

REPORT TO COUNCIL: 24 JANUARY 2025

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UNAUTHORISED EXPENDITURE ADJUSTMENT BUDGET REPORT FOR THE 2023/2024 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for Council to **consider** and **approve** the unauthorised expenditure adjustment budget of Buffalo City Metropolitan Municipality for the 2023/2024 financial year as reported and disclosed in the 2023/2024 Audited Annual Financial Statements.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

- 3.1 The Constitution of the Republic of South Africa, 1996
- 3.2 Municipal Finance Management Act No 56, 2003
- 3.3 Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

Unauthorised expenditure is defined in section 1 of the MFMA as follows:

“unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes —

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered

- by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act.

In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustment budget "may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2) (a) (i) of the Act." This special adjustment budget therefore deals with:

- i. unauthorised expenditure that occurred in the second half of the previous financial year (2023/2024), and
- ii. any unauthorised expenditure identified by the Auditor-General during the annual audit process.

According to the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 21)

"An adjustment budget and supporting documentation of a municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of S168(1) of the Act" (MFMA).

This report follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule B format).

5. EXPOSITION OF FACTS

Unauthorised expenditure was disclosed as legislatively required in terms of MFMA Circular 68 in note 61 of the Annual Financial Statements (AFS) and was due to overspending on the appropriated amounts of some of the expenditure types in the approved budget.

The consolidated unauthorised expenditure of R368 454 149 per expenditure type relates to the following:

- R32 618 557 relates to non-cash accrued interest in respect of the Landfill Provision;
- R335 835 592 relates to loss on derecognition of assets.

Table 1 below tabulates the consolidated unauthorised expenditure per expenditure type that has been disclosed in the AFS:

Table 1: Unauthorized expenditure disclosed in 2023/2024 Consolidated AFS (Per Expenditure type)

UNAUTHORISED EXPENDITURE	2023/2024	2022/2023
	<u>R</u>	<u>R</u>
Opening balance	0	163 702 130
Expenditure condoned by Council in terms of section 32 of the MFMA.	0	(163 702 130)
Unauthorised expenditure for the year	368 454 149	0
Closing balance	368 454 149	0

Table 2 below tabulates the consolidated unauthorised expenditure per directorate that has been disclosed in the AFS:

Table 2: Unauthorized expenditure disclosed in 2023/2024 Consolidated AFS (Per Directorate)

UNAUTHORISED EXPENDITURE	2023/2024	2022/2023
Infrastructure Services	230 157 920	0
Solid Waste & Environmental Management	36 092 597	0
Closing balance	266 250 517	0

Table 3 & 4 below tabulate the parent unauthorised expenditure that has been disclosed in the AFS:

Table 3: Unauthorized expenditure disclosed in 2023/2024 BCMM Parent AFS (Per Expenditure type)

The Parent unauthorised expenditure of R403 496 432 per expenditure type relates to the following:

- R32 618 557 relates to non-cash accrued interest in respect of the Landfill Provision;
- R351 785 621 relates to loss on derecognition of assets.
- R19 092 254 relates to Other losses

UNAUTHORISED EXPENDITURE	2023/2024	2022/2023
	R	R
Opening balance	0	163 702 130
Expenditure condoned by Council in terms of section 32 of the MFMA.	0	163 702 130
Unauthorised expenditure for the year	403 496 432	0
Closing balance	403 496 432	0

Table 4: Unauthorized expenditure disclosed in 2023/2024 BCMM Parent AFS (Per Directorate)

UNAUTHORISED EXPENDITURE	2023/2024	2022/2023
Economic Development & Agencies	37 391 353	0
Infrastructure Services	230 157 920	0
Solid Waste & Environmental Management	36 092 597	0
Closing balance	303 641 870	0

5.1 REASONS FOR UNAUTHORISED EXPENDITURE

5.1.1 CONSOLIDATED UNAUTHORISED EXPENDITURE

A. The unauthorised expenditure incurred **(368 454 149)** has been as a result of over spending of the total amount appropriated to the following **expenditure category**:

- i. Loss on derecognition of assets – R335 835 592
- ii. Non cash accrued interest- R32 618 557

As reflected in the above explanation, the unauthorised expenditure was not caused by negligence on the actions of any personnel. Each financial year, quarterly reports are prepared for each quarter to assess Unauthorised expenditure and quarterly the city reports to National Treasury on unauthorised expenditure.

B. The unauthorised expenditure incurred **(R266 250 516)** has been as a result of over spending of the total amount appropriated to the following **directorates**:

- i. Infrastructure Services – R230 157 920 relates to derecognition of assets.
- ii. Solid Waste & Environmental Management – R36 092 597 relates to non-cash accrued interest in respect of the Landfill Provision.

Table 5 and 6 below provide a breakdown of the consolidated unauthorised expenditure as disclosed on the 2023/2024 Consolidated Annual Financial Statements.

Table 5: Breakdown of the 2023/2024 consolidated unauthorised expenditure per Expenditure type

Expenditure Type	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure
Employee costs	2 884 447 506	(113 611 685)	2 770 835 821	2 736 129 258	0
Remuneration of Councillors	74 057 054	(5 089 675)	68 967 379	68 967 378	0
Depreciation and amortisation	1 903 201 535	211 351	1 903 412 886	1 891 872 718	0
Interest	13 567 183	24 885	13 592 068	46 210 625	(32 618 557)
Inventory consumed and bulk purchases	2 798 807 982	(161 051 396)	2 637 756 586	2 563 563 433	0
Transfers and subsidies	154 110 060	(13 541 179)	140 568 881	131 530 965	0
Other expenditure	1 541 816 080	118 836 559	1 660 652 639	1 996 488 230	(335 835 592)
Debt impairment	1 328 916 502	154 974 394	1 483 890 896	1 336 717 876	0
Total Expenditure	10 698 923 902	(19 246 747)	10 679 677 155	10 771 480 483	(368 454 148)

**Table 6: Breakdown of the 2023/2024 consolidated unauthorised expenditure
per Directorate**

Directorate	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure
Directorate - Executive Support Services	304 739 274	-32 046 551	272 692 723	271 921 364	0
Directorate - Municipal Manager	153 112 177	22 147 545	175 259 722	166 466 194	0
Directorate - Corporate Services	240 908 901	4 532 197	245 441 098	244 017 323	0
Directorate - Spatial Planning and Development	426 323 836	-16 086 238	410 237 598	354 466 477	0
Directorate - Economic Development & Agencies	220 690 947	50 137 929	270 828 876	267 708 746	0
Directorate - Chief Financial Officer	1 054 272 590	-31 632 147	1 022 640 443	948 675 489	0
Directorate - Public Safety & Emergency Services	516 558 783	61 714 573	578 273 356	577 714 199	0
Directorate - Human Settlement	187 439 291	-14 115 471	173 323 820	158 914 460	0
Directorate - Infrastructure Services	6 336 290 410	-91 818 323	6 244 472 087	6 474 630 007	-230 157 920
Directorate - Solid Waste and Environmental Management	659 806 211	111 452 376	771 258 587	807 351 184	-36 092 597
Directorate - Sport, Recreation & Community Development	598 781 480	-83 532 639	515 248 841	499 615 041	0
Total Expenditure by Vote	10 698 923 900	-19 246 749	10 679 677 151	10 771 480 483	-266 250 516

5.1.2 BCMM UNAUTHORISED EXPENDITURE (PARENT)

A. The unauthorised expenditure incurred (**403 496 432**) has been as a result of over spending of the total amount appropriated to the following **expenditure category**:

- i. Loss on derecognition of assets – R351 785 621
- ii. Non cash accrued interest - R32 618 557
- iii. Other Losses – R19 092 254

As reflected in the above explanation, the unauthorised expenditure was not caused by negligence on the actions of any personnel.

B. The unauthorised expenditure incurred (**R303 641 870**) has been as a result of over spending of the total amount appropriated to the following **directorates**:

- i. Directorate of Economic Development & Agencies - R37 391 353 relates to derecognition of assets
- ii. Directorate of Infrastructure Services - R230 157 920 relates to derecognition of assets

- iii. Directorate of Solid Waste & Environmental Management - R36 092 597 relates to non-cash accrued interest in respect of the Landfill Provision

Table 7 and 8 below provide a breakdown of the parent unauthorised expenditure as disclosed on the 2023/2024 BCMM Annual Financial Statements.

Table 7: Breakdown of the 2023/2024 BCMM unauthorised expenditure per Type (Parent)

PER EXPENDITURE TYPE	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure
Employee costs	2 842 422 439	-120 660 564	2 721 761 875	2 690 416 301	0
Remuneration of Councillors	74 057 054	-5 089 675	68 967 379	68 967 378	0
Depreciation and amortisation	1 902 326 577	0	1 902 326 577	1 890 789 290	0
Interest	13 564 955	0	13 564 955	46 183 512	-32 618 557
Inventory consumed and bulk purchases	2 797 818 044	-162 197 728	2 635 620 316	2 563 530 662	0
Transfers and subsidies	153 897 060	-13 443 469	140 453 591	131 530 965	0
Other expenditure	1 517 959 780	90 840 396	1 608 800 176	1 979 678 051	-370 877 875
Debt impairment	1 328 916 502	154 974 394	1 483 890 896	1 336 717 876	0
Total Expenditure	10 630 962 411	-55 576 646	10 575 385 765	10 707 814 035	-403 496 432

Table 8: Breakdown of the 2023/2024 BCMM unauthorised expenditure per Directorate (Parent)

PER DIRECTORATE	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure
Directorate - Executive Support Services	304 739 274	-32 046 551	272 692 723	271 921 364	
Directorate - Municipal Manager	153 112 177	22 147 545	175 259 722	166 466 194	
Directorate - Corporate Services	240 908 901	4 532 197	245 441 098	244 017 323	
Directorate - Spatial Planning and Development	426 323 836	-16 086 238	410 237 598	354 347 523	
Directorate - Economic Development & Agencies	152 729 457	13 808 029	166 537 486	203 928 839	-37 391 353
Directorate - Chief Financial Officer	1 054 272 590	-31 632 147	1 022 640 443	908 157 596	
Directorate - Public Safety & Emergency Services	516 558 783	61 714 573	578 273 356	577 714 199	
Directorate - Human Settlement	187 439 291	-14 115 471	173 323 820	158 914 460	
Directorate - Infrastructure Services	6 336 290 410	-91 818 323	6 244 472 087	6 474 630 007	-230 157 920
Directorate - Solid Waste and Environmental Management	659 806 211	111 452 376	771 258 587	807 351 184	-36 092 597
Directorate - Sport, Recreation & Community Development	598 781 480	-83 532 639	515 248 841	499 615 041	
Total Expenditure by Vote	10 630 962 410	-55 576 649	10 575 385 761	10 667 063 729	-303 641 870

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ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	EU	European Union
ASGISA	Accelerated and Shared Growth Initiative South Africa	ELIDZ	East London Industrial Development Zone
BCMM	Buffalo City Metropolitan Municipality	FBS	Free Basic Services
BCMDA	Buffalo City Development Agency	FMG	Finance Management Grant
BEPP	Built Environment Performance Plan	GAMAP	Generally Accepted Municipal Accounting Practice
BSC	Budget Steering Committee	GDP	Gross Domestic Product
CBD	Central Business District	GFS	Government Financial Statistics
CFO	Chief Financial Officer	GRAP	Generally Recognized Accounting Practice
CM	City Manager	HR	Human Resources
CoGTA	Cooperative Government & Traditional Affairs	HSDG	Human Settlement Development Grant
CPI	Consumer Price Index	HSRC	Human Science Research Council
CRRF	Capital Replacement Reserve Fund	ICDG	Integrated City Development Grant
DBSA	Development Bank South Africa	IDP	Integrated Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	INEP	Integrated National Electrification Programme
DoRA	Division of Revenue Act	IT	Information Technology
DRDLR	Department of Rural Development and Land Reform	ISUPG	Informal Settlements Upgrading Partnership Grant
DTI	Department of Trade & Industry	KPI	Key Performance Indicator
DWA	Department of Water Affairs	kℓ	Kilolitre
ECDC	Easter Cape Development Corporation	KFA	Key Focus Area
EE	Employment Equity	Km	Kilometre
EEDSM	Energy Efficiency Demand Side Management	KPA	Key Performance Area
EM	Executive Mayor	kWh	Kilowatt hour
EPWP	Expanded Public Works Programme	ℓ	Litre
ECPTA	Eastern Cape Parks & Tourism	LED	Local Economic Development
MBRR	Municipal Budgeting and Reporting Regulations	PPP	Public Private Partnership
MDGS	Metro Growth and Development Strategy	PT	Provincial Treasury
MEC	Member of the Executive Committee	PMS	Performance Management System
MFMA	Municipal Finance Management Act	PTIS	Public Transport Infrastructure System
MIG	Municipal Infrastructure Grant	SALGA	South African Local Government Association
MMC	Member of Mayoral Committee	SAT	South African Tourism

MPRA	Municipal Property Rates Act	SDBIP	Service Delivery Budget Implementation Plan
MSA	Municipal Systems Act	SDF	Spatial Development Framework
MTEF	Medium-term Expenditure Framework	SMME	Small Micro and Medium Enterprises
MTREF	Medium-term Revenue and Expenditure Framework	TRAs	Temporary Relocation Areas
NDPG	Neighbourhood Development Partnership Grant	UK	United Kingdom
NERSA	National Electricity Regulator South Africa	US	United States
NGO	Non-Governmental Organisations	USDG	Urban Settlement Development Grant
NKPIs	National Key Performance Indicators	VAT	Value Added Tax
NT	National Treasury	WSA	Waster Services Authority
OP	Operational Plan	WSDP	Water Services Development Plan
PPE	Property, Plant and Equipment		

PART 1 – ADJUSTMENT BUDGET

5.2 EXECUTIVE MAYOR'S REPORT

The unauthorised budget adjustment is being prepared as informed by the 2023/2024 audited Annual Financial Statements (AFS) and in terms of the Municipal Finance Management Act (MFMA), and the Municipal Budget and Reporting Regulations (MBRR).

The main reason for this adjustment budget is the over-spending on some of the expenditure types in the municipality's approved budget. This adjustment budget report covers the 2023/2024 financial year.

Table 9 below provides a high-level consolidated summary of the Operating and Capital Budget adjustments for the 2023/2024 financial year. The table also indicates that there has been no change in the overall total budget for the operating revenue as no extra revenue was realised. It also reflects that there is no change in the overall total capital budget, however, there is a proposed increase of R157 044 901 to the operating expenditure budget due to the unauthorised expenditure identified in the 2023/2024 Financial year.

Table 9: High-level consolidated summary of the 2023/2024 Operating and Capital Budget Adjustment

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJ. BUDGET	2023/2024 MID-YEAR ADJ. BUDGET	2023/2024 THIRD ADJ. BUDGET	2023/2024 FOURTH ADJ. BUDGET	ADJUSTMENT	2023/2024 FIFTH ADJ. BUDGET	2024/2025 FINAL BUDGET	2025/2026 FINAL BUDGET
Total Revenue	9 415 556 940	9 418 619 058	9 386 529 847	9 396 269 971	9 386 331 492	0	9 386 331 492	10 102 818 139	10 895 461 779
Total Operating Expenditure Including Operating Projects	9 405 341 830	9 408 403 948	9 386 293 434	9 396 033 559	9 386 095 080	157 044 901	9 543 139 981	10 092 605 994	10 887 882 649
Surplus / (Deficit)	10 215 110	10 215 110	236 413	236 412	236 412	-157 044 901	-156 808 489	10 212 145	7 579 130
Total Capital Expenditure	1 219 326 304	1 295 320 245	1 293 895 162	1 324 092 760	1 339 433 027	0	1 339 433 027	1 167 806 254	1 193 096 609
Total Opex and Capex Budget	10 624 668 134	10 703 724 193	10 680 188 596	10 720 126 319	10 725 528 107	157 044 901	10 882 573 008	11 260 412 248	12 080 979 258

5.3 **COUNCIL RESOLUTIONS**

On 31 May 2023 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2023/24 – 2025/26 MTREF Budget. The Council further met on 25 August 2023 to consider and approve the roll-over adjustment budget. On 28 February 2024, BCMM Council met to consider the 2023/2024 mid-year adjustment budget. On 26 April 2024 the Council met to consider and approve the third adjustment budget. On the 22nd August 2024 the Council met to consider and approve the fourth adjustment budget. In terms of Chapter 4, Section 28 (1) to (7) of the Municipal Finance Management Act No. 56 of 2003, "A municipality may adjust an approved budget through an adjustment budget."

It is therefore recommended that the BCMM Council considers and approves:

- A. The adjusted budget of the Parent municipality (BCMM) for the 2023/2024 Fifth Adjustment Budget as follows:
 - i. The unauthorised expenditure of the Parent Municipality of R403 496 432 incurred in the 2023/2024 Financial year.
 - ii. The transfer of the savings identified from the following items to address the unauthorised expenditure as disclosed in the 2023/2024 BCMM Annual Financial Statements (Parent).
 - a) Transfer of R27 799 385 from Employee Related costs
 - b) Transfer of R147 173 020 from Debt impairment
 - c) Transfer of R11 537 286 from Depreciation & Asset impairment
 - d) Transfer of R32 618 557 to Finance charges to address unauthorised expenditure identified.
 - e) Transfer of R44 368 545 from Electricity Bulk Purchases
 - f) Transfer of R443 875 from Contracted Services
 - g) Transfer of R8 907 753 from Transfers & Grants
 - h) Transfer of R33 878 529 to Repairs & Maintenance (In the Unauthorised Expenditure reporting, repairs & maintenance is not classified as a

standalone item, it is included in Other expenditure and this expenditure type does not have unauthorised expenditure in the 2023/2024 AFS).

- i) Transfer of R12 228 976 from Operating Projects
 - j) Transfer of R8 540 744 from Other Expenditure
 - k) Transfer of R25 112 508 to Losses to address unauthorised expenditure identified.
 - l) Transfer of R351 785 622 to Losses on disposal of Assets to address unauthorised expenditure identified.
 - m) Transfer of R25 350 731 from Other Materials
- iii. The adjusted Operating Revenue Budget of the Parent for the 2023/2024 financial year that remains unchanged as R9 287 441 892 be approved by Council.
- iv. An increase of R157 044 901 to the adjusted Operating Expenditure Budget of the Parent for the 2023/2024 financial year to address the identified unauthorised expenditure.
- v. The adjusted Capital Budget of the Parent for the 2023/2024 financial year that remains unchanged as R1 338 624 884 be approved by Council.
- B. The Consolidated adjusted budget of BCMM for the 2023/2024 Fifth Adjustment Budget as follows:
- i. The Consolidated unauthorised expenditure of R368 454 148 incurred in the 2023/2024 Financial year.
 - ii. The transfer of the savings identified from the following items to address the unauthorised expenditure as disclosed in the 2023/2024 Consolidated BCMM Annual Financial Statements.
 - a) Transfer of R27 799 385 from Employee Related costs
 - b) Transfer of R147 173 020 from Debt impairment
 - c) Transfer of R11 537 286 from Depreciation & Asset impairment
 - d) Transfer of R32 618 557 to Finance charges to address unauthorised expenditure identified.

- e) Transfer of R44 368 545 from Electricity Bulk Purchases
 - f) Transfer of R443 875 from Contracted Services
 - g) Transfer of R8 907 753 from Transfers & Grants
 - h) Transfer of R33 878 529 to Repairs & Maintenance (In the Unauthorised Expenditure reporting, repairs & maintenance is not classified as a standalone item, it is included in Other expenditure and this expenditure type does not have unauthorised expenditure in the 2023/2024 AFS).
 - i) Transfer of R12 228 976 from Operating Projects
 - j) Transfer of R8 540 744 from Other Expenditure
 - k) Transfer of R25 112 508 to Losses to address unauthorised expenditure identified.
 - l) Transfer of R351 785 622 to Losses on disposal of Assets to address unauthorised expenditure identified.
 - m) Transfer of R25 350 731 from Other Materials
-
- iii. The adjusted Consolidated Operating Revenue Budget for the 2023/2024 financial year that remains unchanged as R9 386 331 492 be approved by Council.
 - iv. An increase of R157 044 901 to the consolidated adjusted Operating Expenditure Budget for the 2023/2024 financial year to address the identified unauthorised expenditure.
 - v. The adjusted Consolidated Capital Budget for the 2023/2024 financial year that remains unchanged as R1 339 433 027 be approved by Council.

C. The National Treasury B Schedules that have been adjusted in line with the above are herewith enclosed as Annexure 3 and Annexure 4.

D. The fifth and final 2023/2024 financial year adjusted budget be approved by Council.

PP 

P. FAKU

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

MXOLISI YAWA / VP

02/01/2025

DATE

5.4 EXECUTIVE SUMMARY

The Buffalo City Metropolitan Municipality is striving to excel in its governance responsibility. One of the fundamental pillars of achieving governance excellence is ensuring full compliance with applicable legislations. This unauthorised expenditure adjustment budget report is responding to the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR) requirements which prescribe that the unauthorised expenditure may be authorised through a special budget adjustment tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA.

BCMM undertook an analysis of unauthorised expenditure that has been incurred and disclosed in its consolidated 2023/2024 AFS. The analysis which has been reported in section 5.1 above of this report revealed that the incurred unauthorised expenditure of R368 454 148 has been a result of the following; R32 618 557 relates to non-cash accrued interest in respect of the Landfill Provision and R335 835 592 relates to loss on derecognition of assets.

A budget adjustment is therefore tabled at Council to authorise the unauthorised expenditure of R368 454 148 that is disclosed in the Consolidated 2023/2024 AFS. Savings of R211 409 247 have been identified to transfer to the expenditure types with the unauthorised expenditure. As the savings identified are not sufficient to address the unauthorised expenditure there is also a proposed increase of R157 044 901 to the Operating Expenditure Budget to address the rest of the unauthorised expenditure incurred. It is therefore necessary that the adjustment budget for 2023/2024 financial year be tabled at Council for its consideration and approval.

The total consolidated operating revenue budget for the 2023/2024 financial year has not been adjusted and remains R9 386 331 193. There is a proposed increase of R157 044 901 to the consolidated operating expenditure budget for the 2023/2024 financial year as the savings identified to address the unauthorised

expenditure were not sufficient to cover the unauthorised expenditure incurred in the 2023/2024 Financial year. There has been no adjustment made in the capital budget of 2023/2024 financial year and remains R1 339 433 027 (Refer to section 5.7 below for details).

5.4.1 OPERATING AND CAPITAL BUDGET ADJUSTMENT

Table 10 below provides a high-level summary of the Operating and Capital Budget adjustments for the 2023/2024 financial year. The table also indicates that there has been no change in the overall total budget for the consolidated operating revenue. It also reflects that there is no change in the overall total capital budget, however there is a proposed increase of R157 044 901 to the operating expenditure budget due to the unauthorised expenditure identified in the 2023/2024 Financial year.

Table 10: High-level summary of the 2023/2024 Operating and Capital Budget Adjustment

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJ. BUDGET	2023/2024 MID-YEAR ADJ. BUDGET	2023/2024 THIRD ADJ. BUDGET	2023/2024 FOURTH ADJ. BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJ. BUDGET	2024/2025 FINAL BUDGET	2025/2026 FINAL BUDGET
Total Revenue	9 415 556 940	9 418 619 058	9 386 529 847	9 396 269 971	9 386 331 492	0	9 386 331 492	10 102 818 139	10 895 461 779
Total Operating Expenditure Excluding Operating Projects	9 008 103 654	9 008 103 654	9 031 052 653	9 031 052 653	9 036 454 441	169 273 877	9 205 726 318	9 745 848 674	10 517 025 822
Operating Projects	397 238 176	400 300 294	355 240 781	364 980 906	349 640 639	-12 228 976	337 411 663	346 757 320	370 856 827
Total Operating Expenditure Including Operating Projects	9 405 341 830	9 408 403 948	9 386 293 434	9 396 033 559	9 386 095 080	157 044 901	9 543 139 981	10 092 605 994	10 887 882 649
Surplus / (Deficit)	10 215 110	10 215 110	236 413	236 412	236 412	-157 044 901	-156 806 489	10 212 145	7 579 130
Total Capital Expenditure	1 219 326 304	1 295 320 245	1 293 895 162	1 324 092 760	1 339 433 027	0	1 339 433 027	1 167 806 254	1 193 096 609
Total Opex and Capex Budget	10 624 668 134	10 703 724 193	10 680 188 596	10 720 126 319	10 725 528 107	157 044 901	10 882 573 008	11 260 412 248	12 080 979 258

5.5 OPERATING REVENUE FRAMEWORK

The following table depicts that no adjustments have been made to the operating revenue budget per source for the 2023/2024 financial year.

Table 11: 2023/24 Adjusted Revenue per Source

REVENUE SOURCE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	2023/2024 MID YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
Property rates	2 208 577 405	2 208 577 405	2 208 577 405	2 208 577 405	2 208 577 405	0	2 208 577 405
Service charges - electricity revenue	2 614 160 794	2 614 160 794	2 459 295 652	2 459 295 652	2 459 295 652	0	2 459 295 652
Service charges - water revenue	933 423 445	933 423 445	845 688 567	845 688 567	845 688 567	0	845 688 567
Service charges - sanitation revenue	493 350 607	493 350 607	573 554 533	573 554 533	573 554 533	0	573 554 533
Service charges - refuse revenue	406 053 181	406 053 181	509 293 320	509 293 320	509 293 320	0	509 293 320
Rental of facilities and equipment	23 129 360	23 129 360	23 129 360	23 129 360	23 129 360	0	23 129 360
Interest earned - external investments	24 054 418	24 054 418	38 553 497	38 553 497	38 713 313	0	38 713 313
Interest earned - outstanding debtors	211 915 246	211 915 246	211 915 246	211 915 246	211 915 246	0	211 915 246
Fines, penalties and forfeits	20 080 395	20 080 395	9 238 546	9 238 546	9 238 546	0	9 238 546
Licences and permits	17 667 120	17 667 120	13 367 120	13 367 120	13 367 120	0	13 367 120
Agency services	27 260 728	27 260 728	27 932 621	27 932 621	27 932 621	0	27 932 621
Transfers and subsidies - Operating	1 463 862 078	1 466 924 196	1 493 946 470	1 503 686 594	1 493 499 701	0	1 493 499 701
Sale of Goods and Rendering of Services	145 957 834	145 957 834	145 957 834	145 957 834	145 957 834	0	145 957 834
Fuel Levy	741 926 000	741 926 000	741 926 000	741 926 000	741 926 000	0	741 926 000
Other revenue	84 138 329	84 138 329	84 153 376	84 153 376	84 241 974	0	84 241 974
Total Direct Operating Revenue	9 415 556 940	9 418 619 058	9 386 529 547	9 396 269 671	9 386 331 192	0	9 386 331 192

5.6 OPERATING EXPENDITURE FRAMEWORK

The following table (table 12) indicates the downwards adjustment made from the expenditure type with savings and the upward adjustment made to expenditure type with unauthorised expenditure. Also included in the adjustments on the table below is the proposed upward adjustments of R157 044 901 to the total operating expenditure budget to address the unauthorised expenditure.

Table 12: 2023/2024 Adjusted Operating Expenditure per Type

EXPENDITURE TYPE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	2023/2024 MID YEAR ADJUSTMEN T BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENT	2023/2024 FIFTH ADJUSTMENTS BUDGET
Employee related costs	2 844 638 310	2 844 638 310	2 652 563 020	2 652 563 020	2 729 358 526	-27 799 385	2 701 559 141
Remuneration of councillors	76 503 054	76 503 054	76 503 054	76 503 054	71 413 379	0	71 413 379
Debt impairment	1 328 916 502	1 328 916 502	1 483 890 895	1 483 890 895	1 483 890 895	-147 173 020	1 336 717 875
Depreciation & asset impairment	609 619 463	609 619 463	609 619 463	609 619 463	609 619 463	-11 537 286	598 082 177
Finance charges	13 567 183	13 567 183	13 567 183	13 567 183	13 592 068	32 618 557	46 210 625
Electricity Bulk Purchases	2 512 494 096	2 512 494 096	2 512 494 096	2 512 494 096	2 318 297 296	-44 368 545	2 273 928 751
Contracted services	175 748 202	175 748 202	196 667 177	196 667 177	213 038 199	-443 875	212 594 324
Transfers and grants	76 051 060	76 051 060	86 069 670	86 069 670	83 902 280	-8 907 753	74 994 527
Repairs and Maintenance	497 440 370	497 440 370	506 352 297	506 352 297	469 201 062	33 878 529	503 079 591
Operating projects	397 238 177	400 300 295	355 240 781	364 980 906	349 640 639	-12 228 976	337 411 663
Other expenditure	512 386 394	512 386 394	532 715 036	532 715 036	641 444 059	-8 540 744	632 903 315
Losses	92 539 935	92 539 935	92 539 935	92 539 935	93 019 706	25 112 508	118 132 214
Losses on disposal of Assets	0	0	0	0	0	351 785 622	351 785 622
Other materials	268 199 084	268 199 084	268 070 825	268 070 825	309 677 506	-25 350 731	284 326 775
Total Operating Expenditure	9 405 341 830	9 408 403 948	9 386 293 432	9 396 033 557	9 386 095 078	157 044 901	9 543 139 979

- a) The adjustments column on the table above indicates the adjustments to be made to address the unauthorised expenditure incurred.
- i. A downward adjustment of R27 799 385 has been made to Employee Related costs.
 - ii. A downward adjustment of R147 173 020 has been made to Debt impairment.
 - iii. A downward adjustment of R11 537 286 has been made to Depreciation & asset impairment.
 - iv. An upward adjustment of R32 618 557 has been made to Finance charges.
 - v. A downward adjustment of R44 368 545 has been made to Electricity bulk purchases.
 - vi. A downward adjustment of R443 875 has been made to Contracted services.
 - vii. A downward adjustment of R8 907 753 has been made to Transfers & Grants.
 - viii. An upward adjustment of R33 878 529 has been made to Repairs & Maintenance (In the Unauthorised Expenditure reporting, repairs &

maintenance is not classified as a standalone item, it is included in Other expenditure and this expenditure type does not have unauthorised expenditure in the 2023/2024 AFS).

- ix. A downward adjustment of R12 228 976 has been made to Operating projects.
- x. A downward adjustment of R8 540 744 has been made to Other Expenditure.
- xi. An upward adjustment of R25 112 508 has been made to Losses.
- xii. An upward adjustment of R351 785 622 has been made to Losses on disposal of assets.
- xiii. A downward adjustment of R25 350 731 has been made to Other Materials.

Table 13 below indicates the downwards adjustment made from other directorates with savings to address the unauthorised expenditure incurred at directorate level.

Table 13: 2023/2024 Adjusted Operating Expenditure per Directorate

DIRECTORATE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	2023/2024 MID YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
Directorate of Executive Support Services	304 739 274	304 772 958	277 613 565	277 613 568	272 692 726	-752 649	271 940 077
Directorate of Municipal Manager	153 112 177	153 112 177	142 744 852	143 084 852	175 259 722	-8 678 990	166 580 732
Directorate of Corporate Services	240 908 901	240 908 901	221 664 312	221 664 312	245 441 098	-1 408 009	244 033 089
Directorate of Spatial Planning & Development	297 598 736	297 598 736	286 458 477	286 458 477	281 512 498	-55 890 076	225 622 422
Directorate of Economic Development & Agencies	220 690 948	220 520 948	261 553 751	268 045 876	270 828 876	43 886 006	314 714 882
Directorate of Chief Financial Officer	1 012 839 909	1 012 839 909	1 042 706 385	1 042 706 385	981 207 762	-72 960 377	908 247 385
Directorate of Public Safety & Emergency Services	516 558 783	516 558 783	500 376 475	500 376 475	578 273 356	-559 154	577 714 202
Directorate of Human Settlement	187 439 291	190 886 725	175 569 137	175 569 137	173 323 820	-118 675	173 205 145
Directorate of Infrastructure Services	5 291 826 478	5 289 826 478	5 312 872 728	5 315 780 728	5 200 008 155	233 055 680	5 433 063 835
Directorate of Solid Waste And Environmental Management	659 806 211	660 633 211	704 274 900	704 274 900	771 258 587	36 104 942	807 363 529
Directorate of Sport, Recreation & Community Development	519 821 122	520 745 122	460 458 852	460 458 852	436 288 483	-15 633 797	420 654 686
Total Expenditure by Vote	9 405 341 830	9 408 403 948	9 386 293 434	9 396 033 562	9 386 095 083	157 044 901	9 543 139 984

- a) The adjustments column on the table above indicates the adjustments to be made to address the unauthorised expenditure incurred at directorate level:
 - i. A downward adjustment to Executive Support Services of R752 649.
 - ii. A downward adjustment to City Manager's Office of R8 678 990.
 - iii. A downward adjustment to Corporate Services of R1 408 009.

- iv. A downward adjustment to Spatial Planning & Development of R55 890 076.
- v. An upward adjustment to Economic Development & Agencies of R43 886 006.
- vi. A downward adjustment of R72 960 377 to Finance Services.
- vii. A downward adjustment of R559 154 to Public Safety & Emergency Services.
- viii. A downward adjustment of R118 675 to Human Settlements.
- ix. An upward adjustment of R233 055 680 to Infrastructure Services.
- x. An upward adjustment of R36 104 942 to Solid Waste & Environmental Management.
- xi. A downward adjustment of R15 633 797 to Sport, Recreation & Community Development.

5.6.1 2023/2024 Budget Adjustment on Operating Projects

The following (Table 14 & 15), tabulates the operating projects expenditure budget for the 2023/2024 financial year per directorate and the funding sources respectively. These tables reflect the proposed adjustments to address unauthorised expenditure. It is proposed that unspent own funding amounting to R12 228 976 be reallocated to operating budget to address over-expenditure that has been incurred in the 2023/2024 financial year. (Refer to Annexure 1 for details)

Table 14: 2023/2024 Adjusted Operating Projects per Directorate

DIRECTORATE	2023/2024 APPROVED OPEX BUDGET	2023/2024 FIRST ADJUSTMENT OPEX BUDGET	2023/2024 MID- YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
EXECUTIVE SUPPORT SERVICES	52 954 160	52 987 844	26 329 412	26 329 412	25 082 600	0	25 082 600
CITY MANAGER'S OFFICE	37 784 800	37 784 800	35 675 040	36 015 040	38 816 150	-8 527 519	30 288 631
CORPORATE SERVICES	22 950 000	22 950 000	15 420 000	15 420 000	17 004 760	-1 262 611	15 742 149
SPATIAL PLANNING & DEVELOPMENT	9 954 000	9 954 000	11 754 000	11 754 000	9 126 437	0	9 126 437
ECONOMIC DEVELOPMENT & AGENCIES	28 798 286	28 379 286	26 040 606	32 532 731	34 606 486	-93 749	34 512 737
FINANCE SERVICES	23 790 936	23 790 936	27 590 936	27 590 936	31 349 112	-2 374 096	28 975 016
PUBLIC SAFETY & EMERGENCY SERVICES	2 320 000	2 320 000	1 320 000	1 320 000	406 505	0	406 505
HUMAN SETTLEMENTS	136 036 680	139 484 114	124 920 978	124 920 979	124 089 729	0	124 089 729
INFRASTRUCTURE SERVICES	58 901 600	56 901 600	50 993 600	53 901 600	31 783 481	0	31 783 481
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	576 000	1 500 000	1 970 000	1 970 000	1 933 667	28 999	1 962 666
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	23 171 714	24 247 714	33 226 208	33 226 208	35 441 712	0	35 441 712
TOTAL OPERATING PROJECTS	397 238 176	400 300 294	355 240 780	364 980 906	349 640 639	-12 228 976	337 411 663

Table 15: 2023/2024 Adjusted Operating Projects per Funding Source

FUNDING SOURCE	2023/2024 APPROVED OPEX BUDGET	2023/2024 FIRST ADJUSTMENT OPEX BUDGET	2023/2024 MID-YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
OWN FUNDING	153 838 476	153 838 476	127 641 605	127 641 605	127 641 605	-12 228 976	115 412 629
TOTAL OWN FUNDING	153 838 476	153 838 476	127 641 605	127 641 605	127 641 605	-12 228 976	115 412 629
URBAN SETTLEMENT DEVELOPMENT GRANT	45 441 020	45 441 020	45 441 020	45 441 020	29 591 813	0	29 591 813
FINANCE MANAGEMENT GRANT	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	0	1 000 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	27 407 680	27 407 680	23 207 680	23 207 680	23 712 236	0	23 712 236
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	10 850 000	10 850 000	10 620 000	10 620 000	10 624 384	0	10 624 384
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	18 908 000	18 908 000	10 000 000	12 908 000	12 908 000	0	12 908 000
EXPANDED PUBLIC WORKS PROGRAMME	6 093 000	6 093 000	5 753 000	6 093 000	6 093 000	0	6 093 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	112 700 000	91 200 000	80 836 864	80 836 864	80 836 864	0	80 836 864
HUMAN SETTLEMENTS DEVELOPMENT GRANT (C/O)	0	24 947 434	24 947 434	24 947 434	24 947 434	0	24 947 434
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	21 000 000	20 581 000	25 759 494	20 581 000	20 581 000	0	20 581 000
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT C/O	0	0	0	5 178 494	5 178 494	0	5 178 494
SETA	0	0	0	6 492 125	6 492 125	0	6 492 125
SALAIDA C/O	0	33 684	33 684	33 684	33 684	0	33 684
TOTAL GRANTS	243 399 700	246 461 818	227 599 176	237 339 301	221 999 034	0	221 999 034
TOTAL OPERATING PROJECTS BUDGET	397 238 176	400 300 294	355 240 781	364 980 906	349 640 639	-12 228 976	337 411 663

5.7 CAPITAL EXPENDITURE FRAMEWORK

There have been no adjustments made in the 2023/2024 capital budget. The tables (table 16 and 17) below indicates that no adjustments have been made to the capital expenditure budget for the 2023/24 financial year. (Refer to annexure 2 for details)

Table 16: 2023/2024 Adjusted Capital Expenditure Budget per Directorate

CAPITAL BUDGET PER DIRECTORATE	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	2023/2024 MID YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
EXECUTIVE SUPPORT SERVICES	500 000	500 000	500 000	500 000	227 604	0	227 604
CITY MANAGER'S OFFICE	600 000	600 000	600 000	9 600 000	588 322	0	588 322
CORPORATE SERVICES	10 639 875	12 218 189	10 218 189	10 218 189	7 175 847	0	7 175 847
SPATIAL PLANNING & DEVELOPMENT	136 616 510	137 459 760	114 818 785	102 818 785	95 182 936	0	95 182 936
ECONOMIC DEVELOPMENT & AGENCIES	59 100 000	64 123 046	64 123 046	57 123 046	29 734 164	0	29 734 164
FINANCE SERVICES	71 938 110	91 627 184	132 227 709	142 227 709	104 169 765	0	104 169 765
PUBLIC SAFETY & EMERGENCY SERVICES	32 187 900	54 762 315	42 724 561	44 924 561	41 874 630	0	41 874 630
HUMAN SETTLEMENTS	278 200 000	278 200 000	282 400 000	261 766 000	240 022 184	0	240 022 184
INFRASTRUCTURE SERVICES	520 460 683	520 460 683	519 460 683	558 892 281	690 011 408	0	690 011 408
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	60 650 000	66 161 224	65 161 224	65 361 224	59 013 664	0	59 013 664
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	42 000 000	54 375 952	47 454 156	56 454 156	57 225 694	0	57 225 694
TOTAL CAPITAL BUDGET: BCMM	1 212 893 078	1 280 488 353	1 279 688 353	1 309 885 951	1 325 226 218	0	1 325 226 218
BCMDA	6 433 226	14 831 893	14 206 810	14 206 810	14 206 810	0	14 206 810
TOTAL CAPITAL: CONSOLIDATED	1 219 326 304	1 295 320 246	1 293 895 163	1 324 092 761	1 339 433 028	0	1 339 433 028

Table 17: 2023/2024 Adjusted Capital Expenditure Budget Per Funding

CAPITAL BUDGET PER FUNDING	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	2023/2024 MID YEAR ADJUSTMENTS BUDGET	2023/2024 THIRD ADJUSTMENTS BUDGET	2023/2024 FOURTH ADJUSTMENTS BUDGET	ADJUSTMENTS	2023/2024 FIFTH ADJUSTMENTS BUDGET
TOTAL OWN FUNDING	459 854 004	535 847 945	535 222 862	487 435 460	487 435 460	0	487 435 460
URBAN SETTLEMENT DEVELOPMENT GRANT	472 592 980	472 592 980	472 592 980	572 592 980	588 442 187	0	588 442 187
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	267 148 320	267 148 320	271 348 320	253 914 320	253 409 764	0	253 409 764
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	19 581 000	19 581 000	14 581 000	10 000 000	10 000 000	0	10 000 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	150 000	150 000	150 000	150 000	145 616	0	145 616
TOTAL GRANTS	759 472 300	759 472 300	758 672 300	836 657 300	851 997 567	0	851 997 567
TOTAL CAPITAL BUDGET	1 219 326 304	1 295 320 245	1 293 895 162	1 324 092 760	1 339 433 027	0	1 339 433 027

PART 2 – SUPPORTING DOCUMENTATION

6.1 ADJUSTMENT TO BUDGET ASSUMPTIONS

The budget assumptions have not been adjusted as a result this adjustment budget does not have an impact on tariffs.

6.2 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

There have been no adjustments to allocations or grants made by the municipality.

6.3 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

This adjustment budget is in respect of activities, projects and programmes that were already in the IDP and SDBIP and therefore it has not been necessary to revise these documents.

6.4 CHALLENGES

None.

6.5 STAFF IMPLICATIONS

None.

6.6 FINANCIAL IMPLICATIONS

The unauthorised expenditure adjustments to the 2023/2024 budget does not have an impact on tariffs as these are funded from current operating revenue, grants & subsidies and own funding reserves. The effects of the 2023/2024 adjustments to the Operating and Capital Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2023/2024 Fifth Adjustment Budget as follows:

- i. The unauthorised expenditure of the Parent Municipality of R403 496 432 incurred in the 2023/2024 Financial year.
- ii. The transfer of the savings identified from the following items to address the unauthorised expenditure as disclosed in the 2023/2024 BCMM Annual Financial Statements (Parent).
 - a) Transfer of R27 799 385 from Employee Related costs
 - b) Transfer of R147 173 020 from Debt impairment
 - c) Transfer of R11 537 286 from Depreciation & Asset impairment
 - d) Transfer of R32 618 557 to Finance charges to address unauthorised expenditure identified.
 - e) Transfer of R44 368 545 from Electricity Bulk Purchases
 - f) Transfer of R443 875 from Contracted Services
 - g) Transfer of R8 907 753 from Transfers & Grants
 - h) Transfer of R33 878 529 to Repairs & Maintenance (In the Unauthorised Expenditure reporting, repairs & maintenance is not classified as a standalone item, it is included in Other expenditure and this expenditure type does not have unauthorised expenditure in the 2023/2024 AFS).
 - i) Transfer of R12 228 976 from Operating Projects
 - j) Transfer of R8 540 744 from Other Expenditure
 - k) Transfer of R25 112 508 to Losses to address unauthorised expenditure identified.
 - l) Transfer of R351 785 622 to Losses on disposal of Assets to address unauthorised expenditure identified.
 - m) Transfer of R25 350 731 from Other Materials
- iii. The adjusted Operating Revenue Budget of the Parent for the 2023/2024 financial year that remains unchanged as R9 287 441 892 be approved by Council.
- iv. An increase of R157 044 901 to the adjusted Operating Expenditure Budget of the Parent for the 2023/2024 financial year to address the identified unauthorised expenditure.
- v. The adjusted Capital Budget of the Parent for the 2023/2024 financial year that remains unchanged as R1 338 624 884 be approved by Council.

B. The Consolidated adjusted budget of BCMM for the 2023/2024 Fifth Adjustment Budget as follows:

- i. The Consolidated unauthorised expenditure of R368 454 148 incurred in the 2023/2024 Financial year.
- ii. The transfer of the savings identified from the following items to address the unauthorised expenditure as disclosed in the 2023/2024 Consolidated BCMM Annual Financial Statements.
 - a) Transfer of R27 799 385 from Employee Related costs
 - b) Transfer of R147 173 020 from Debt impairment
 - c) Transfer of R11 537 286 from Depreciation & Asset impairment
 - d) Transfer of R32 618 557 to Finance charges to address unauthorised expenditure identified.
 - e) Transfer of R44 368 545 from Electricity Bulk Purchases
 - f) Transfer of R443 875 from Contracted Services
 - g) Transfer of R8 907 753 from Transfers & Grants
 - h) Transfer of R33 878 529 to Repairs & Maintenance (In the Unauthorised Expenditure reporting, repairs & maintenance is not classified as a standalone item, it is included in Other expenditure and this expenditure type does not have unauthorised expenditure in the 2023/2024 AFS).
 - i) Transfer of R12 228 976 from Operating Projects
 - j) Transfer of R8 540 744 from Other Expenditure
 - k) Transfer of R25 112 508 to Losses to address unauthorised expenditure identified.
 - l) Transfer of R351 785 622 to Losses on disposal of Assets to address unauthorised expenditure identified.
 - m) Transfer of R25 350 731 from Other Materials
- iii. The adjusted Consolidated Operating Revenue Budget for the 2023/2024 financial year that remains unchanged as R9 386 331 492 be approved by Council.

- iv. An increase of R157 044 901 to the consolidated adjusted Operating Expenditure Budget for the 2023/2024 financial year to address the identified unauthorised expenditure.
 - v. The adjusted Consolidated Capital Budget for the 2023/2024 financial year that remains unchanged as R1 339 433 027 be approved by Council.
- C. The National Treasury B Schedules that have been adjusted in line with the above are herewith enclosed as Annexure 3 and Annexure 4.

6.7 OTHER PARTIES CONSULTED

All Directorates.

6.8 CITY MANAGER'S QUALITY CERTIFICATE

I Mxolisi Yawa, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

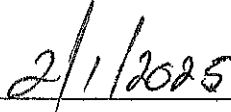
Print Name Mxolisi Yawa

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature



Date



ANNEXURES:

Annexure 1: Operating Projects/Programmes – 2023/2024

Annexure 2: Capital Projects/Programmes – 2023/2024

Annexure 3: Parent National Treasury B Schedules – 2023/2024

Annexure 4: Consolidated National Treasury B Schedules – 2023/2024