public ward feedback meetings- Ward committees obtain public input for draft Ward requests (ward specific projects) and draft reviewed prioritised ward wish list for the 2021/22 financial year	Ward Committees/ Snr Managers for the respective administrations			14-18-Sept-20
Snr Managers for the respective administrations submit draft Ward requests to the Budget Office and draft reviewed prioritised wish list to the Strategic Office	Snr Managers for the respective administrations			21-Sept-20
Review status of Budget Portal functionality and MTREF budget information and scoping of new budget methodology (IDP, Projects Segmentation & Revised Project Codes)	Bytes/Budget Office			21 Sept-20
Mayoral Strategic session with Management and Councillors (Determine strategic direction for the 2021/22 IDP review)	Strategic Office			21-Sept/ 5-Oct-20
District IDP Managers Forum – district provide feedback to local municipalities on Provincial/District IDP Coordinators engagement	ODM IDP Manager/ B-mun IDP Managers / Strategic Office			Sept-20 (TBC)
Top Management Meeting with MM (Directors & Budget Office) to discuss budget proposals and budget affordability	TMT/Budget Office			6-9-Oct-20
Budget Steering Committee (BSC) Meeting - Direction on proposed Tariff increases & increases in Revenue , Expenditure and Capital & Ward Specific Allocations	Budget Steering Committee			6-9-Oct-20
Senior Managers for the respective administrations receives directive from Budget Steering Committee (BSC) on draft ward requests	TMT/Budget Office			12-Oct-20

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22
		2019/20	2020/21	BUDGET
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
(After BSC meeting)				
Based on BSC directive, Ward Committees meet for finalisation of their ward projects and reviewed prioritised wish list	Snr Managers of the respective administrations			12-16-Oct-20
Budget Office issue directive together with the current approved three year capital budget and 2 years future planning to directors and project managers to review existing projects on the two outer years and prioritise projects for the third outer year (2023/2024) as well as the 2 years future planning projects for a 5 year horizon.	Budget Office			
Snr Manager Revenue sends Tariff Lists to Directors for review	Snr Manager Revenue			16-Oct-20
Snr Managers of the respective administrations submit final ward projects to Budget Office and final reviewed prioritised wish list to Strategic Office	Snr Managers of the respective administrations			16-Oct-20
Strategic office distribute final reviewed prioritised ward wish list to Directorates for their response by 02 November 2020	Strategic Office			22-Oct-20
Mayoral directional IDP/Budget Speech	Executive Mayor			26 Oct-20
District IDP Managers Forum – district provide feedback to local municipalities on Provincial/District IDP Coordinators engagement	ODM IDP Manager/ B-mun IDP Managers / Strategic Office			28-Oct-20
INTEGRATION PHASE				
Directors submit draft 3 year MTREF capital proposals of existing projects on the two outer years and prioritised projects for the third outer year (2023/2024) as well as the 2 years future planning projects for 5 year horizon.	Directors			02-Nov-20
Final review of Budget Portal for readiness	Bytes/Budget Office			6-Nov-20
Budget office issue directive to budget holders regarding the compilation of the 2021/22 – 2023/24 OPEX Budget	Budget Office			6-Nov-20
Directors to submit Tariff proposals to Snr Manager Revenue	Directors			6-Nov-20
Budget Steering Committee Meeting - To discuss & review capital budget requests (ROUND1)	Budget Steering Committee			9-13-Nov-20
Workshop on Tariffs and Tariff Related Policies	Budget Office			9-13-Nov-20
Bytes Budget Portal update where necessary with new IDP Strategic objectives/Focus Areas/Programmes/Projects and Sub-projects	Bytes/Strategic Office/Budget Office			16-20-Nov-20
Additional Training if required for all Budget Holders on the new Bytes Budget Portal for OPEX and CAPEX Budgets (Project Based Approach)	All Budget Holders/Budget Office			Nov-20 (TBC)

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22 BUDGET TIME FRAME
		2019/20 FINANCIAL YEAR	2020/21 FINANCIAL YEAR	
(Depending on System Functionality)				
Capturing of Opex & Capex budgets on the Budget Portal (Depending on System Functionality)	All budget Holders			Nov-20 (TBC)
Directors to submit New Post requests to HR & Salary Office	Directors			20-Nov-20
Managers to submit Final List of Overtime, Essential etc. to Salary Department	Managers			20-Nov-20
HR/Salary Office to submit requests for new staff/posts to the Budget Office	HR			30-Nov-20
Strategic Integrated Municipal Engagement (SIME)	Western Cape Department of Local Government (DLG) coordinate			Nov-20 (TBC)
District IDP Managers Forum – district provide feedback to local municipalities on Provincial/District IDP Coordinators engagement	ODM IDP Manager/ B-mun IDP Managers/ Strategic Office			Nov-20 (TBC)
Budget Office to distribute Year-to-Date Opex & Capex performance for 2020-2021 for Mid-Year review proposals				
Provincial IDP Managers Forum (Subject to the National State of Disaster on COVID-19)	Budget Office		01-Dec-20	
Closing of the Opex budgets on the Budget Portal (Depending on System Functionality)	Local/ Provincial alignment- Quarter 3 Provincial engagement – Strategic Office			Dec-20 (TBC)
Snr Manager Revenue to submit Draft Tariff list and proposed Revenue to Budget Office	Budget Office			Dec-20 (TBC)
Salary Office to submit draft three year salary budget & WCA estimates to Budget Office (Current staff establishment)	Snr Manager Revenue			04-Dec-20
Asset Management to submit draft three year depreciation budget (Asset register 2021) to Budget Office	Salary Section			04-Dec-20
Costing Section must provide Draft Recharges/ Departmental charges to Budget Office	Asset Management			04-Dec-20
Cash management to submit draft three year Interest & Redemption (Loan register 2021) to Budget Office	Costing Section			04-Dec-20
Fleet Management to submit Draft Vehicle Budget: Fuel & Maintenance to	Cash Management			04-Dec-20
	Fleet Management			04-Dec-20

TASK/ ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close off 2020/21	2021/22
		FINANCIAL YEAR	FINANCIAL YEAR	BUDGET TIME FRAME
Budget Office				
Accounting Services to submit provisions and operating leases estimates to budget office	Accounting Services			04-Dec-20
Directors confirm budget position of information captured on the Budget Portal for their respective directorates	Directors			Dec-20 (TBC)
Directors return Mid-Year review requests to Budget Office	Directors		4-Dec-20	
Budget Steering Committee Meeting - Mid Year Review (2020/2021 Budget): Consider proposals for adjustments budget (Capex & Opex) and Review Draft Capex & Opex budget for 2021-2022 to 2023-2024 & finalisation of new posts	Budget Steering Committee		07-11-Dec-20	07-11-Dec-20
Budget Office distributes the Mid-Year Review (Capex & Opex) Changes for final verification	Budget Office		18-Dec-20	
Budget Office distributes the status on the Draft Capex & Opex budget for 2021-2022 to 2023-2024	Budget Office			18-Dec-20
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Compilation of Mid-Year Review Report (2020/21)	Budget Office/ Strategic Office		11-15 Jan-21	10-14 Jan-22
Statistical Information reports for New Budget Formats distributed to applicable Directors & Managers for completion (A-Schedule)	Budget Office			17-Jan-20
Submit Mid-Year Review (MYR) Report to Mayor	Budget Office/ Strategic Office		25-Jan-21	25-Jan-22
Table Mid-year Review (MYR) in Council	Budget Office/ Strategic Office		27-Jan-21	26-Jan-22
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Budget Steering Committee Meeting - Final discussion of Tariffs & Final Adjustment Budget Review (2020/2021 Budget)	Budget Steering Committee		04-Feb-21	
Review Budget Related Policies	Budget Committee/Councillors/ Directors/Managers			4-11-Feb-21
Responsible officials confirm final salary, depreciation, departmental charges, interest & redemption, vehicle costs, provisions & op. leases	Salary Section Asset Management			5-Feb-21

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22
		2019/20 FINANCIAL YEAR	2020/21 FINANCIAL YEAR	BUDGET TIME FRAME
budget information to the Budget Office	Costing Section Cash Management Fleet Management Accounting Services			
Snr Manager: Revenue submits Final revenue projections & Tariffs to Budget Office	Snr Manager Revenue			5-Feb-21
Budget Office distributes Draft Capex & Opex budget for 2021-2022 to 2023-2024 for BSC meeting	Budget Office			19-Feb-20
Budget Steering Committee Meeting - To discuss final draft Opex, Capex and revenue projections	Budget Steering Committee			22-26 Feb-21
Compile Adjustment Budget (2020/2021 Budget): NT Reports and working papers (B-Schedule)	Budget Office		1-19-Feb-21	
Final Review of 2020/2021 Adjustment Budget documents	Budget Office		17-19-Feb-21	
Provincial IDP Indaba 2 / MGRO 2 (Coordinated Dept. LG- IDP Directorate)	Strategic Office/ MM/ Directors			Feb-21
District IDP Managers engagement to discuss alignment of Draft 4 th Reviews (Coordinated by ODM- IDP Manager)	Strategic Office			Dept. LG (TBC)
Technical Integrated Municipal Engagement (TIME)	Strategic Office/ MM/ Directors			Feb-21
(Coordinated Dept. LG- IDP Directorate)	Strategic Office/ MM/ Directors			Dept. LG (TBC)
Start with the compilation of Draft Service Delivery and Budget Implementation Plan (SDBIP) for 2021/22	Strategic Office/ Directors			19-Feb-21
Budget Office send Final list of new posts to Salary Department after discussion with BSC	Budget Office			26-Feb-21
Directors and Managers return final Statistical Information with final sign off by Directors to verify information submitted	Directors/Managers			26-Feb-21
Directors and Managers confirm final operational and capital budget proposals to Budget Office	Directors/Managers			26-Feb-21
Managers confirm final depreciation, salary budget and interest & redemption, Recharges/ Departmental charges to Budget Office	Relevant Managers			26-Feb-21
Snr Manager Revenue Dept. confirm Draft tariffs & Revenue Projections to Budget Office	Snr Manager: Revenue			26-Feb-21
Update & Balance 3yr Budget Info for Opex & Capex	Budget Office			22-26 Feb-21
Review Draft I/E and Capital Budget status	Budget Office			22-26 Feb-21

TASK/ ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close off 2020/21	2021/22 BUDGET
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
Compile Draft Cash Flow	Budget Office			22-26 Feb-21
Managers to submit Final Policies to CFO	Managers			26-Feb-21
Submit Electricity Tariffs to NERSA	Snr. Manager: Revenue			26 Feb -21
Managers to submit Activity/ Business Plans for Grants to Budget Office	Budget Holders			26 Feb -21
Overstrand Municipal Advisory Forum (OMAF) Meeting - 2021/22 IDP focus areas & preliminary budget proposals for 2021/22	OMAF - Ward Com/Mayor/Councillors/ Directors /Managers			22 Feb-5 Mar-21
Budget Steering Committee Meeting – Review of final draft Opex, Capex & revenue budgets				
Provincial IDP Managers Forum (Subject to the National State of Disaster on COVID-19)	Budget Steering Committee			01-05 Mar-21
Finalise the draft IDP review for 2021/22	Local/ Provincial alignment- 4th Quarter Provincial engagement – Strategic Office			Mar-21 (TBC)
Finalise draft reviewed Water Services Development Plan (WSDP) for 2021/22	Strategic Office			1-23 Mar-21
Update & Balance Financial System with 3yr Budget Info	Engineering Planning			1-23 Mar-21
Finalisation of Draft Opex & Capex Budgets working papers and updating and balancing of A Schedule	Budget Office			01-19 Mar-21
Budget Office send financial information to Strategic Office for Draft IDP review & draft SDBIP	Budget Office			01-19 Mar-21
Budget Office compile Draft Budget Report, Schedules & Agenda Item	Budget Office			19-Mar-21
Budget Office does Final Review of Draft Budget Report & Schedules	Budget Office			22-23 Mar-21
Printing & Binding of Draft Budget Report & Electronic Files	Budget Office			24&25 Mar-21
Prepare advertisements for Draft IDP review and Draft Budgets for comments	Budget Office / Strategic Office			25-26 Mar-21
Budget Office distributes Draft Budget Report to Mayoral Committee, Whips & TMT	Budget Office			23 -24 Mar-21
Draft IDP review, Draft reviewed Water Services Development Plan (WSDP), draft Budget and draft SDBIP tabled in Council	Budget Office / Strategic Office / Engineering Planning			29 Mar-21
Submit Draft IDP review/Draft Budget files to Provincial Treasury after	Budget Office /			31-Mar-21 (TBC)
				31-Mar-21

TASK/ ACTIVITY	RESPONSIBILITY	Close-off 2019/20	Close off 2020/21	2021/22 BUDGET
		FINANCIAL YEAR	FINANCIAL YEAR	TIME FRAME
Council Meeting	Strategic Office			
Submission of Draft Budget, data strings and IDP for presentation to National Treasury and any other prescribed organs of state.	Budget Office / Strategic Office			31-Mar-21
Place Draft Budget, Draft IDP review, Draft reviewed WSDP and Draft SDBIP on website	Budget Office / Strategic Office / Engineering Planning			31-Mar-21
Advertise Draft IDP review, Draft reviewed WSDP and Draft Budget for public comment	Budget Office / Strategic Office / Engineering Planning			1-Apr-21
APRIL – MAY 2021				
CONSULTATION & APPROVAL PHASE				
Public comment period	Community			1-30 Apr-21
Public Participation on draft IDP review & Draft Budget	Community/ Councillors/ Top Management/ Area Managers			April 2021
LG MTEC3 Engagement	Provincial Treasury/ Municipal Delegation			end April/ Mid-May -21 (TBC)
Grant champions to submit Final Activity/ Business Plans for Grants to Budget Office	Grant Champions			30-Apr-21
District IDP Managers Forum – district provide feedback to local municipalities on Provincial/District IDP Coordinators engagement	ODM IDP Manager/ B-mun -IDP Managers/ Strategic Office			Apr-21 (ODM to confirm)
Managers to submit Demand Management Plans to SCM	Budget Holders			30-Apr-21
Summarise all community feedback and distribute to the relevant stakeholders for consideration to be included in the Final Budget report	Budget Office			3 May-21
Budget Steering Committee Meeting - Consideration of Budget Comments (Review Budget comments to make decision on comments)	Budget Steering Committee			
Budget Office updates final changes on financial system	Budget Office			5-7 May-21
Budget Office compile Final Budget Report and Schedules	Budget Office			6-8 May -20
Budget Office does Final Review of Budget Report & Schedules	Budget Office			10-14 May-21
Printing, Binding and Electronic Media of Final Budget Report	Budget Office			17 -18 May-21
Distribution of Final Budget Report and submit report to Council Support	Budget Office			18-19 May-20
	Budget Office			19-May -21

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22
		2019/20 FINANCIAL YEAR	2020/21 FINANCIAL YEAR	BUDGET TIME FRAME
Services				
Approval of Final IDP review, Final reviewed WSDP and Final Budget by Council	Budget Office / Strategic Office / Engineering Planning			26- May-21 (TBC)
IMPLEMENTATION PHASE				
Provincial IDP Managers Forum	Local/ Provincial alignment- 1 st Quarter Provincial engagement – Strategic Office			June-21 (TBC)
Place Final IDP review, Final reviewed WSDP and Final Budget documents on the website	Strategic Office/ Budget Office			1- June-21
Place notice of Final IDP review & Final reviewed WSDP in the media	Strategic Office / Engineering Planning			3-June-21
Advertise Final Budget and Tariffs in the media	Budget Office			3-June-21
Submission of Final Budget and data strings and Final IDP review to National and Provincial Treasury	Budget Office / Strategic Office			9 June-21
Municipal Manager submits final SDBIP and draft performance agreements of Section 57's to Executive Mayor	Municipal Manager			9-June-21
Review Capital & Operational Budget on Financial System after ceding	Budget Office			June-21
Advertise Property Rates Tariffs in Provincial Gazette	Senior Manager: Revenue Manager:			19 June-21
Publish a summary of Budget in Bulletin	Communications			15-June-21
Approval of Final SDBIP by Executive Mayor	Executive Mayor			18-June-21
Finalise and approval of the performance agreements of the S54A and S56 appointees	Strategic Office/EM/MM			28-June-21
Compile Electronic Internal Budget Book	Budget Office			21-25 June-21
Place Internal Budget Book on Intranet and inform budget holders	Budget Office			30-June-21
Submit Budget Locking Certificate to National Treasury	Budget Office			15-July-21
REPORTING & REVIEW				

TASK/ ACTIVITY	RESPONSIBILITY	Close-off	Close off	2021/22
		2019/20 FINANCIAL YEAR	2020/21 FINANCIAL YEAR	BUDGET TIME FRAME
Monthly Budget Statement to Municipal Manager and Mayor	Budget Office		Aug 20- Jul 21	Aug 21- Jul 22
Quarterly reporting by Mayor to Council	Mayor		Oct 20, Jan 21, Apr 21, Jul 21	Oct 21, Jan 22, Apr 22, Jul 22
Table adjustments Budget	Budget Office		24-Feb-21	23-Feb-22
Finalise Roll over Projects (Final Amounts)	Budget Office		Jul-21	Jul-22
Table Adjustments Budget for approval of Roll over projects	Budget Office		Aug-21 (TBC)	Aug-22 (TBC)
Table in Council Draft unaudited Annual Report /AFS	Budget Office / Strategic Office		26-Aug-20	24- Aug-22
Submission of annual financial statements to AG	Accounting Services		31-Aug-20	31-Aug-22
Finalise the draft unaudited annual report for submission to AG	Strategic Office		30-Aug-19	31 Aug-21
Submit Adjustments Budget (Overspending), if necessary	Budget Office		23-Jan-20	25-Jan-22
Submit Draft audited Annual Report to Council	Strategic Office		22-Jan-20	19-Jan-22
Finalise Annual Report Comments for Approval	Strategic Office		Feb-March-20	Feb-March-22
Approval of Annual Report	Strategic Office		25-Mar-20	30-Mar-22

NOTES:**Capex- Capital budget****Opex- Operating budget****TBC- Date to be confirmed**

In this time schedule the IDP will be reviewed for 2021/22 in terms of Section 34 of the Municipal Systems Act (MSA), but it may also be amended in terms of Regulation 3 of the Municipal Planning and Performance Management Regulations, 2001.

***** This is preliminary scheduled dates and subject to change.**



NATIONAL TREASURY

MFMA Circular No 104

Municipal Finance Management Act No. 56 of 2003

EXTENSION TO TIMELINES FOR SUBMISSION OF ANNUAL FINANCIAL STATEMENTS, ANNUAL REPORTS, AUDITS AND RELATED MATTERS IN TERMS OF THE MFMA

1. PURPOSE

1.1 The purpose of this Circular is to provide information to municipalities, municipal entities, auditors and other stakeholders, on the Ministerial Exemption issued in terms of section 171(1)(b) of the MFMA, "Gazette" published on 05 August 2020. This Circular and the Exemption Notice are available and can be accessed on the MFMA webpage, using the following link <http://mfma.treasury.gov.za/Pages/Default.aspx>.

2. BACKGROUND

2.1 The Minister of Finance exempted municipalities and municipal entities from submitting key reports. The notice allows for a two-months delay in the submission of Annual Financial Statements, Annual Reports, Audit Opinions, Oversight reports and associated processes.

2.2 The context of this exemption flows from the Minister of Cooperative Governance and Traditional Affairs' announcement of the national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spread of the Covid-19 virus. Following the initial announcements of the national state of disaster, subsequent extensions and different levels were communicated.

2.3 Whilst the lockdown and restrictions have been eased over time, they are still in force and in effect with direct implications for municipalities, municipal entities, audit processes, amongst others. The lockdown impacts on the ability by municipalities and municipal entities to prepare and submit quality annual financial statements that meet the uniform norms and standards, related reports and processes to discharge their accountability towards the public and report on the utilisation of public funds.

- 2.4 The timing of the phased lockdown also had a knock-on effect on availability of municipal staff, which impacted on operations and added to the delays in ability to prepare AFS, undertake procedures such as the physical verification of assets, meter reading, revenue management, valuations, finalising supporting documentation and concluding reconciliations. There are similar impacts on the quality assurance processes, annual report, performance report and oversight report procedures and processes. The audit process and timelines by the Office of the Auditor-General to perform its audits, is also extended accordingly.

3. LEGISLATIVE REQUIREMENTS

- 3.1 The specific sections in the MFMA In terms of the MFMA, the accounting officer of a municipality must prepare the annual financial statements of the municipality or municipal entity and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. Similarly, the accounting officer of a municipal entity must prepare the annual financial statements of the entity and within two months after the end of the financial year to which those statements relate, submit the statements to the parent municipality and the Auditor-General. This means that the 2019/20 annual financial statements must be submitted by 31 August 2020 to the Auditor-General for auditing.
- 3.2 In terms of section 126(1)(b) of the MFMA, all municipalities with sole or effective control of a municipal entity, must prepare consolidated annual financial statements and submit the statements to the Auditor-General for auditing, within three months after the end of the financial year to which those statements relate. This means the 2019/20 consolidated annual financial statements must be prepared and submitted by 30 September 2020.
- 3.3 Other provisions effected by the Ministerial Exemption include sections 127, 129 and 133 of the MFMA.

4. MINISTERIAL EXEMPTION

- 4.1 The effects of this Ministerial exemption are to mitigate anticipated widespread non-compliance with sections 126, 127, 129 and 133 of the MFMA due to the national state of disaster and lockdown restrictions. This provides a further two-month period to municipalities and municipal entities to comply with the MFMA to submit the AFS, annual reports, performance report and its oversight report. It also extends the period for the Office of the Auditor-General to conduct their audits and submission of the audit opinion to auditees, thereafter. This will be

followed by Council Committees engagements and concluding their oversight processes.

- 4.2 The extension will therefore enable municipalities and municipal entities to undertake all the necessary actions, checks and reviews, to ensure that the annual financial statements fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.
- 4.3 In terms of the Ministerial Exemption, municipalities and municipal entities are exempted from complying with the deadlines provided in sections 126(1) and (2), 127(1) and (2) and 129(1) and 133(2) of the MFMA for a period of 2 months, as reflected in the table below. It is advised that all performance reports, required as per Section 46 of the Municipal Systems Act, be equally aligned.

No.	Action	Section	New Outer Deadline
1	The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(a) of the MFMA	31 October 2020
2	The accounting officer of a municipality must in the case of a municipality referred to in section 122(2), prepare consolidated annual financial statements in terms of that section and, within three months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.	Section 126(1)(b) of the MFMA	30 November 2020
3	The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those	Section 126(2) of the MFMA	31 October 2020

	statements relate, submit the statements to— a) the parent municipality of the entity; and b) the Auditor-General, for auditing.		
4	The accounting officer of a municipal entity must, within six months after the end of a financial year, or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality.	Section 127(1) of the MFMA	28 February 2021
5	The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	Section 127(2) of the MFMA	31 March 2021
6	The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council - a) has approved the annual report with or without reservations; b) has rejected the annual report; or c) has referred the annual report back for revision of those components that can be revised.	Section 129(1) of the MFMA	31 May 2021
7	The Auditor-General must submit to Parliament and the provincial legislatures—	Section 133(2) of the MFMA	31 December 2020

	<p>a) by no later than 31 October of each year, the names of any municipalities or municipal entities which have failed to submit their financial statements to the Auditor-General in terms of section 126; and</p> <p>b) at quarterly intervals thereafter, the names of any municipalities or municipal entities whose financial statements are still outstanding at the end of each interval.</p>		
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5. CONCLUSION

5.1 Municipalities and municipal entities must ensure that processes and procedures are aligned to the extended deadlines as outlined in the above table. All the necessary actions must be undertaken to ensure that quality annual financial statements and performance reports are submitted for audits by the outer due dates provided above. All municipalities and municipal entities are encouraged to submit these reports before the due dates, where possible.

6. CONTACT

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