

22 May 2023

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

**Attention: Me. G. Brown**

**RE: DEFERMENT OF COMPLIANCE WITH SECTION 16 OF THE MUNICIPAL FINANCE MANAGEMENT ACT: MANGAUNG METROPOLITAN MUNICIPALITY – 2023/26 MTREF ANNUAL BUDGET**

Section 16 of the Municipal Financial Management Act stipulates that a municipality must approve an annual budget for the municipality before the start of the financial year and must be tabled at a council meeting at least 90 days before the start of the budget year.

The City is unable to approve the annual MTREF 23/26 budget in line with section 16 of the Municipal Finance Management Act. The city will be unable to meet the deadlines due to the following reason:

- Process for the filling of vacancies of the Speaker and Executive Mayor was only finalised 29 March 2023 and 25 April 2023 respectively as a result the Municipality only managed to table the annual budget on 2 May 2023.
- Deadline to submit inputs on the budget only closes on 23 May 2023 and therefore does not allow sufficient time to process them for the approval on 31 May 2023.

The City has developed recovery plan in order to ensure that the Budget is approved by Council on or before 15 June 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

16(2) of the said Act and 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. G Nthatsi**  
**Executive Mayor (Acting)**

Date: 22 May 2023

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

# SCHEDULE G

## EXTENSIONS AND NON-COMPLIANCE WITH TIME PROVISIONS

<b>APPLICATION FOR EXTENSION TO THE BUDGET PROCESS</b>			
<i>Note: The application must be submitted to the MEC for finance by no later than 15 March</i>			
<b>Name of Municipality:</b>	MANGAUNG METROPOLITAN MUNICIPALITY		
<b>1. State the relevant section of the Act and regulation for which extension is being applied.</b>			
Section 16 of the Municipal Finance Management Act No. 56 of 2003			
<b>2. State the revised completion date the extension is required.</b>			
<i>Processes</i>	<i>Legislated date</i>	<i>Number of days</i>	<i>Proposed Extension Date</i>
Tabling of the annual MTREF Budget for 2023/26 in line with Legislation and National Treasury Guidelines	31 May 2023	15	15 June 2023
<b>3. State how the proposed extension will affect the remaining legislated process and how compliance will be achieved with other MFMA timelines</b>			
The municipality does not expect a material impact on the remaining legislated processes and/or other MFMA timelines, however there might be a need to request to condone non-compliance of the timelines by 15 days for the submission of the annual budget for approval by council in terms of section 24 of the MFMA ("a municipal council must at least 30 days before the start of the budget year consider approval of the annual 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 process of finalising the annual (MTREF) budget was impacted and delayed by the following reasons:

- Process for the filling of vacancies of the Speaker and Executive Mayor was only finalised 29 March 2023 and 25 April 2023 respectively as a result the Municipality only managed to table the annual budget on 2 May 2023.
- Deadline to submit inputs on the budget only closes on 23 May 2023 and therefore does not allow sufficient time to process them for the approval on 31 May 2023.

See attached updated process plan.

**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	- Capturing of all inputs from the Community - The council meeting for approval of the Annual Budget will be scheduled thereafter.

**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 has been placed under National Intervention and management will ensure that processes are complied with by the legislated dates.

**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, June 2022 and March 2023	The applications were approved

**Declaration:**

**I, Gregory Nthatisi, 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:**

  
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*Acting Executive Mayor*

**DATE:**

22/05/2023

**CONTACT DETAILS:**

<b>Mayor's Office Contact Details</b>		
Name of contact person:		Cllr. G Nthatisi
Telephone:	Code ( 051 )	405 8494
Fax:	Code ( 051 )	405 8787
<b>Municipal Manager Contact Details</b>		
Name:		Mr Ngaka Dumalisile
Telephone:	Code ( 051 )	405 8621
Fax:	Code ( 051 )	405 8108
<b>Municipality's Postal Address</b>		
<b>P.O. BOX 3704</b>		
<b>Bloemfontein</b>		
Postal Code		<b>9300</b>

Period	Legislation	Integrated Development Planning	Budget Process	Performance Management	Responsibility	Progress to date
March 2023	MFMA 16 (2)	Tabling of the 2023/2024 Draft IDP, Sectoral Plans including proposed revisions	Tabling of 2023/2024 Draft MTREF Budget and budget related policies – MMM and Centlec.	Adopt an oversight report comments on the 2021/2022 Annual Report	Executive Mayor City Manager MPAC Council	Tabled on or before 2 May 2023.
April 2023	MFMA 52(d)		Submission of 3 <sup>rd</sup> quarter section 52 Financial report to Council for approval	Submission of 3 <sup>rd</sup> quarter SDBIP section 52 report to Council for approval	CFO City Manager HODs Centlec Management	Tabled on or before 2 May 2023.
April 2023	MFMA 22(a)(ii)	Commence process of consultation on the tabled draft IDP with: 1. Communities 2. Councillors 3. SOEs 4. National and Provincial Departments 5. Business Sector and other Forums	Commence process of consultation on the draft tabled Budget and Budget related policies including session with councillors	Commence process of consultation on the draft Performance Management Framework	Speaker City Manager HODs Centlec Management	Started on 3 May 2023.

Period	Legislation	Integrated Development Planning	Budget Process	Performance Management	Responsibility	Progress to date
		NB: Various possible methods of communication and participation will be used in meeting this milestone				
April 2023	MFMA Guidance	IDP and Budget Steering Committee				To be done during May 2023
May 2023	MFMA 24(1)	Approve the 2023/2024 IDP and related sectoral plans	Approve the 2023/2024 Budget and related budget policies		Council	Expected to be done by 15 June 2023.
June 2023	MFMA 53 (1) (c) (ii)			Approval of SDBIP 2023/2024	Ex. Mayor	Expected to be done during June 2023.