



DRAFT IDP/BUDGET PROCESS PLAN 2019/2020

**The Mayor
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SECTION ONE: IDP PROCESS PLAN

1. INTRODUCTION

On the 31st May 2018, Amahlathi Municipality adopted its reviewed 2018/2019 Integrated Development Plan (IDP) for the municipality. The IDP was developed in accordance with requirements set out in the Municipal Systems Act (32 of 2000) and Local Government Municipal Planning and Performance Management Regulations (2001).

Section 28 (1) of the Municipal Systems Act no. 32 of 2000 states that each municipal council must, within a prescribed period after the start of council's elected term, adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP. The way in which the IDP process will be undertaken is outlined in Process Plans which all municipalities must prepare. These Process Plans need to comply with this Framework Plan to ensure alignment and co-ordination between district and local municipalities as stipulated in the Municipal Systems Act.

The Local Government: Municipal Planning and Performance Management Regulation, 2001 provides elaborately on the contents of the Integrated Development Plan and the processes the Municipality must subject the IDP process into when doing its development or review.

1.1 Legal context

According to Section 27(2) of the Municipal Systems Act, the framework plan binds both the district municipality and the local municipalities. The Act states that the framework plan must at least cover the following issues:

- Identify plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;
- Identify matters to be included in the integrated development plans of the district municipality and the local municipalities that require alignment;
- Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
- Determine procedures:
 - i) For consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
 - ii) To effect essential amendments to the framework.

The Municipal Finance Management Act (MFMA) is very clear in respect to time-frames for the IDP and the budget. The MFMA requires the budget and IDP schedule (or the IDP Process Plan) to be adopted by Council by the end of August, the budget and IDP to be tabled before the council in March and Budget and IDP to be adopted by council in May (section 21 and 24).

1.2 Elements of IDP development

The IDP review process is mainly geared towards picking up on early-warning sign for corrective action whenever it is required. The Performance Indicators are flowing from the IDP and constitute the heart of the Performance Management System. The above lay the basis for the review of the Integrated Development Plan.

Aside from the statutory imperative, it is necessary for Amahlathi Municipality to review its IDP in order to:

- Ensure the IDP's relevance as the municipality's strategic plan
- Inform other components of the municipal business processes, including institutional and financial planning and budgeting
- Inform the cyclical inter-governmental planning and budget processes

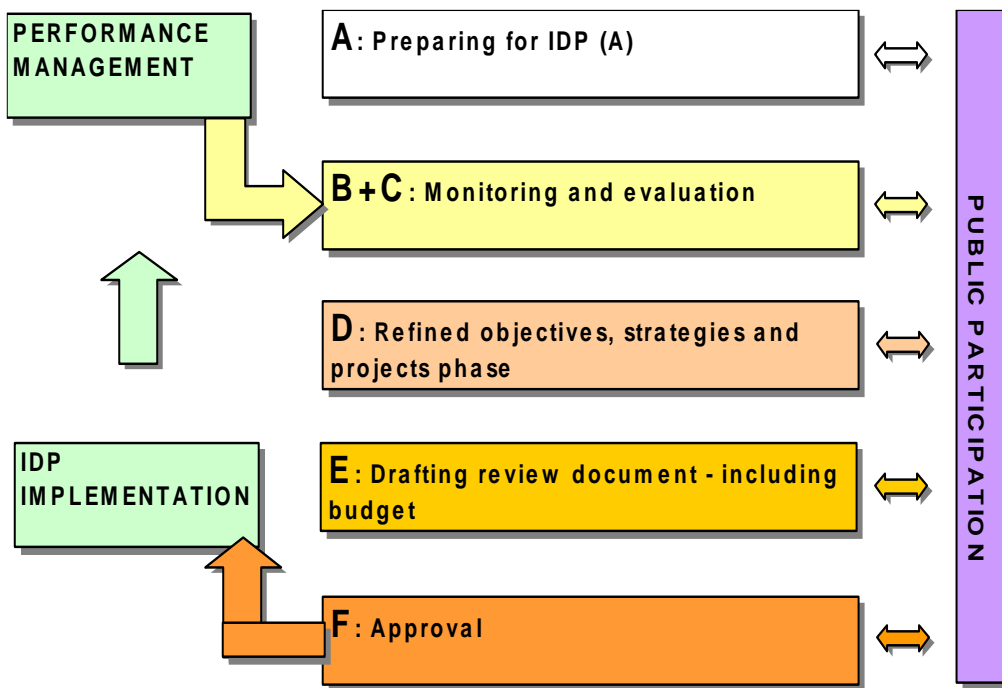
In the IDP review cycle changes to the IDP may be required from these main sources:

- Comments from the MEC, if any;
- Incorporation of the most recent descriptive data
- Review and refinement of the objectives and strategies
- Review and refinement of the projects
- Amendments in response to changing circumstances; and
- Improving the IDP process and content.

The significant development, which in all probabilities will have a huge impact on the IDP, is the Community Based Planning. The Community Based Planning is a planning instrument, which is geared towards the enhancement of the community participation component of the IDP. Of particular concern has been the inability of the IDP to translate community participation into an organic process.

1.3 IDP Process

This process describes a continuous cycle of planning, implementation and review as can be seen in the figure below. During the year new information becomes available and unexpected events may occur. Some of the information can make immediate changes to the planning and the implementation of the IDP. After the reviewed IDP has been adopted, implementation as well as situational changes will continue to occur, which is again monitored throughout the year and evaluated for consideration in the next IDP review (DPLG, IDP Guide Pack, Guide IV).



Each of these steps is reflected in the Action Plan which outlines the time frames and activities within which these steps should take. Because the roll out of the PMS is part of the review process, it is also included in the Action Plan.

2. ORGANISATIONAL ARRANGEMENTS

Three structures will guide the IDP Review Process within the Amahlathi Municipal Area

- 2.1 IDP & Budget Steering Committees
- 2.2 Inter-Governmental Relations
- 2.3 IDP Representative Forums

2.1 IDP & Budget Steering Committee

The Mayor of a municipality must establish a Budget Steering committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act (MFMA) The Budget Steering Committees shall be comprised as follows guided by MBRR.

- (a) the councilor responsible for financial matters;
- (b) the municipal manager;
- (c) the chief financial officer;
- (d) the senior managers responsible for at least the three largest votes in the municipality;
- (e) the manager responsible for budgeting;
- (f) the manager responsible for planning and any technical experts on infrastructure.

An IDP & Budget Technical Working Committee (Task Team) that would function as a technical working team consists of the following members:

- Municipal Manager – Chairperson
- Director Strategic Services
- Director Planning & Development
- Chief Financial Officer
- Director Engineering Services
- Director Corporate Services
- Director Community Services
- Senior Manager Budget
- IDP & PMS Manager
- Senior Accountant Budget and Reporting, to provide secretariat

The steering committee would provide a technical support to the IDP Driver to ensure a smooth planning process. It is supposed to guide the process. This means that amongst other things it will be responsible for:

- Establishment of the Representative Forum
- Define criteria to choose members of the Forum
- Inform public about the establishment of the forum, request submissions of applications from stakeholders and communities (indicate objectives, activities and number of members)
- Identify additional stakeholders from unorganized groups, e.g. potential academics, advocates, doctors and resource persons.
- Submit proposed groups/ members to the Council for consideration

2.2 Inter-Governmental Relations

The main objective of the Amahlathi Local Municipality IGR Forum is to enhance coordinated, integrated and aligned development and consider priorities in the entire municipal area. Additional objectives include the following:

- a) Development of a Local Government Programme of Action in relation to the National and Provincial Programmes.
- b) To facilitate the coordination, integration and alignment of provincial and municipal strategic planning and to put in place mechanisms and procedures that will ensure that provincial strategic planning informs and is informed by the IDP of the Amahlathi Local Municipality.
- c) To consult on policy issues that materially affects Local Government.
- d) To develop and provide mechanisms to engage Provincial Government and the Office of the Premier on IGR related matters and/or challenges.
- e) To consider such other matters of mutual interest as either party may place on the agenda of a meeting from time to time.
- f) To promote economic growth and development through trade, investment and tourism.

- g) To share knowledge and expertise in local governance generally or in agreed functional areas.

The goal of the Amahlathi Local Municipality IGR Forum is to ensure that the decisions reached are implemented by:

- a) Sharing of information on/and understanding of the respective programmes of all stakeholders.
- b) A clearer understanding of mutual strategic priorities and how these complement each other.
- c) A commitment to collaborate, engage continually and share information on policy implementation, success stories and co-ordinate activities.

Role of Amahlathi Local Municipality in the IGR Forum

The Amahlathi Local Municipality IGR Forum is a consultative forum for Amahlathi Local Municipality to discuss and consult with stakeholders on matters of mutual interest, including:

- a. Coordinating, overseeing and monitoring the implementation of national, provincial and district governance policies and legislations relating to matters affecting local government interests in Amahlathi Local Municipality;
- b. Matters arising in the District Mayors Forum (DIMAFO), Provincial MuniMEC and the Premier's Coordinating Forum affecting Amahlathi Local Municipality;
- c. Mutual support in terms of the section 88 of Local Government Municipal Structures Act 117 of 1998;
- d. The provision of services in Amahlathi Local Municipality as well as the performance of the Amahlathi Local Municipality in the provision of services in order to detect failures and to initiate supportive, preventive or corrective action when necessary;
- e. Coherent planning and development in Amahlathi Local Municipality;
- f. The coordination and alignment of the strategic and performance plans and priorities, objectives and strategies between the Amahlathi Local Municipality, District Municipality and other spheres of government.
- g. Any other matters of strategic importance which affects the interests of Amahlathi Local Municipality
- h. Coordination of IGR cluster forums that are aligned to Key Performance Areas of local government

THE IGR CLUSTERS

It is critical to note the importance of clarity in the allocation of powers and functions to role players and a keen understanding of specific roles and responsibilities within the realm of service delivery. The IGR System functions more effectively when the role players share a very specific objective that needs to be achieved within a non-negotiable period of time.

- a. The Amahlathi Local Municipality IGR Forum established Clusters to assist and advise it in the performance of its functions and exercise of its powers.
- b. The Amahlathi Local Municipality IGR Forum appointed the members of such Clusters.
- c. The members of the Clusters are members of the IGR Forum as well as other partners/stakeholders of the Amahlathi Local Municipality.
- d. The Amahlathi Local Municipality IGR Forum developed the Terms of Reference of Clusters established by it but may not delegate any decision making powers to these Committees.
- e. The composition of clusters internally is determined by the respective functional areas.
- f. Each cluster may establish sub-clusters within the cluster to ensure that details of planning, coordination, implementation, monitoring and evaluation are discussed.

The established Clusters meet quarterly or as determined by the cluster established so as to consolidate reports to the Amahlathi Intergovernmental Relations Forum which also sit quarterly.

Allocation of the clusters is aligned to the five (5) KPAs of Local Government as well as the 5 Pillars of the Back to Basics Approach.

IGR forum is regarded as a strategic planning body with emphasis and updates on current financial year programmes and projects. It therefore serves as a feeder to the IDP and should sit before the IDP Rep forums.

2.3 *Integrated Development Plan Representative Forum*

The most critical structure established for this process, especially for purposes of ensuring maximized participation of different interest groups and sectors, is the IDP Representative Forum. The rationale behind the establishment of this committee is to ensure that communication channels are kept smooth and efficiently.

The function of the IDP Representative Forum includes the following:

- To should ensure that every activity and decisions taken in the IDP development process are communicated to the communities.
- To monitor and ensure that all decisions that are taken with regards to routes that the IDP must take from time to time are followed to the latter.
- To reflect and safeguard the community inputs. This means that they are the mouthpiece of the communities.
- To represent the interests of their communities.
- To provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government.
- To participate in the process of setting and monitoring key performance indicators.

Ward/PR Councilors, Traditional Leaders and Ward Committees:

Their responsibility is to ensure that at all times their mandate in the Integrated Development Forum comes from communities which they represent particularly on issues affecting them. The Ward/PR Councilors, Traditional Leaders and ward Committees are further expected to communicate deliberations of the IDP Representative Forum and always ensure that feedback is given to the communities on progress registered. The minutes on the forums convened are always reported to the Council for considerations.

Ward Planning Forum:

Voices of the community responsible for social mobilization, stressing the need to engage with local government to secure services and resources. This forum will champion the planning review processes at a ward level.

District Municipality:

The main role of the Amathole District Municipality is to provide technical inputs and assistance on the processes.

2.4 Schedule of activities

In addition, various activities are required for the IDP Review Process:

2019/20 IDP,BUDGET & PMS PROCESS ACTION PROGRAM			
PHASE	Activities	Timeframe	Responsible Department
A	Preparation phase / Pre-planning		
IDP AND BUDGET			
1	Budget Steering Committee	04/07/2018	BTO/ Strategic Services
2	Signing of Performance Agreements	31 July	Strategic Services- IDP/PMS
3	Intergovernmental Relations (IGR) Meeting	29/08/18	Strategic Services- IDP/PMS
4	Development of Framework Plan Process Plan (IDP & Budget), later submitted to the Council for Approval	31st August	Strategic Planning / BTO / Corporate Services
5	Submit adopted Framework and Process Plans with Council resolution to MEC - CoGTA	05/09/2018	Strategic Services- IDP/PMS
6	Advertise IDP Framework and IDP/Budget Process Plan	11/09/2018	Strategic Services- IDP/PMS
7	Budget Steering Committee	06/09/2018	BTO & Strategic Services
8	IDP REP Forum Meeting	19/09/2018	Mayor's Office
PERFORMANCE MANAGEMENT			
9	Finalise 4th quarter report for 17/18 financial year	Within 6 working days of the next month after the end of each Quarter	Strategic Services- IDP/PMS
10	Consolidated Directorates Quarterly Performance Reports and later submit to Internal Audit	Within 10 working days of the next month after the end of the Quarter	Strategic Services- IDP/PMS
11	Head of Department's performance evaluations	18th of the next month after the end of the quarter	Municipal Manger
12	Mayor approval of the SDBIP with performance agreements (within 28 days after budget)	25/05/2018	Mayor's Office
13	Submit annual performance report to Internal Audit Committee	25 th July	Strategic Services- IDP/PMS
14	Publicize SDBIP and Performance Agreements no later than 14 days after approval	04/07/2018 and 07/08/2018	Strategic Services- IDP/PMS
ANNUAL REPORT			
15	Submission of directorate Unaudited Annual report	20th July	Strategic Services- IDP/PMS

	information (Section 127 report)		
16	Development and Consolidation of Unaudited Annual Report (Section 127 report)	31 st July	Strategic Services- IDP/PMS
17	Submit AR including AFS and APR to combined Audit/Performance Committee	20 th August 2018	Municipal Manager/Strategic Planning – IDP/PMS
18	Mayor tables the unaudited Annual Report in Council	31 st August 2018	Office of the Mayor/ Municipal Manager
19	Submit AR including AFS and APR to AG for auditing purposes	20 th August 2018	Strategic Services- IDP/PMS
20	Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery and the committee to evaluate Senior Managers' performance against agreement entered into	31/08/2018	Strategic Services- IDP/PMS
21	Annual Report public hearings	1-9/11/2018	Mayor's Office & MPAC
B+C	Analysis Phase / Monitoring and evaluation		
IDP AND BUDGET			
22	*Assessment of existing level of development - Situational analysis *Prepare analysis information on existing services, current backlogs and identification of development priorities *Collect data from other sources, analyze impact of new information and unexpected events *Evaluate achievement of objectives and strategies *Get inputs from Sector Plan information *Assess implementation progress, overview of funding available per department (both from savings as well as internal budget and external funds)	Sept - November 2018	All Departments
23	Budget Steering Committee	17/10/2018	BTO/ Strategic Planning
24	Ward based planning (Mayoral community visits on priority need)	4-19/10/2018	Strategic Services-IDP/PMS Mayor's Office
25	Budget Steering Committee	7/11/2018	BTO/ Strategic Planning
26	Intergovernmental Relations (IGR) Meeting	20/11/2018	MM's office - IGR
27	IDP REP Forum Meeting	22/11/2018	Strategic Services-IDP/PMS Mayor's Office
28	Commencement of Departmental Strat Plans	27/11/2018	All Directorates
29	Technical Strategic Planning Session	22-23/01/2019	Strategic Services-IDP/PMS

PERFORMANCE MANAGEMENT			
30	Quarter 1 Performance reporting (July - Sept)	Within 6 working days of the next month after the end of each Quarter	Heads of Departments
31	Consolidated Directorates Quarterly Performance Reports and later submit to Internal Audit	Within 10 working days of the next month after the end of the Quarter	Strategic Services-IDP/PMS
32	Head of Department's performance evaluations	18th of the next month after the end of the quarter	Municipal Manager's Office
33	Quarterly Performance Reports	Within 6 working days of the next month after the end of each Quarter	Heads of Departments
34	Mid-term Performance Reports	Within 6 working days of the month January	Strategic Services-IDP/PMS
35	Consolidated Directorates Quarterly & Mid-Year Performance Reports and later submitted to Internal Audit	Within 10 working days of the next month after the end of the Quarter	Strategic Services-IDP/PMS
36	Submit mid-year performance assessment report for 2018/19 to Council	25/01/2019	Municipal Manger/Strategic Planning/BTO/Corporate Services
ANNUAL REPORT			
37	Mayor tabled audited Annual Report and financial statements to Council	08/12/2018	Office of the Mayor/MM/Strategic Manager
38	Audited Annual Report is made public e.g. posted on municipality's website	December 2018	Strategic Services-IDP/PMS
39	Council adopts Oversight report	December 2018	MM/Strategic Manager
40	Oversight report is made public	December 2018	Strategic Services – IDP/PMS
41	Oversight report is submitted to Legislator, Provincial /National Treasury and CoGTA	December 2018	Strategic Services – IDP/PMS
IDP AND BUDGET			
D	Strategies Phase / Refined objectives, strategies, programmes and projects phase		
42	Refine strategies, programmes and draft projects as necessary for MTREF period, with key performance indicators and targets (as per strategic plan outcome)	Dec 2018- Jan 2019	All Departments
43	Budget Steering Committee -KPA's to present planning and implementation progress	11/01/19	Strategic Services
44	Consolidate all inputs including sector plan information and prepare draft IDP and Budget	February - March 2019	Strategic Services / BTO

45	Budget hearings to be held between HoDs and MM to assess budgets that exceed funding envelopes	January 2019	Municipal Manager
46	Budget Steering Committee to approve draft Budget allocations (IDP/ Budget link)	5/02/2019	Budget & Treasury Office
47	Finalise Parameters for MTREF using guidelines from Treasury and outer year budgets	February 2019	Budget & Treasury Office
48	Institutional Strat Plan .Adopt proposed programs and projects - agree on key financial issues	06-08/02/2019	Strategic Services- IDP/PMS
49	Intergovernmental Relations (IGR) Meeting	05/03/2019	Strategic Planning - IGR
50	Budget Steering Committee to present the draft IDP and Budget	06/3/2019	Strategic Services/Budget & Treasury Office
51	IDP REP Forum Meeting to present the draft IDP	07/03/2019	Mayor's Office/ Strategic Services- IDP/PMS
52	Council approval of the draft IDP & Budget and noting of the SDBIP	March 2019	Strategic Services/BTO/ Corporate Services
53	Draft IDP and Draft Budget published - Advertise for public comment (21days)	April 2019	Strategic Services- IDP/PMS
PERFORMANCE MANAGEMENT			
54	Quarter 3 Performance reporting (Jan - March)	Within 6 working days of the next month after the end of each Quarter	Strategic Services- IDP/PMS
55	Consolidated Directorates Quarterly Performance Reports and later submit to Internal Audit	Within 10 working days of the next month after the end of the Quarter	Strategic Services- IDP/PMS
56	Head of Department's performance evaluations	18th of the next month after the end of the quarter	Municipal Manager
E	Reviewed IDP document (Integration/programme implementation and operational plan)		
IDP AND BUDGET			
57	IDP/Budget Public Hearings	04-18/04/2018	Strategic Services/ Budget & Treasury Office Mayor's Office
58	Incorporate relevant comments to the Draft final reviewed IDP	May 2019	Strategic Services- IDP/PMS
59	Budget Steering Committee (implementation and operational plan)	09/05/2018	Strategic Services/ Budget & Treasury Office
60	Intergovernmental Relations (IGR) Meeting	21/05/2018	Strategic Planning - IGR

F	Approval phase		
IDP AND BUDGET			
61	IDP REP Forum Meeting	17/05/2018	Mayor's Office/ Strategic Services-IDP/PMS
62	Council Approval of IDP & Budget	May 2019	Strategic Services/BTO/ Council Support Services
63	Final IDP and Budget published	Within 14 days of approval)	Strategic Services- IDP/PMS
64	Submit IDP, Budget and SDBIP to MEC - DLGTA, Provincial and National Treasury	June 2019	Strategic Services- IDP/PMS
PERFORMANCE MANAGEMENT			
65	Submit performance report to Performance Audit Committee	August 2019	Municipal Manager's Office - Internal Audit

3. MECHANISMS AND PROCEDURES FOR PUBLIC PARTICIPATION

The following public participation mechanisms are proposed for each and every milestone.

Preparation Phase	Adverts on Newspaper Announcements on Local Radio Station
Monitoring and Evaluation Phase	Representative Forum Meetings Public Hearings
Objectives, strategies and Projects Phase	Representative Forum Meetings
Reviewed IDP Phase	Public Hearings Representative Forum Meetings
Approval Phase	Adverts on Newspaper Announcements on Local Radio Stations Representative Forum Meetings

3.1 Public Participation Strategy

The Municipality has a Public Participation Policy that was adopted by Council on 1 September 2015. In accordance with Municipal systems Act 2000, the municipality should hold regular IDP/PMS/ Budget Representative Forum meeting in drafting IDP and Budget. Forum meetings are convened 4 times per year or quarterly in preparation of each phase. The following forms are used in calling the interested parties

- Website to publish our notices
- Community Radio Stations to reach those parts of our community that do not read newspaper
- Daily Dispatch
- Posters, pamphlets, ward councillors and announcements through community gatherings and community based organizations.
- Loud hailing

Other structures used to enhance public participation is through Ward Committee Meetings, LED Forums and SPU Forums and Local Communicator's forum which are convened quarterly.

To ensure that the needs of unorganized groups are represented as well, advocacy groups and or Non-Governmental Organizations (NGOs) will be used as well for communication. Meetings of the Representative Forum will be held in any appropriate Municipal buildings and the languages to be used are:

- English
- Xhosa

4. BINDING PLANS AND LEGISLATION

National legislation can be distinguished between those that deal specifically with municipalities arising from the Local Government White Paper on the one hand and sector planning legislation on the other.

The Municipal Structures and Systems Acts are specific to municipalities. The Systems Act has a specific chapter dedicated to IDPs and is the driving piece of legislation for the development of IDPs. Arising from the Systems Act, the IDP Regulations need to be complied with.

National sector legislation contains various kinds of requirements for municipalities to undertake planning. Sector requirements vary in nature in the following way:

- Legal requirements for the formulation of a district sector plans (e.g. a water services development plan).
- A requirement that planning be undertaken as a component of, or part of, the IDP (like a housing strategy and targets).
- Links between the IDP and budget process as outlined in the Municipal Finance Management Bill.
- Legal compliance requirement (such as principles required in the Development Facilitation Act – DFA – and the National Environmental Management Act – NEMA).
- More a recommendation than a requirement, which is deemed to add value to the municipal planning process and product (in this case, Local Agenda 21).

Those are highlighted in the table below:

CATEGORY	SECTOR REQUIREMENT	NATIONAL DEPT	LEGISLATION/POLICY
Legal requirement for district/local plan	Water Services Development Plan	Department of Water Affairs and Forestry	Water Services Act
	Integrated Transport Plan	Department of Transport	National Transport Act
	Waste Management Plan	Department of Environmental Affairs & Tourism	White Paper on Waste Management
	Spatial planning requirements	Department of Rural Development and Land Reform	Land Use Management Act
Requirement for sector planning to be incorporated into IDP	Housing strategy and targets	Department of Human Settlements	Housing Act (Chapter 4, Section 9)
	Coastal management issues	Department of Environmental Affairs & Tourism	
	LED	Department of Economic Development, Environmental Affairs and Tourism,	Municipal Systems Act
	Integrated Infrastructure Planning	Department of Local Government and Traditional Affairs	
	Spatial framework	Department of Rural Development and Land Reform, Department of Local Government and	Municipal Systems Act, Land Use Management Act Bill
	Integrated Energy Plan	Department of Minerals & Energy	White Paper on Energy Policy, December 1998
Requirement that IDP complies with	National Environmental Management Act (NEMA) Principles	Department of Economic Development Environmental Affairs & Tourism	National Environment Management Act (107 of 1998)
	Development Facilitation Act (DFA) Principles	Department of Rural Development and Land Reform	Development Facilitation Act

CATEGORY	SECTOR REQUIREMENT	NATIONAL DEPT	LEGISLATION/POLICY
	Environmental Implementation Plans (EIPs)	Department of Economic Development, Environmental Affairs & Tourism	National Environment Management Act (107 of 1998)
	Environmental Management Plans (EMPs)	Department of Economic Development, Environmental Affairs & Tourism	National Environment Management Act (107 of 1998)
	IDP/ budget link	National Treasury	Municipal Finance Management Act
Value adding contribution	Local Agenda 21		

The National Development Plan should be also considered during the review phase.

Each local municipality and the district municipality needs to include those planning documents that have been approved by Council or other strategies that might be relevant to the IDP process in their process plans.

5. PROGRAMME OF ACTION

The action programme will be broken into five phases

- Preparation phase
- Monitoring and evaluation phase
- Objectives, Strategies, Projects phase and Scorecards
- Consolidate Reviewed IDP and Budget
- Approval phase

6. MECHANISM AND PROCEDURE FOR ALIGNMENT

Processes at the District Municipality level inform the alignment process. The framework plan is the guiding document. The municipality was part of the process of drawing up the framework plan together with other Municipalities that are under the Amatole District Municipality.

7. EXISTING DOCUMENTS

- Legally Binding Documents
 - Municipal Systems Act

- Municipal Finance Management Act
- Other Documents
 - Spatial Development Framework
 - Amahlathi LED Strategy
 - Tourism Strategy
 - Indigent Policy
 - Integrated Waste Management Plan
 - Agricultural Plan
 - Housing Sector Plan
 - Employment Equity Plan
 - Workplace Skills Plan
 - Employee Performance Management Policy Framework
 - Community Safety Strategy
 - Disaster, Risk Management and All Hazards Contingency Plan
 - Tariffs Policy
 - Rates Policy
 - Credit Control and debt write-off Policy
 - Cash Management and Investment Policy
 - Asset Management Policy
 - Budget Policy
 - Customer Care Policy
 - Supply Chain Management Policy
 - Communication Strategy
 - Petition Policy
 - Public Participation Policy

8. SOURCES OF FUNDING

FUND	SOURCE	AMOUNT
IDP PROCESS PLAN	ALM	R150 000.00
STRATEGIC PLANNING	ALM	R50 000.00
ANNUAL REPORT	ALM	R120 000.00
TOTAL		R 320 000.00

SECTION TWO: BUDGET PROCESS PLAN

1. INTRODUCTION

The concept of a 3-year budget is now well-entrenched in the Council's budgeting process and has been improved upon over the last number of years. Guidelines issued on budget processes by National Treasury from time to time have helped to refine and improve our systems.

The budget proposals for the 2020 MTREF should be informed by Council's Integrated Development Planning Process, particularly in terms of objectives, outputs and targets envisioned for the next 3 years. In this way, budget proposals and the Integrated Development Plan will be properly aligned.

Better budgeting enhances service delivery. This is the main message underlying the Municipal Finance Management and Budgeting Reform Programme. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. The performance management system gives effect to the emphasis on improved transparency and accountability for the management and use of public resources.

The *Budget Process Plan* is issued to the Council, Executive Committee, Municipal Manager and various departments for the preparation of their 2020 MTREF budget proposals. It sets out the tasks to be performed and timeframes for each process. It is imperative that the timeframes are strictly adhered to in order to finalise the budget on time.

2. BUDGET PROCESS

The Medium Term Revenue and Expenditure Framework (MTREF) details 3-year rolling expenditure and revenue plans for Amahlathi Municipality. The MTREF budget process is designed to match the overall resource envelope, estimated through 'top-down' macroeconomic and fiscal policy processes, with the bottom-up estimation of the current and medium-term cost of existing departmental plans and expenditure programmes

The budget process allows Council to:

- **Strengthen and evaluate the alignment between medium and long-term plans and funding proposals**
- **Revise its policy priorities, macroeconomic framework and resource envelope**
- **Evaluate departmental plans and allocate available resources in line with policy priorities**

Obtain the required authority from Council to spend [service delivery]

Align parameter setting with budget outcomes and resource allocations.

Link the Integrated Development Planning Process with the budget process

The purpose of the 2020 budget process will be the completion of a medium-term expenditure framework that apportions resources in line with Council's policy priorities for the next three years. How this will be achieved is described below.

2.1.1 Matching policy priorities and resources

Deciding and agreeing on the best allocation of scarce resources to fund Council's many social, economic and political goals is the main purpose of the budget process.

Drafting these three-year plans will guide the policy prioritisation and budgeting process for the 2020 MTREF.

Formulating an MTREF that has a three-year outlook will be put together by various role-players who interact at various stages of the budget process.

2.1.2 Medium term policy review

The budget process starts early in the year with a review of the IDP and budget processes of the previous year. Additional resources for funding new priorities arise from a review of the overall budget framework, including fiscal policy considerations, overall spending growth, inflation assumptions, and debt interest projections [if applicable at this stage].

The allocation of resources to the different sections and departments will be largely determined by Council's policies and priorities, which are reviewed during the process of developing the MTREF/budget and will take into account the various departments responsibilities for service delivery.

The timeline for critical budget decisions in the policy review stage of the process is outlined in table 1.

Table 1: Process plan timeline

July – August	Establishment of Budget Steering Committee, IDP and budget process plan review and table to council before 31 August
November - December	Setting budget parameters Consideration of the revision of the Council's establishment plan – meeting the HR capacity needs and the cost application of such capacity (functions to be considered)
December - January	Mid-year review process, Costing of personnel requirements, Submission of Budget Proposals
January	Mid- year review approved by council not later 25th January , Consolidate Adjusted Budget Proposals
February	Revised Budget approved by council not later than 28th February
February	Consolidation Draft Budget Inputs and Prepare Draft Budget
March	Tabling the Draft budget to Council not later than 31st March
April – May	Public Consultation on the IDP and Budget ; Council Approval not later than 30th May
June	Submission to National Treasury within 10 days

3. COMPILING MTREF BUDGET PROPOSALS

3.1.1 Budget Principles

Budgeting within the Medium Term Revenue and Expenditure Framework is based on a set of core principles that relate to:

- Fiscal policy and the budget framework
- Policy priorities and public expenditure
- Political oversight of the budget process

Budgeting for service delivery

3.1.2 Fiscal policy and the budget framework2

Medium-term spending plans of the various clusters for the period 2019/20 to 2022/23 will be prepared within the context of Council's macroeconomic and fiscal framework.

As part of a three-year rolling budget process, the budget framework is revised each year. Additional resources for new expenditure will form part of the macroeconomic forecast. Growth in external funding particularly for capital projects is important if Council is to meet the objectives established in the IDP. Council is dependent on the Equitable Share to provide free basic services and support to the indigent in terms of council's Indigent support Policy.

The various role-players will have to examine the fiscal implications of new spending pressures and match them to available resources.

3.1.3 Policy priorities and public expenditure

Strengthening the link between Council policy priorities and expenditure is at the core of medium-term budgeting. Expenditure allocation translates policy priorities into the delivery of services to communities, and is therefore a key tool for accomplishing Council's goals.

3.1.4 Political Oversight of the Budget Process

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. The Mayor has established a Budget Steering Committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.

Political oversight of the budget process is essential to ensure that:

- The political executive is responsible for policy and prioritization

Policy priorities are linked to cluster spending plans and the delivery of quality services

The Budget process commences with parameter and policy assessment and formulation.

Budgeting is primarily about the choices and trade-offs that Council has to make in deciding how to meet the agreed set of policy objectives through better service delivery. Political oversight of the budget process allows Council to manage the tension between competing policy priorities and fiscal realities.

3.1.5 Budgeting for Service Delivery

Strengthening the link between Council's priorities and spending plans is not an end in itself. The goal is to improve delivery of services and ultimately the quality of life of people throughout Amahlathi.

Better budgeting, as mentioned in the introduction, leads to enhanced service delivery. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. It is important to emphasize the role of performance management which serves to monitor performance against measurable performance objectives that are informed by service delivery targets as captured in the IDP.

The municipality must develop and approve measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's IDP. These measurable performance objectives must inform the Service Delivery and Budget Implementation Plan which must be approved by the Mayor within 28 days after the approval of the budget.

ACTION PLAN FOR IDP/PMS/BUDGET

MONTH	ACTIVITIES		
	IDP	PMS	BUDGET
AUG 2018	<ul style="list-style-type: none"> • Preparation of the Draft IDP and PMS Process Plan. • Present IDP Process Plan to IDP/Budget Steering Committee • IDP Process Plan tabled to Council for approval. • Self-assessment to identify gaps in the IDP process. • Council Meeting (Budget & IDP Process Plan, Annual Performance Report, Financial Statements and Draft Annual Report) • Submissions to AG, MEC and Treasury etc. (Annual Performance Report, Annual Financial Statements and Draft Annual Report) 	<ul style="list-style-type: none"> • Publicizing Approved SDBIP for inspection and information • Signing of new performance contracts for Section 57 Managers • 2017/18 Final S57 Managers' Performance Assessments. • Submission of Q4 SDBIP Reports • Quarter 4 performance report submitted to Council • Submission of Performance Agreements to EC-Cogta • Submission of the Annual Performance Reports prepared in terms of s46 of MSA 2000 to Council • Quarterly Audit Committee meeting (for the last quarter of 16/17) MFMA Sect 166 & MPPR Reg. 14(3)(a) • Evaluation Panel Audit Committee meeting (for the last quarter of 17/18) MFMA Sect 166 & MPPR Reg. 14(3)(a) • Evaluation Panel Audit Committee meeting (for evaluation of Sect 57 Managers final assessments) MPPR Reg. 14(3)(b) • Submission of draft annual report (MFMA Circular 63 	<ul style="list-style-type: none"> • Preparation of the Draft Budget Process Plan. • Present the Budget Process Plan to the IDP/Budget Steering Committee • Budget Process Plan tabled to Council for approval

MONTH	ACTIVITIES		
	IDP	PMS	BUDGET
SEPT 2017	<ul style="list-style-type: none"> ▪ Advertisement of the IDP and PMS Process Plan ▪ Review and updating of the IDP Vision, Mission and Objectives. ▪ IDP/Budget Steering Committee Meeting ▪ Advertise to resuscitate the IDP Rep Forum ▪ IDP Rep Forum meeting 	<ul style="list-style-type: none"> ▪ Reminder to be sent to HOD's to submit their Q1 SDBIP Reports in terms of s41 MSA 	<ul style="list-style-type: none"> ▪ Advertisement of the Budget Process Plan and submission to Provincial and National Treasury.
OCT 2017	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee Meeting ▪ Process Plan and the role of the Steering Committee ▪ Develop agenda for Rep forum ▪ Priority needs assessment (Ward Community visits) ▪ Council Adopts Audited Annual Report 	<ul style="list-style-type: none"> ▪ Submission of Q1 Reports by HOD's ▪ Q1 Reports tabled to Council (for first quarter of 18/19) MPPR Reg. 14 ▪ Sect 57 Managers' quarterly informal assessments 	
NOV 2017	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee Meeting ▪ Rep forum meeting ▪ Budget Assumptions & Strategies ▪ Identification of priority needs. ▪ Departments to submit situation 	<ul style="list-style-type: none"> ▪ Quarterly Audit Committee meeting (for the first quarter of 18/19) MFMA Sect 166 & MPPR Reg. 14(3)(a) ▪ Annual Report Public hearings 	<ul style="list-style-type: none"> ▪ Set parameters for the next three years based on market trends and circular issued by National Treasury. ▪ Determine the funding/revenue potentially available for next three years in Dora. ▪ Review and update pricing strategies of National Regulators e.g. NERSA

MONTH	ACTIVITIES		
	IDP	PMS	BUDGET
	<p>analysis and or status quo for IDP review</p> <ul style="list-style-type: none"> ▪ Commencement of Departmental Strat plans 		
DEC 2017	<ul style="list-style-type: none"> ▪ Submit Situation Analysis to Council with Community priority needs 	<ul style="list-style-type: none"> ▪ Reminder to be sent to HOD's to submit their Q2 SDBIP Reports in terms of s41 MSA ▪ Council adopts Final Annual Report and Oversight report ▪ Final Annual report and oversight report submitted to Treasury and Cogta 	<ul style="list-style-type: none"> ▪ Departments to submit Budget proposals for Adjustment and next 3 year MTREF Budget.
JAN 2018	<ul style="list-style-type: none"> ▪ Review of Municipal Strategies, Objectives, KPA's, KPI's and targets. ▪ IDP/Budget Steering Committee Meeting ▪ Technical Strategic Planning Session 	<ul style="list-style-type: none"> ▪ Submission of Q2 Reports by HOD's ▪ Sect 57 Managers' formal quarterly assessments (for second quarter of 18/19 on the 11th of January) ▪ Municipal Manager submits Midterm/Midyear Report to the Mayor with recommendations (in terms s72 MFMA) ▪ Midyear Reports submitted to Treasury (provincial and National) ▪ Midterm/Midyear Report is published ▪ Review SDBIP and publicize any amendments 	<ul style="list-style-type: none"> ▪ Review Tariffs and Charges and develop options for changes to be included in draft budget. ▪ Prepare and submit Mid-year performance review to council by <u>25th January.</u> ▪ Consolidate Adjusted Budget Proposals and prepare Adjustment Budget.
FEB 2018	<ul style="list-style-type: none"> ▪ Continuous Review of Municipal Strategies, Objectives, KPA's, KPI's and targets. 	<ul style="list-style-type: none"> ▪ Quarterly Audit Committee meeting (for the second quarter of 18/19) MFMA Sect 166 & MPPR Reg. 14(3)(a) 	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee for Adjustment Budget ▪ Submit Adjustments Budget for current year to Council not later than the <u>28th February.</u>

MONTH	ACTIVITIES		
	IDP	PMS	BUDGET
	<ul style="list-style-type: none"> ▪ Institutional Strategic Planning Session ▪ IDP/Budget Steering Committee Meeting 	<ul style="list-style-type: none"> ▪ Review PMS policy framework 	<ul style="list-style-type: none"> ▪ Submit Adjustment Budget to National and Provincial Treasury. ▪ Publicize Adjustment Budget within 10 working days of approval. ▪ Consolidate Draft Budget proposals and prepare Draft Budget
MARCH 2018	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee ▪ IDP Rep Forum ▪ Submission of draft IDP and Budget 2019/20 to council ▪ Submit Strategic Session Report to Council 	<ul style="list-style-type: none"> ▪ Draft SDBIP's for 2019/20 developed and for incorporation into draft IDP 2019/20 FY ▪ Reminder to be sent to HOD's to submit their Q3 SDBIP Reports in terms of s41 MSA 	<ul style="list-style-type: none"> ▪ Review and workshop all budget related policies ▪ IDP/Budget Steering Committee for Draft Budget ▪ Table Draft Budget to Council by <u>31 March.</u>
APR 2018	<ul style="list-style-type: none"> ▪ Publicize tabled IDP (Invite Local Community to make written comments in respect of the IDP) ▪ IDP/Budget Steering Committee ▪ Public participation process launched through series of public hearings on the IDP and Budget ▪ Review written comments in respect of the Budget and IDP 	<ul style="list-style-type: none"> ▪ Submission of Q3 Reports by HOD's ▪ Sect 57 Managers' informal quarterly assessments ▪ Quarter 3 performance report submitted to Council 	<ul style="list-style-type: none"> ▪ Publicize tabled Budget, inviting comments and undertake community consultation on tabled Budget. ▪ Receive and analyse additional inputs from community and other stakeholders. ▪ Incorporate feedback from community and other stakeholders and if required revise the budget previously tabled to Council.

MONTH	ACTIVITIES		
	IDP	PMS	BUDGET
MAY 2018	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee ▪ Rep forum meeting ▪ Adoption of the 2019/20 IDP by Council. 	<ul style="list-style-type: none"> ▪ Community input into organization KPIs and targets 	<ul style="list-style-type: none"> ▪ IDP/Budget Steering Committee for Final Budget ▪ Municipal council approves budget, tariffs and revised budget related policies by 31 May.
JUNE 2018	<ul style="list-style-type: none"> ▪ Publicize Approved IDP ▪ Submission of the Final IDP to EC- Cogta, Treasury (National and Provincial) 	<ul style="list-style-type: none"> ▪ Reminder to be sent to HOD's to submit their Q4 SDBIP Reports in terms of s41 MSA ▪ Submission of final SDBIP to The Honorable Mayor for approval s53 MFMA 	<ul style="list-style-type: none"> ▪ Publicize Approved Budget and Tariffs ▪ Submission of Final Budget to National and Provincial Treasury ▪ Complete and submit the budget returns required by National Treasury. ▪ Email Approved Budget to All Departments