



Municipal Finance in Practice – Rotation Session :

Budget & Reporting

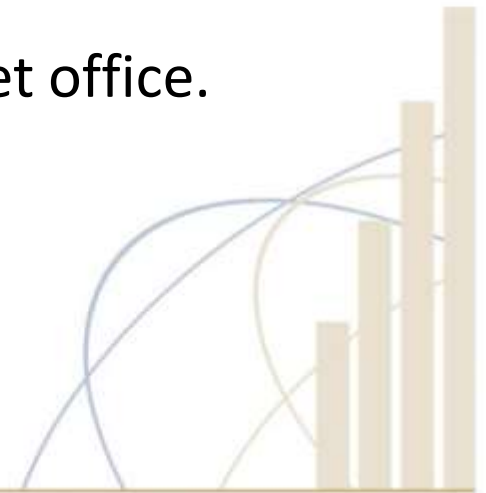
Presenter : James Nhleko
Date: 12 May 2026



Objectives of the Presentation



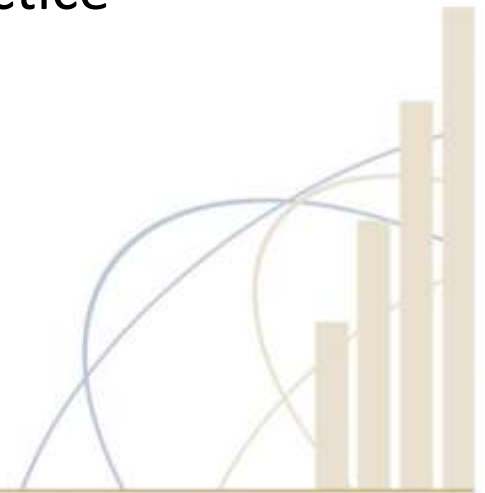
- Understand the role of the budget office in the municipality.
- Understand municipal budgeting process.
- Understand financial reporting responsibilities.
- Learn key legislation governing municipalities.
- Understand the role of an intern in the budget office.



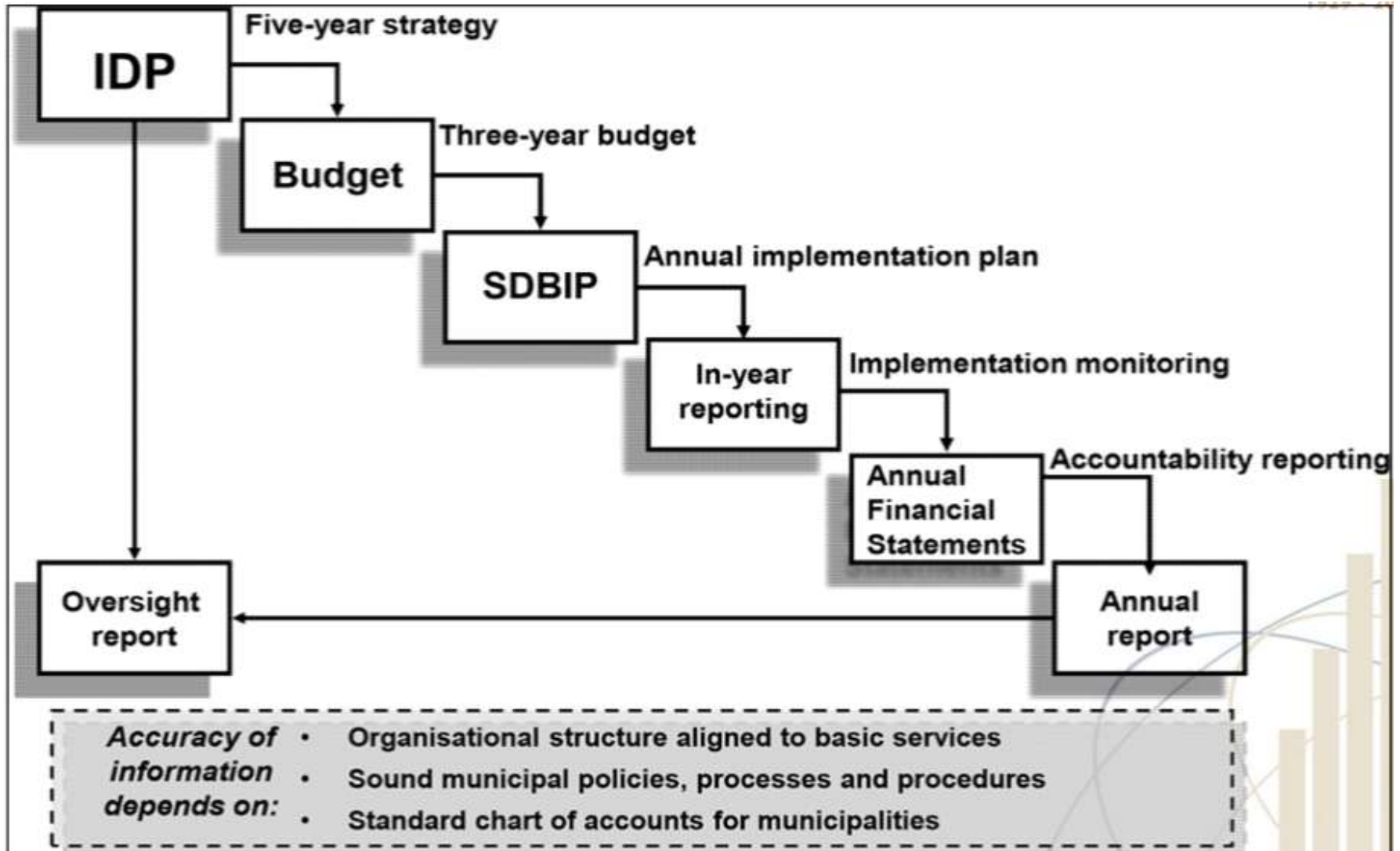
Key Legislation



- Municipal Finance Management Act (MFMA)
- Municipal Systems Act
- Municipal Budget and Reporting Regulations (MBRR)
- National Treasury Circulars
- Division of Revenue Act
- GRAP - Generally Recognised Accounting Practice



Municipal Accountability Cycle



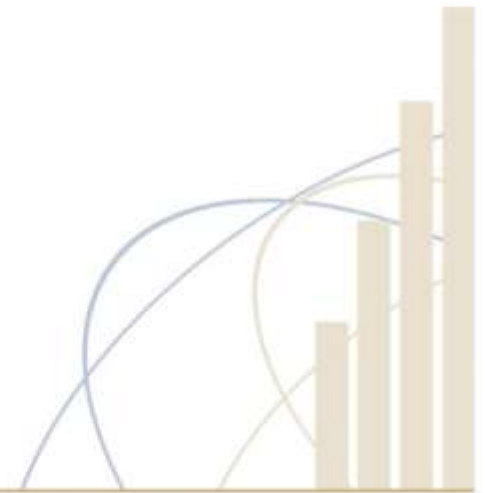
Integrated Development Plan (IDP)



- IDP- is the main strategic planning document that guides development and service delivery for a 5-years term – its usually aligned with the municipal council vision, mission and strategic objectives.
- Through community participation (IDP and Budget roadshows) the needs of the community are gathered and service delivery initiatives and progresses are reported on.
- The municipality priorities needs of the community in line with the available budget. The municipality would have a strategic session and develop a IDP implementation plan.
- The IDP guides budget and SDBIP.

Budget Preparation Process

- Departments submit budget requests
- Finance reviews affordability (Section 18 of the MFMA)
 - Sources for revenue
 - Grants in terms of DORA and Provincial allocations
 - Property rates
 - Service Charges
 - Other revenues
 - Reserves
 - Borrowings
- Alignment with IDP priorities
- Draft budget compiled



Budget Preparation Process continued



- Draft budget tabled to council
 - In terms 16 (2) of the MFMA
- Publication of the budget
 - In terms of 22 of the MFMA, read together with section 21 of the Municipal Systems Act.
- Community/Stakeholder consultation
 - In terms of 23 of the MFMA.
- Make adjustments where necessary
 - Review all budget comments submitted and adjust if necessary.
 - Comments from Provincial Treasury, e.g. funding of the budget
 - Community – residence associations
 - Business chambers



Budget Preparation Process continued



- Final budget approved by council
 - In terms of Section 24 (1) of the MFMA



SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN

- SDBIP is a separate document that translates the approved budget and IDP measurable targets, monthly and quarterly delivery goals and financial performance indicators.
- It must be approved by Mayor within 28 days after the approval of the budget.



Budget Implementation

- Ensuring that departments spend according to approved budget.
- Monitors expenditure
- Prevent overspending
- Provide advice



Reporting/Adjustments budget

- **S71 Reports**
 - Monthly budget statements.
 - Submitted to National Treasury and Provincial Treasury.
 - Shows revenue, expenditure and cash flow.
- **S72 Report**
 - Mid-year budget and performance assessment.
 - Evaluate financial health of the municipality.
 - Before 25 January.
- **Adjustments Budget**
 - It may be tabled to Council at any time after the mid-year budget and performance assessment has been tabled to Council, but no later than 28 February of the current year.
 - One adjustments budget may be tabled to Council during a financial year except when;
 - National or Provincial treasury allocates or transfers addition revenue and must be tabled to Council within 60 days,
 - First Council opportunity if there is any unforeseeable and unavoidable expenditure,
 - And if there is any Grant Roll Overs.

Reporting continued



- Annual Financial Statements
 - Prepare interim and Annual Financial Statements.
 - Includes assets, liabilities, revenue and expenses.
 - Prepared according to GRAP.
 - Submit to Auditor General before 31 August.



Role of interns



- Assist with financial reports
- Support budget analysis
- Data capturing
 - Virements – in terms of 31
 - Journals



Professional Skills to Develop

- Attention to detail
- Understanding legislation
- Excel and financial systems
- Ethical behaviour and confidentiality





Thank You!



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