

EXTRACT COUNCIL MINUTES: 31 MAY 2023

UNANIMOUSLY RESOLVED

Item A75/31/05/2023

1. that the adjustment budget of Swellendam Municipality for the 2022/2023 financial year, as set out in the schedules contained in the addendum, and circulated with the agenda be considered and approved as contained in the following prescribed budget tables;
 - 1.1 Tables B1: Adjustments budget summary.
 - 1.2 Table B2: Adjustments Budget Financial Performance (expenditure by standard classification).
 - 1.3 Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote).
 - 1.4 Table B4: Adjustments Budget Financial Performance (revenue by source)
 - 1.5 Table B5 to B10: as well as the supporting tables SB1 to SB19.
 2. that the amendments to the SDBIP be submitted to the Mayor within 14 Days after approval;
 3. that the adjustment budget be publicized in terms of section 21A of the systems act;
 4. that the adjustment budget with SDBIP be submitted to the National and relevant Provincial Treasury.
 5. that the Director Financial Services, Ms E. Wasserman be granted permission to make corrections to the B schedules by moving figures from the other adjustments column to the unavoidable and unforeseeable column.
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Item number A75. 31.05.2023

ADJUSTMENT BUDGET MAY – 2022/2023

Report by the Director Financial Services: Ms E. Wasserman

Department Financial Services

Section Financial Services

File number 2/13

PURPOSE OF REPORT

The purpose of the report is to present the adjustment budget for 2022/2023 to Council for approval due to additional funds allocated to the municipality from the Water Services Infrastructure Grant in respect of the Upgrading of the Barrydale Bulk Water Supply Phase 2 gazetted for the 2022/2023 financial year in the Government Gazette No 48327 dated 29 March 2023. Furthermore, the municipality needs to incur unforeseen and unavoidable capital and operational expenditure.

FACTS AND BACKGROUND

The following changes were incorporated into the adjustment budget:

Capital budget -

The municipality was informed that additional funds were allocated to the municipality from the Water Services Infrastructure Grant in respect of the Upgrading of the Barrydale Bulk Water Supply

Phase 2 gazetted for the 2022/2023 financial year in the Government Gazette No 48327 dated 29 March 2023.

The municipality needs to incur the following unforeseen and unavoidable capital expenditures –

Barrydale (Smitsville) Upgrading Roads and Stormwater (portion 3) – The amount of R 123,550 was transferred from the Railton Bulk Water Pipeline Phase 1.1 because the transfer of funds cannot be made from direct to indirect cost for the Barrydale (Smitsville) Upgrading Roads and Stormwater (portion 3) project funded by the Municipal Infrastructure Grant.

Emergency Capital – The municipality did allocate the amount of R 150,000 for possible emergency capital expenditure that is not currently included in the capital budget.

Landfill site capital restoration cost – The Auditor-General did issue a COMAF to the municipality during the 2021/2022 external audit relating to landfill site capital restoration cost that was not budgeted for in the 2021/2022 financial year. The outcome was that the municipality had to allocate the amount that was determined during the audit which did result in unauthorized capital expenditure.

Inverter for server room – The municipality did allocate an amount of R 160,000 for this purpose due to the increased levels of load shedding. These higher levels of load shedding do have an impact on the sustainability of the generators. The server and the data of the municipality can therefore be at risk.

Emergency housing – The municipality did include an amount of R 50,000 to purchase tents or other types of temporary housing to be able to provide emergency housing when needed.

Furthermore, savings on projects included in the capital budget that was completed or where the estimated cost will be less than budgeted were also reallocated to other projects included in the capital budget for completion and to fund the unavoidable expenditure.

Virements that were processed since the February 2023 adjustment budget, were also included in the May 2023 adjustment budget for notification.

Operating budget

The municipality needs to incur the following unforeseen and unavoidable operating expenditures –

Chemicals for the water treatment works – The municipality did allocate an additional amount of R 600,000 for this purpose. Changes were made to the dosing principles to improve the quality of water which do have additional financial implications.

Chemicals for the sewerage treatment works – The municipality did allocate an additional amount of R 100,000 for this purpose. Changes were made to the dosing principles which do have an additional financial implication.

Fuel for generators – An additional amount of R 215,000 was allocated for this purpose due to the increased levels of load shedding and therefore the excessive use of generators.

As it is imperative and legally required to table a cash-backed budget, the 2022/2023 approved adjustment budget during February 2023, had to be revised to take the above into

account.

The increase in the above-mentioned operating expenditure will be funded out of savings from employee-related costs.

Furthermore, virements that were processed since the February 2023 adjustment budget, were included in the May 2023 adjustment budget for notification.

The adjustment budget will be circulated as a separate addendum.

LEGAL IMPLICATIONS

MFMA Section 28 and Section 29 provide directives and guidelines for submitting municipal adjustment budgets to the Council for adoption and the incurring of unforeseen and unavoidable expenditures.

FINANCIAL IMPLICATIONS

As per the tables circulated to Council. The unavoidable and unforeseeable expenditures both on the capital adjustments as well as the operational budget are fully funded from savings and reallocation of cost.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

None

COMMENTS FROM DEPARTMENTS

Director: Corporate Services

None

Director: Community Services

None

Director: Financial Services

None

Director: Infrastructure Services

None

Municipal Manager

None

RECOMMENDED

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