**5. CONCLUSION**

**Recommendation for adjusting the annual budget for 2018/2019:**

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

From the mid-year budget herein attached, indicative of spending patterns, it is hereby recommended that Xhariep District Municipality revise its approved annual budget through an adjustments budget due to the following reasons:

* During the 2018/2019 financial year it was noted that the roof of the municipal building needed to be repaired therefore there is a need to increase maintenance and repairs
* Due to financial difficulties the municipality could not pay suppliers on time and that resulted in the municipality overspending and an adjustment is required to correct that
* The municipality has four motor vehicles and due to the high official trips which were taken therefore there was an overspending of the budget
* The municipality had to advertise the position of the CFO while the expense was not budgeted for and that has to be corrected in the adjustments budget
* Disciplinary hearings which resulted in the municipality incurring unexpected legal costs
* The amendment of the Organisational structure
* Overspending/Under-spending of certain votes