

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 693 [NW834E]

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693. Mr A N Sarupen (DA) to ask the Minister of Finance:

Whether he has found that section 72 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, only allows the accounting officers of a municipality to recommend whether an adjustment budget is necessary when they have assessed and reviewed the performance of the municipality and its entities based on the municipality's annual report, as such annual report reflects the performance report of the municipality and includes amongst other things, the comparisons on performance targets, service delivery priorities, the financial statements and the audit report on the financial statements; if not, what is the position in this regard; if so, what are the relevant details?

NW834E

REPLY

Section 72(1)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires the Accounting Officer to assess the performance of the municipality during the first half of the financial year taking into account:

- (i) the monthly statements referred to in section 71 for the first half of the financial year;
- (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
- (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.

Therefore, the issues to be considered by the accounting officer to recommend whether the adjustments budget is necessary are not only limited to subsection (iii) as indicate in Section 72(a) of the MFMA. It must also be noted that after the performance assessment and adjustments of the budget, the municipality must adjust the Service Delivery Budget and Implementation Plan accordingly.

In addition, Section 28(2) of the MFMA read together with regulation 23 of the Municipal Budget and Reporting Regulations (MBRR) provides details on the types of adjustments budget that can be considered and the timeframes. Therefore, the adjustments budget as a result of Section 72 performance assessment, must be undertaken according to regulation 23(1) of the MBRR. In terms of regulation 23(1),

the municipality can table an adjustments budget referred to in Section 28(2)(b), (d) and (f) of the MFMA in the municipal council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current year.