

ITEM

FINANCES: SPECIAL ADJUSTMENT BUDGET

Report of the Municipal Manager in terms of section 28 of MFMA

STRATEGIC OBJECTIVE

The strategic objective of this matter is under sound financial management and viability.

PURPOSE

To request Council to consider the revised special adjustments budget emanating from the additional funding of **R15 000 000** received from National Treasury for Municipal Infrastructure Grant (MIG) implementation.

DETAILS

The Municipality approved its adjustment budget for 2017/2018 financial year on the 23rd February 2018 in terms of Section 54(1) (c) of the Local Government Municipal Finance Management Act, 2003.

Following the approval of the adjustment budget, the municipality received an additional funding of **R 15 000 000** on Municipal Infrastructure Grant (MIG) in terms of the Division of Revenue Amendment Act (10/2017): Stopping and re-allocation of funds in terms of the Division of Revenue Act (3/2017) and the Division of Revenue Amendment Act (10/2017). There is therefore a need for submission of the revised capital budget with allocation with an increased amount and to also amend the project costing that was originally approved by Council.

MUNICIPAL GRANTS FOR 2017/18			
Description	Total Approved Grants R '000	Adjustment	Adjusted Grants
MIG	R 91 196	R15 000	R106 196

SUMMARY OF THE REVISED CAPITAL BUDGET :

MAKHADO MUNICIPALITY		
PROJECT NUMBER (MIG registration number)	PROJECT NAME	TOTAL REVISED BUDGET FOR THE 2017/18 FINANCIAL YEAR (Rands)
MIG/LP/1432/R,ST/12/15	Sereni Themba to Mashamba post office access Road	R4 000 000
MIG/LP/2111/RST/16/18	Tshikwarani to Zamkomste Access Road	R4 000 000
MIG/LP/2133/RST/16/19	Tshedza to Vuvha Access Road	R2 000 000
MIG/LP/2131/R,ST/16/19	Mbhokota, Gombita,Tshivhuyuni to Mphagi Road	R3 000 000
MIG/LP/2113/RST/16/18	Mudimeli Bridge and Access Road	R2 000 000
	REVISED MIG ALLOCATION	R15 000 000

The above projects already had a shortfall to fund the entire scope in the current financial year. The adjusted amount will therefore fund the shortfall without necessarily increasing the scope of work.

COMMENT

Government Gazette number 41519 dated 23 March 2018 has been attached for reference purposes.

Treasury reporting format and the detailed adjusted capital budget attached as Annexure **A**.

FINANCIAL IMPLICATIONS

None

LEGAL IMPLICATIONS

Section 54(1) (c) of the Local Government Municipal Finance Management Act, 2003 applies.

RISK IMPLICATIONS

Failure to approve revised adjustments budget could result with unauthorized expenditure.

ENVIRONMENTAL IMPLICATIONS

None

CHANGE MANAGEMENT IMPLICATIONS

None

CONSIDERATION

That Council approve the revised adjustment budget for 2017/18 financial year to increase the MIG allocation by **R15 000 000**.

MANAGEMENT COMMENTS

RECOMMENDATION (MUNICIPAL MANAGER)

1. That council approves the revised special adjustment budget to increase the MIG allocation by R15 million with the proposed projects costing reduction.
2. The adjustment budget will after approval be submitted to Provincial and National Treasuries in terms of section 24 of the Municipal Budget and Reporting Regulations.