



DIRECTORATE
FINANCE

28 February 2023

MEC: Free State Provincial Treasury
Fidel Castro Building
Private Bag X20537
Bloemfontein
9300

Attention: Me. G. Brown

**RE: DEFERMENT OF COMPLIANCE WITH SECTION 28 OF THE MUNICIPAL FINANCE
MANAGEMENT ACT: MANGAUNG METROPOLITAN MUNICIPALITY – 2022/23
ADJUSTMENT BUDGET**

Section 28 of the Municipal Financial Management Act stipulates that a municipality may revise an approved annual budget through an adjustment budget.

Section 23(1) of the Municipal Budget and Reporting Regulations states that a budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled 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.

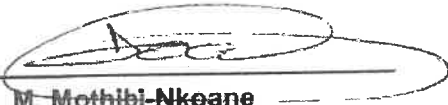
The City approved the 2022/23 budget on 22 June 2022, however as a result of new revenues being received and other changes informed by mid-year performance, there is a need to pass an adjustment budget in line with section 28 of the Municipal Finance Management Act. The City was unable to meet the deadlines due to the following reasons:

- The current political instability in the institution.
- The mid-year performance assessment (Section 72) was only approved by council on 13 February 2023.

The City has developed a recovery plan in order to ensure that the Adjustment Budget is adopted by Council on or before 3 March 2023.

The municipality hereby informs the MEC for Finance (Free State Province) in terms of Section 27(3) of the Municipal Finance Management Act of the impending non-compliance with section 28 of the said Act and corrective measures that has been stated above. I hereby request the MEC for Finance to consider extension of time in line with section 27(2) of the MFMA.

Hope you will find the above order.


Cllr. M. Mothibi-Nkeane
Deputy Executive Mayor

Date: 28/02/2023

Kindly be informed that the Executive Mayor has resigned.

CC : National Cabinet Representative
Acting Chief Executive Officer – Free State Provincial Treasury
National Treasury

SCHEDULE G

EXTENSIONS AND NON-COMPLIANCE WITH TIME PROVISIONS

APPLICATION FOR EXTENSION TO THE BUDGET PROCESS			
<i>Note: The application must be submitted to the MEC for finance by no later than 15 March</i>			
Name of Municipality:	MANGAUNG METROPOLITAN MUNICIPALITY		
1. State the relevant section of the Act and regulation for which extension is being applied.			
Section 28 of the Municipal Finance Management Act No. 56 of 2003			
Section 23 and 25 of the MFMA: Municipal Budget and Reporting Regulations			
2. State the revised completion date the extension is required.			
<i>Processes</i>	<i>Legislated date</i>	<i>Number of days</i>	<i>Proposed Extension Date</i>
Adoption of budget in line with National Treasury directives	28 February 2023	3 Days	3 March 2023
3. State how the proposed extension will affect the remaining legislated process and how compliance will be achieved with other MFMA timelines			
The extension will not have an impact as the proposed extended timeline is only 3 days and will therefore not have any impact on any other legislated process or impact on other MFMA timelines (including MTREF Budget).			
4. State the underlying reasons why an extension to a legislated timeframe is being requested. If the extension is requested for budget timeline extension, attach the municipalities approved time schedule including the dates that earlier processes have been undertaken.			
The reason for the extension is due to current political instability within the institution. All budgetary processes have been followed including the following key processes as indicated below:			

- Draft Adjustment Budget workshopped with councillors on 15 February 2023.
- Budget sent for funding assessment to NT by 16 February 2023 and funded budget status received by 24 February 2023 (Budget confirmed funded by NT).
- Section 80 Finance committee deliberated on the budget on 23 February 2023 and approved for council consideration.
- Adjustment Budget submitted to council on 23 February 2023.
- Council deliberated on the adjustment budget on ordinary council meeting of 27 February 2023 where the budget was not passed due to a majority not been achieved.
- Adjustment budget will be resubmitted to council for the expected special council sitting on Friday 3 March 2023 for consideration of council.

5. Detail the action plan that has been instituted to address the reasons for the legislated timeframe not being met.

<i>Reasons for delay</i>	<i>Action Plans to resolve</i>
See 4 above	- Special council meeting scheduled for Friday 3 March 2023 for council to reconsider the adjustment budget.

6. Detail what corrective action has been or will be put in place to prevent a recurrence in future years.

<i>Reasons for delay</i>	<i>Action Plans to resolve</i>
See 4 above	The City will attempt to submit the adjustment budget earlier to allow time for council processes to be addressed.

7. Has an application for an extension to a timeframe been made previously?

<i>Date of application</i>	<i>State whether application approved or not approved</i>
March 2021, February 2022 and June 2022	The applications were approved

Declaration:

I, Mapaseka Mothibi-Nkoane hereby declare that:

1. The information submitted above is, to the best of my knowledge, accurate.
2. A copy of this application will be tabled at the next meeting of the Municipal Council subsequent to the submission of this application.

SIGNED:

DATE:



28/02/2023

Deputy Mayor

CONTACT DETAILS:

Deputy Mayor's Office Contact Details		
Name of contact person:		Cllr. M. Mothibi-Nkoane
Telephone:	Code (051)	405 8391
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Municipal Manager Contact Details		
Name:		Mr Tebogo Motlashuping
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Municipality's Postal Address		
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Bloemfontein		
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