

4. PROGRESS ON RESOLVING PROBLEMS IDENTIFIED IN THE ANNUAL REPORT OF THE PAST YEAR

Section 72(1)(a)(iii) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) prescribes to the Accounting Officer to take into account progress made on problems identified in the past annual report. The Auditor-General South Africa (AGSA) conducted an audit in Xhariep District Municipality for 2011/2012 financial year. The municipality's audit outcome for 2011/12 is an unqualified audit opinion. The Annual report of 2011/2012 was also audited by the Auditor- General South Africa and there were no material findings concerning the usefulness and the reliability of the information reported.

5. CONCLUSION

Reasons for adjusting the annual budget for 2012/2013:

Section 28 (2) of the MFMA outlines the following:

An adjustments budget

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework

Xhariep District Municipality will adjust its budget due to the following reasons:

- Under recovery of other income.
- Additional funds from SARS for VAT claimed back.
- Allocation of the Motheo Asset share roll- over from the preceding financial year.
- Under recovery of interest on current account,

- Additional interest on investments as the municipality invested more funds than what it initially budgeted for.
- Authorising the utilisation of projected savings in one vote towards spending in another vote (Virements).
- Correcting the error in the annual budget by providing for the Financial Management grant and EPWP grant expenses.
- Correcting the error in the annual budget by providing for depreciation expenses as per GRAP and municipal budget regulations' requirements (cash backed reserves).
- Under recovery of the Financial Assistance grant (R 29 million) by COGTA).