

## Metro Open Budget Survey 2019

### Introduction and Overview

Public participation in government is one of the cornerstones of the South African Constitution, and is an essential factor in ensuring accountability. This is particularly true when it comes to holding government to account for managing public funds. Evidence from around the world, including South Africa, shows that when there is public participation in public finance decision making and oversight, it can lead to better policy choices, deeper public trust in government, and stronger accountability over the use of public money to provide services on the ground.

Such participation, however, is only meaningful when the public has access to information about the government's plans and activities, and the fiscal constraints it faces. Without this information, public inputs into budget policies risks being reduced to a "wish list" rather than forming part of the strategic trade-offs that sit at the heart of all budgets. When facilitated by access to complete budget information and formal participation opportunities, public engagement in budget processes combines with strong and independent formal oversight institutions (i.e., the legislature and supreme audit institution) to enhance public finance accountability.

The Metro Open Budget Index (Metro OBI) will assign a score to the relevant metropolitan municipality (metro) based on three aspects of how metros manage their finances. These are:

1. Budget transparency: the amount, level of detail and timeliness of budget information that metros publish.
2. Budget participation: the opportunities the metros provide to civil society, communities and individuals to engage in decisions about how public money is raised and spent.
3. Budget oversight: the capacity and the authority of formal institutions, and specifically the metropolitan councils, to oversee how public resources are raised and spent.

The data collected through the Metro Open Budget Questionnaire will form the basis of the Metro Open Budget Survey and the Metro OBI results, which will be released at the end of the research period. The questionnaire covers all four stages of the budget process: formulation, approval, implementation, and audit.

## Important Principles Related to Budget Transparency and Accountability

The questionnaire attempts to capture and make operational some important basic principles and standards, or norms, related to transparent and accountable budgeting systems and practices. These include:

- *Prior authorization*: The Council should authorize measures involving expenditure, revenue collection, and debt *prior* to the administration taking action.
- *Unity*: All proposed annual expenditures, revenues, and other government financial activities should be presented to the Council in one consolidated presentation, the Draft Medium Term Revenue and Expenditure Framework (MTREF). (Although in practice, this consolidated presentation usually takes the form of a primary document, with several supporting documents.)
- *Comprehensiveness*: Not only should the metropolitan municipality disclose its financial activities in Draft MTREF but it also should issue documents at other times during the budget year to provide a comprehensive, updated picture of the municipality's actions.
- *Periodicity*: The administration should adhere to regular deadlines in an annual calendar for drafting the budget, presenting it to the Council for debate and enactment, executing the budget, and presenting its final accounts to the public and the Auditor-General. Timely and regular reporting on each of these four phases of the budget process is essential. It is also important for the Council to perform their critical roles in a timely manner throughout the budget year, especially when it comes to debating and approving the annual budget and reviewing the final accounts.
- *Specificity*: The description of every budget item should result in a clear overview of the municipality's expenditure plans. The descriptions and figures provided for budget items should not be so highly aggregated (presented as grand totals) that they do not give a clear picture of the government's intentions, and this information should be presented according to internationally accepted classification systems to avoid obfuscation.
- *Legality*: All expenditures and activities should be in keeping with the law. Where the law does not adhere to or promote basic principles of transparency and accountability, civil society should make recommendations to amend it.
- *User-friendly structure*: A municipality's budget documents are its key accountability documents: they should be presented in a manner that is manageable and understandable by the full spectrum of audiences, and their varying levels of technical capacity, including the Council, civil servants, and public.
- *Publicity*: All of the municipality's residents should have the right, as individuals or in association in the form of civil society organizations (CSOs), to make and express judgements on the budget. This requires that budget documents be widely available. This is especially important for the draft MTREF, which should be available to residents *before* it is adopted by the Council.
- *Means and ends*: Clear links should be made between the municipalities' policies, plans, budget inputs and outputs, and desired outcomes. The explanation accompanying the budget should communicate clearly its aims in terms of inputs, objectives to be achieved, and measurable results.

## General Information about the Questionnaire

The Open Budget Questionnaire is designed to be completed by an independent public finance researcher, in order to produce a single set of responses for each participating metro. The questionnaire seeks to determine whether a metro provides certain types of information to the public, and whether certain activities occur during the budget process. **Answers to the questions must be based on empirical research, not opinion, and researchers are required to provide evidence as to why they have selected a particular answer.** This evidence can include references to specific documents, in their entirety or sections/chapters/pages, or interviews with public officials. Each question provides a “Comment” box in which researchers can summarize supporting evidence and explain why a particular answer option has been selected over another. Please see the discussion that follows on citations and references.

Once the questionnaire is completed, officials from the relevant metro will be given the opportunity to review and comment on the completed questionnaire. After this, IBP-SA will review the questionnaire and resolve any contradictions between the researcher’s answers and the feedback from the metro. All differences of opinions and decisions made by IBP-SA will be reflected and explained in the comment sections of the relevant questions in the final questionnaire.

It is important for researchers to note the following:

- The questionnaire focuses on the documents and activities of metropolitan municipalities and does not address central and provincial governments. The latter is included in the Open Budget Index
- *For the most part, the questionnaire seeks to discover what occurs in practice, rather than what the law requires.* Many questions refer to legal provisions and state this clearly in the question, but the questionnaire tests whether these legal provisions are being followed. Researchers should answer the vast majority of questions based on the actual practice in the relevant metro. This focus on what occurs in practice recognizes that, in some cases, well-intentioned budget laws and regulations are not actually implemented and thus have little impact on the budget process. At the same time, this focus should not be interpreted as minimizing the importance of codifying certain aspects of the budget process; legal requirements for openness and transparency are an essential part of guaranteeing sustained transparent, responsive, accountable, efficient, and effective budgeting.
- *Unless stated otherwise, the questionnaire is concerned with those budget documents that are made available to the public.* Please answer the questions in Sections Two through Five of the questionnaire based on publicly available budget documents.
- Unless stated otherwise, the questions are intended to apply to the most recently completed part of the budget process covered by the question. As a result, the questionnaire will likely apply to budgets from several years. In any event, IBP-SA will provide guidance at the start of the research project on which year’s documents should be used.

## Structure of the Metro OBI Questionnaire

The Metro OBI Questionnaire consists of five sections. **The first section (Section 1: Public Availability of Budget Documents)** requires the researcher to identify each of the budget documents that a metro issues (or fails to issue) during each of the four phases of the budget process, and to provide details on document availability, timely publication against the standards set, and how easy the documents are to access, if available. The researcher will then use this information to answer the majority of the questions in the remaining sections of the questionnaire (Sections 2-5). The remaining questions are arranged by the phases of the budget process, testing three dimensions:

- *The availability and comprehensiveness of documentation in the phase:* The questionnaire assesses the availability and comprehensiveness of the most important budget and supporting documents a metropolitan municipality releases during each of the four phases (formulation, approval, implementation and audit) of the budget process. These documents should provide detailed information on firstly the metro's spending and revenue collection plans and then how the metro is proceeding with actual spending, revenue collection and service delivery;
- *The role and effectiveness of oversight institutions in the phase:* the questionnaire assesses the role and effectiveness of the relevant metro's Council and Council Committees in the budget process. The questions evaluate whether the broader architecture of the budget system includes adequate checks and balances for ensuring accountability in the use of public resources.; and
- *The extent and quality of public engagement in the phase:* The questionnaire looks at the opportunities for public engagement in all four phases of the budget process. Budget transparency alone is not enough to ensure public accountability; it must be coupled with opportunities for the public to participate meaningfully in budget decisions and oversight processes. The questions on public participation therefore looks at the processes, mechanisms, and practices the metropolitan municipality has in place to ensure that the public is included in the formulation, discussion/approval, implementation, and auditing of the metro's budget. The indicators are aligned with the Global Initiative for Fiscal Transparency's new principles on public participation<sup>1</sup>, which now serve as the basis for widely accepted norms on public participation in national budget processes.

The **second section of the questionnaire (Section 2: The Formulation of the Draft MTREF)** seeks to assess the transparency of documentation and the quality of processes in the formulation phase of the budget. This phase is from the first steps taken by the metropolitan municipality to prepare the draft MTREF for the next fiscal year, up to when the final draft MTREF is first submitted to the metro's council for approval. Note that some metros may submit earlier versions of the MTREF to the Council for noting or discussion. This however is deemed to be a step in the formation process, rather than the end of it. Researchers need to identify the date that the final draft MTREF was submitted for adoption, which signals the end of the formulation process. The Section tests the

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<sup>1</sup> <http://www.fiscaltransparency.net/giftprinciples/>

availability of a Pre-Budget Statement, a statement on the fiscal and policy framework that will determine the detail of the draft MTREF. The publication of such a document and its submission to the legislature, is considered international good practice and a legal requirement for the national government.

The third section of the questionnaire (**Section 3: Approval of the Draft MTREF**) moves the questionnaire on to the approval process. The approval process is from the submission of the final draft MTREF for approval in the Council, to the adoption of the draft MTREF as the budget for the coming fiscal year. The draft MTREF, as well as its supporting documentation, provides the blueprint for the metro's revenue and spending plans for the year, as well as for the two outer years of the three-year medium-term period. This section tests whether the draft MTREF and its supporting documents, as the key documents used and produced from this phase, are publicly available; the processes in the metro council for approving the draft MTREF; and the openness of these processes to the public to provide inputs.

How closely the Draft MTREF adheres to good practices for presenting budget information is generally reflected in the other budget documents that are issued throughout the process. For example, if a metro adopts the good practice of providing in the draft MTREF a highly detailed classification of its expenditures that includes functional, economic, and administrative breakdowns, it is much more likely to be in a position to carry this practice through to its reporting in other phases of the budget cycle, such as in the Monthly Budget Statements and the Annual Report. Its public availability and comprehensiveness is therefore tested in this section. This section therefore comprises a large number of questions in comparison with the other sections

The fourth section of the questionnaire (**Section 4: Implementation of the Annual Budget**) is about transparency and openness of budget implementation. It tests the availability and comprehensives of the Monthly Budget Statements; processes in the Council to review the Statements; and whether these processes are open to the public for inputs.

The fifth section of the questionnaire (**Section 5: The Audit Phase**) consists of questions about transparency of reporting after the end of the fiscal year, the oversight processes to close the fiscal year and bring its lessons into the current year and future budgets, and questions about the openness of these processes to the public. It tests the availability and comprehensiveness of the Annual Report (which includes the Audit Report); ex post oversight processes and the opportunity for public input on the Annual Report.

## Structure of Responses to the Questions

The majority of questions in the five sections of the Metro OBI Questionnaire have three possible responses. For questions with three options, the first response (the letter "a") is the most positive answer, reflecting the best practice for the specific subject matter of that question. The second response (the letter "b") generally reflects weaker, but still good practice, while the third response (the letter "c") reflects the most negative response. For a handful of questions there will be a "not applicable/other option." With regard to questions for which this response is an option, if selected as the answer, the question will not be included in the scoring. The "not applicable/other option." does NOT apply to situations where metros do not produce the relevant document; in such cases option "c" is typically the correct one.

For the purposes of numerically scoring the responses on the questionnaire, if the question has three possible options, an “a” response will be scored as 100 percent, “b” will be scored as 50 percent, and “c” as 0 percent. For the small number of questions with four possible responses, an “a” will be scored as 100 percent, “b” as 67 percent, “c” as 33 percent, and “d” as 0 percent. As indicated above, if the “not applicable/other” option applies, the question will not be scored or included in the overall score.

As mentioned above, the “a” responses to the questions attempt to capture “best practice” for transparent and accountable budgeting. For the most part, these best practices regarding the timeliness and content of specific budget documents are drawn from guidelines found in the OECD’s *Best Practices for Budget Transparency* (<https://www.oecd.org/governance/budgeting/Best%20Practices%20Budget%20Transparency%20-%20complete%20with%20cover%20page.pdf>); the IMF’s *Manual on Fiscal Transparency* (2007) (<https://www.imf.org/external/np/pp/2007/eng/101907m.pdf>) and revised draft *Fiscal Transparency Code* (July 2013) (<http://www.imf.org/external/np/exr/consult/2013/fiscitransp/pdf/070113.pdf>); the IMF’s *2001 Government Finance Statistics Manual* (<http://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>); and the *Public Expenditure and Financial Accountability (PEFA) Framework* (<https://pefa.org/content/pefa-framework>) as well as the requirements of the Municipal Finance Management Act (MFMA) (No. 56 of 2003) ([http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)) and the Municipal Budget Reporting Regulations (<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>). However, the questionnaire covers some topics in addition to those related to budget documents, and for many of these issues standardized “best practices” do not exist. Therefore, the questionnaire sets goals in these areas that reflect the transparency and participation needs of people seeking to engage government on budgets.

## Answers Involving Documents that are Not Available to the Public

The Metro OBI Questionnaire is intended to evaluate information on the relevant metro’s budget that is available to the public. A document is only considered *publicly available* if it is available on the website of that metro within the timeframe specified in the Municipal Finance Management Act and the Metro OBI methodology, *and* the members of the public can obtain the documents free of charge. Therefore, researchers should not answer questions based on information that they may have unique access to through, for example, contacts in the metro’s administration, or from a document that might have been provided by a councillor. The implicit question is not whether the researcher could obtain the document, but rather whether members of the public could obtain the document. In addition, if the document is available, for example, on the National Treasury website but *not* on the metro’s website it would be considered to be *not* publicly available for the purposes of completing the questionnaire. The reason for this is that from an accountability and participation perspective, the unit of government that the public seeks to engage should issue the information needed to do so.

If a document is not available to the public, then all the questions regarding that document should be marked the most negative response – generally a “c”. For example, this means that if the draft MTEF is not available on a metro’s website, but the researcher managed to obtain a copy from a different source (including the National Treasury website), all the questions related to the draft MTREF should be marked “c”.

## Citations and References

When completing the questionnaire, researchers are asked to briefly cite a source and provide a short comment (which may be as short as one sentence or one paragraph, as appropriate) for answers to *each* question. The citation should reference the title and page numbers or subsection of the budget document from which you have drawn your answer, or it should describe the conditions that led you to select a particular answer. Below are some examples of possible citations<sup>2</sup>:

- A short citation for a reference to information drawn from a budget document could be one or two sentences long and read as follows (researchers should include the Internet address/URL for the document cited, if it is posted on the web as well as the date when the document was accessed):

*Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August on page 33-36 presents actual expenditure by vote. This information can be accessed at [http://www.durban.gov.za/Resource\\_Centre/reports/Budget/Documents/MonthlyBudgetStatementAugust2017.pdf](http://www.durban.gov.za/Resource_Centre/reports/Budget/Documents/MonthlyBudgetStatementAugust2017.pdf) Accessed 1 March 2018*

- In cases in which the budget documents present only partial information, researchers may choose to provide a citation that gives some insight into why they chose a “b” or “c” answer. A comment as follows could be provided:

*Appendix N: Capital Programme by Project: 2015/16 on page 614-620: <http://nelsonmandelabay.gov.za/datarepository/documents/2015-16-annual-report-part-2.zip>.) Some narrative is presented for only some of the capital projects and can be found on page 57-58: <http://nelsonmandelabay.gov.za/datarepository/documents/2015-16-annual-report-part-1.zip> Accessed 1 March 2018.*

- If the document in question or information is not available to the public, researchers may decide to provide a citation as follows:

*This document is not available to the public. OR  
This document is produced for internal purposes, but it is not made available to the public. OR  
A review of the draft MTREF for the year 2016/17, and the supporting documents that accompany it, indicates that this information does not appear in the documents*

- In some instances, researchers may wish to provide an example to strengthen the credibility of their answers. An example can also give insight to readers about why a particular answer was selected. Providing concrete details (dates, names, actions) about examples provided can strengthen their usefulness. For example:

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<sup>2</sup> Please note that the citations presented here, including references to specific documents of a metro, are for illustrative purposes only.

*It is a legal requirement that the administration makes the mid-year budget and performance assessment public by placing it on the municipal website within five working days of 25 January. However, during the 2016/17 budget year, the administration only placed these documents on the municipal website in March.*

### **Citations for Information from Interviews with Government Officials**

Interviews with officials in the Administration and the Council will be necessary to complete some portions of the questionnaire. For example, an interview with an official from the Administration will be necessary to determine whether a document is not produced or produced for internal purposes only.

Some questions explore the internal capacity of the Council and the information that the Administration provides to members of the Council. These questions will likely require an interview with a councillor or officials working for the Council. In such cases, researchers should ensure that they interview councillors from a variety of political parties to ensure a variety of perspectives and some triangulation. Failure by the Administration to provide information to opposition parties should be noted in the “Comment” section for these questions.

Most of the questions in Section 5 on public engagement are likely to require the researcher to both examine publicly available documents and interview officials in order to capture the actual practice of the various institutions in terms of engaging with the public throughout the budget process.

Researchers should try to identify all the officials that they interview for the purposes of completing the questionnaire in order to strengthen the credibility of their citations. If possible, researchers should also try to identify officials interviewed with as much specificity as possible. For example, they should include as much of the following as possible: the name of the official, his or her title, the department or directorate, and the date of the interview, in addition to the pertinent information that came out of the interview.

Researchers should try and avoid the use of anonymous sources. If, however, an official agrees to be interviewed on condition of remaining anonymous, the researcher should accommodate this, and the sources should be referenced as “anonymous”. This option should only be used as a last resort if no other official is willing to be quoted and should not be offered upfront.

### **Guidance to the Questions**

Besides this initial guidance, the questionnaire below contains guidance on each section, sub-section and question. In addition Appendix 1 provides the definitions of key terms, and two diagrams (Appendix 2 and 3) that map the questionnaire to the budget process and key documents. A table of content is provided up front to allow for easy location of each of the questions.

# Metro Open Budget Survey 2019 Questionnaire

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| 40. Does the draft MTREF or any supporting budget documentation present estimates of current and noncurrent assets for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?   | 57        |
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| 50. Are service delivery performance targets assigned to service delivery indicators for the budgeted year in the draft MTREF or any supporting budget documentation?   | 66        |
| 51. Did the Metropolitan Municipality publish a Citizens Budget for the draft MTREF?  | 66        |
| <b>3.2 Role and Effectiveness of Oversight Institutions in the Budget Approval Phase</b>  | <b>67</b> |
| 52. During the most recent budget approval process, when did the Council approve the annual budget?   | 67        |
| 53. During the most recent budget approval process, did a Section 79 Council Committee with budget or finance responsibilities examine the draft MTREF and did it have at least one month to do so?   | 68        |
| 54. During the most recent budget approval process, did Section 79 Council Committees responsible for particular sectors examine the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MREF, and did they have at least one month to do so? | 69        |
| 55. During the most recent budget approval process did the Council or a Section 79 Council Committee specifically deliberate on the prioritization of individual capital projects, and did they have at least one month to do so after the tabling of the draft MTREF?                                  | 70        |
| <b>3.3 Public Engagement in the Budget Approval Phase</b>   | <b>71</b> |
| 56. During the approval phase, did the Metropolitan municipality provide feedback to the public on how their inputs provided during the formulation phase have been included in the draft MTREF?  | 71        |

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|---|-----------|
| 57. Did the Metropolitan municipality hold open public meetings and/or use other participation mechanisms through with the public could provide input during the approval of the annual budgets?  | 72        |
| 58. With reference to the two processes identified in Questions 56 and 57, did the Metropolitan municipality provide comprehensive prior (at least five working days) information on the <i>process</i> of engagement, so that that the public could participate in an informed manner? | 73        |
| 59. With reference to the two processes identified in Questions 56 and 57, did the Metropolitan municipality publish the time and place for meetings where the draft MTREF would be discussed at least five working days in advance and where the information was easily accessible?    | 74        |
| <b>SECTION 4 IMPLEMENTATION OF THE ANNUAL BUDGET</b>  | <b>75</b> |
| <b>4.1 Comprehensiveness of the Adopted Budget</b>  | <b>75</b> |
| 60. When was the adopted budget made available to the public?   | 75        |
| 61. If the adopted budget was made available within 10 working days, did it present a statement of the changes between the draft MTREF and the adopted budget?  | 76        |
| 62. Did the Metro publish a Citizen’s Budget for the adopted budget?  | 76        |
| <b>4.2 Comprehensiveness of the Monthly Budget Statements</b>   | <b>77</b> |
| 63. When were the Monthly Budget Statements made available to the public?   | 77        |
| 64. Do the Monthly Budget Statements present actual operational and capital expenditures by vote and function?  | 78        |
| 65. Do the Monthly Budget Statements present actual operational expenditures by type?   | 79        |
| 66. Do the Monthly Budget Statements present actual operational expenditures by type for individual votes?  | 79        |
| 67. Do the Monthly Budget Statements present actual operational and capital expenditures by sub-vote and sub-function?  | 80        |
| 68. Do the Monthly Budget Statements present type of actual operational expenditures by item?   | 80        |
| 69. Do the Monthly Budget Statements compare actual year-to-date operational and capital expenditures with the original estimate for that period (based on the adopted budget)?   | 81        |
| 70. Do the Monthly Budget Statements present explanations for material year-to-date variances in operating expenditure by vote and type?  | 81        |
| 71. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in operating expenditures by vote and type?  | 82        |
| 72. Do the Monthly Budget Statements present individual sources of actual operating revenue collected?  | 82        |
| 73. Do the Monthly Budget Statements present individual sources of actual grant revenue received for operating expenditure?   | 83        |
| 74. Do the Monthly Budget Statements present individual sources of actual capital revenue collected?  | 83        |
| 75. Do the Monthly Budget Statements present individual sources of actual grant revenue received for capital expenditure?   | 84        |
| 76. Do the Monthly Budget Statements compare actual year-to-date revenues with the original estimate for that period (based on the adopted budget)?   | 84        |
| 77. Do the Monthly Budget Statements present actual expenditures for individual capital projects?   | 85        |
| 78. Do the Monthly Budget Statements present explanations for material year-to-date variances in expenditures on individual capital projects?   | 85        |
| 79. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in expenditures on individual capital projects?  | 86        |

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| 80. Do the Monthly Budget Statements present explanations for material year-to-date variances in capital expenditure by vote?   | 86        |
| 81. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in capital expenditure by vote?  | 87        |
| <b>4.3 The Procurement System</b>   | <b>88</b> |
| 82. Did the Metropolitan Municipality publish a consolidated Annual Procurement Plan, which includes procurement information for all relevant departments and entities?   | 88        |
| 83. Does the Metropolitan Municipality publish tender specifications for all tender notices on its website, can they be downloaded free of charge and do they remain on the website of the full duration of the contract?   | 88        |
| 84. Is information on the awarding of public tenders made publicly available within five working days of the award?   | 89        |
| 85. Is information on the deviations from the usual procurement processes and extensions or variations to contracts made publicly available within seven working days of the award?   | 90        |
| 86. Does the Metropolitan Municipality publish the additional agreements negotiated after the award of a tender on its website?   | 90        |
| <b>4.4 Role and Effectiveness of Oversight Institutions in the Budget Implementation Phase</b>  | <b>91</b> |
| 87. In the past 12 months, did a Section 79 Council Committee with budget or finance responsibilities examine the Monthly Budget Statements?  | 91        |
| 88. In the past 12 months, did Section 79 Council Committees responsible for particular sectors examine actual revenue collection and expenditure for their specific sectors?   | 92        |
| <b>4.5 Public Engagement in the Budget Implementation Phase</b>   | <b>93</b> |
| 89. In the past 12 months, when a Section 79 Council Committee with <i>budget or finance responsibilities</i> examined the Monthly Budget Statements for the adopted budget, were the meetings open to the public and did this committee pro-actively request input from the public?                            | 93        |
| 90. In the past 12 months, when Section 79 Council Committees responsible for <i>particular sectors</i> examined revenue collection and/or expenditure for their specific sectors, were the meetings open to the public and did these committees pro-actively request input from the public?                    | 94        |
| 91. With reference to the meetings identified in Questions 85 and 86, did the metropolitan municipality provide comprehensive prior (at least five working days) information on the <i>process</i> of engagement, so that that the public could participate in an informed manner?                              | 94        |
| 92. With reference to the meetings identified in Questions 85 and 86, did the metropolitan municipality publish the time and place for meetings where budget implementation would be discussed at least five working days in advance and where the information was easily accessible?                           | 96        |
| 93. Are the metropolitan municipality's Bid Adjudication Committee meetings open to the public and are the notice of the time, date and venue of the meeting and the agenda of the meeting, as well as the full set of documents to be discussed publicly available at least 5 working days before the meeting. | 96        |
| 94. Does the Metropolitan Municipality provide a specific mechanism through which the public can provide feedback on the execution of individual procurement contracts?   | 97        |
| <b>SECTION 5 AUDIT PHASE</b>  | <b>98</b> |

|            |  |            |
|------------|--|------------|
| <b>5.1</b> | <b>Comprehensiveness of the Annual Report (inclusive of the Audit Report)</b>  | <b>98</b>  |
| 95.        | When was the Annual Report made publicly available?  | 99         |
| 96.        | Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for expenditures by vote, function and operating expenditure by type?   | 99         |
| 97.        | Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for operating expenditures for individual votes by type?  | 100        |
| 98.        | Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for expenditures by sub-vote and sub-function?  | 101        |
| 99.        | Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for operating expenditures by item?   | 102        |
| 100.       | Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual expenditure outcome for individual capital projects?  | 102        |
| 101.       | Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of operating revenue?  | 103        |
| 102.       | Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of operating grant revenue?  | 104        |
| 103.       | Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of capital revenue?  | 104        |
| 104.       | Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of capital grant revenue?  | 105        |
| 105.       | Does the Annual Report present outcomes for service delivery performance targets assigned to service delivery indicators?  | 105        |
| 106.       | Does the Metropolitan Municipality make available to the public a report on what steps it has taken or will take to address audit recommendations or findings that indicate a need for remedial action?  | 106        |
| <b>5.2</b> | <b>Role and Effectiveness of Oversight Institutions in the Audit Phase</b>   | <b>107</b> |
| 107.       | Did the Municipal Public Accounts Committee examine the Audit Report on the annual budget produced by the Auditor-General?   | 107        |
| 108.       | Did the full Council consider the Annual Report within two months of its tabling?  | 108        |
| 109.       | Was an Oversight Report on the Annual Report adopted by the Council within two months of the tabling of the Annual Report?   | 108        |
| 110.       | Did the Oversight Report on the Annual Report include comments as well as a statement from the Council?  | 109        |
| 111.       | Was the Oversight Report made public within seven days of its adoption?  | 110        |
| 112.       | Did the Municipal Manager, participate and attend all Council meetings during which the Annual Report was discussed?   | 110        |
| 113.       | After the Annual Report was tabled in Council, did a Section 79 Committee (other than the Municipal Public Accounts Committee) deliberate on the Annual Report?  | 111        |
| 114.       | Did the Municipal Manager, relevant Section 56 managers and/or relevant Members of the Mayoral Committee attend and participate in Section 79 Council Committee meetings (other than the Municipal Public Accounts Committee meetings) during which the Annual Report was discussed? | 112        |
| <b>5.3</b> | <b>Public Engagement in the Audit Phase</b>  | <b>113</b> |
| 115.       | Did the metropolitan municipality invite the public to comment on the Annual Report immediately after its tabling?   | 113        |

**Section 1 Public Availability of Budget Documents**

**1.1 Locating budget documents**

This sub-section consists of Table 1 which records the salient facts for each of the key documents that are assessed in the document. The dates recorded in this table for publishing of the documents will determine whether the documents are considered to be publicly available. Guidelines for completing the table are provided below the table.

**Table 1: Locating key budget documents**

| Budget Document   | Full Title (and URL) | Fiscal Year the Budget Document refers to | Date document was uploaded on the Metropolitan Municipality’s website (in this box also explain how this date was determined) | Is the document for the year prior to the budget year (BY-1) still on the Metropolitan Municipality’s website? | Comments | Government Reviewer | Peer Reviewer |
|---|----------------------|---|---|--|----------|---------------------|---------------|
| Pre-Budget Statement  |                      |   |   |  |          |                     |               |
| Draft Medium-Term Revenue and Expenditure Framework (MTREF) |                      |   |   |  |          |                     |               |
| Supporting Draft MTREF Document: Draft Built Environment    |                      |   |   |  |          |                     |               |

|   |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|
| <b>Performance Plan (BEPP)</b>  |  |  |  |  |  |  |  |
| <b>Supporting Draft MTREF Document: Draft Integrated Development Plan (IDP)</b>                       |  |  |  |  |  |  |  |
| <b>Supporting draft MTREF Document: Draft Service Delivery and Budget Implementation Plan (SDBIP)</b> |  |  |  |  |  |  |  |
| <b>Supporting Draft MTREF Document: A1 Schedule (excel)</b>   |  |  |  |  |  |  |  |
| <b>Citizens Budget (Draft MTREF)</b>  |  |  |  |  |  |  |  |
| <b>Adopted budget</b>   |  |  |  |  |  |  |  |
| <b>Citizens Budget (Adopted budget)</b>   |  |  |  |  |  |  |  |
| <b>Monthly Budget Statements</b>  |  |  |  |  |  |  |  |
| <b>Annual Report</b>  |  |  |  |  |  |  |  |

**Guidelines:** For Table 1 of the questionnaire, researchers should provide each budget document’s full title (e.g., the title of the City of Cape Town’s 2019/20 Draft Medium Term Revenue and Expenditure Framework (MTREF) was “City of Cape Town Annexure A 2019/20 – 2021/22 Draft Budget”), its URL or weblink, and its date of publication (if publicly available). Note that this date is not necessarily the same date that is printed on the document. Researchers

should verify whether the document was published online before or on the relevant deadline and not assume it was the case, based on the date of the document. If the document is not publicly available, please state, “Not Available.” In order to verify whether the document was made publicly available on or before the deadline, it is suggested that researchers try to determine the publication date using a number of different methods. Some websites include a time stamp on when the document was posted. It should be noted that this gives you the last time the file was modified on the website and does not rule out that the file was posted earlier. But if the time stamp corresponds with or is earlier than the deadline (see the guidance table below for the deadlines) it does suggest it was available on or before the deadline. A second method that can be used, if the website allows you to directly link to a pdf document (for example showing something like <https://www.joburg.org.za/documents/ Documents/Budget/DRAFT%20Budget%20201920/2019-20%20BUDGET%20BOOK.pdf> in the URL address box), is to type the command **javascript:alert(document.lastModified)** in the URL address box to generate the date the document was last modified. Please note that this generates the date the document was last modified on the website and again it does not rule out that the file was posted earlier. Press releases and media reports might also be helpful in determining when a document was made publicly available. Metro officials interviewed can also provide you with the information, but must provide written proof (e.g. a confirmatory email from the website manager on the posting of a document) for any dates claimed. If it is suggested that if the researcher finds that the document was not made publicly available on time, they should verify this by using at least one additional method.

In addition, researchers should record the fiscal year the budget document refers to. Researchers should record information for and assess the most recently released version of the document for the relevant stage of the budget cycle. For example, if the researcher is evaluating the availability and comprehensiveness of the draft MTREF, he or she must use the draft MTREF for the upcoming budget year or, depending on the budget calendar, the budget just enacted. Therefore, if the Administration has not released its draft MTREF for the upcoming year or did not release the draft MTREF within the appropriate timeframe for the recently adopted budget, researchers should not then evaluate documents produced during an earlier fiscal year, unless the guidelines explicitly state otherwise. The same is true for documents related to implementation or audit; researchers must assess those documents that should have been made publicly available for the most recent period that falls within the timeline for the release of documents for each phase.

Documents assessed in the questionnaire will therefore correspond to several different budget years. The municipal financial year runs from 1 July to 30 June. For example, assume that the Metro OBI is being completed in June 2019. This means that the budget for the 2019/20 financial year might already have been adopted by the Council and the 2018/19 budget implementation is about to be finished on the 30<sup>th</sup> of June. The 2017/18 budget ex post audited processes should be complete. The guidance table below shows which budget year’s documents should be used for the assessment on each document, and therefore recorded in Table 1, assuming completion of the questionnaire from 1 June 2019.

| Document assessed    | Which year to use in 2019? | What does published in time mean?    | Source for time limit   |
|----------------------|----------------------------|--------------------------------------|---|
| Pre-Budget Statement | 2019/20                    | Published latest on 28 February 2019 | In line with the standard set in the international Open Budget Index methodology which states that the pre-statement should be made |

| Document assessed   | Which year to use in 2019? | What does published in time mean?         | Source for time limit  |
|---|----------------------------|---|--|
|   |                            |   | publicly available at least one month before the draft budget is tabled <sup>3</sup>   |
| <b>Draft Medium-Term Revenue and Expenditure Framework (MTREF)</b>                      | 2019/20                    | Published latest by midnight 6 April 2019 | Section 16 (2) of the MFMA <sup>4</sup> requires the draft MTREF to be tabled at a Council meeting at least 90 days in advance of the start of the budget year. This means that the draft MTREF has to be tabled by 24:00 1 April. Section 22 of the MFMA requires the tabled MTREF to be made public and submitted electronically to the National Treasury immediately after it has been tabled in the Council. MFMA Circular No. 94 provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be published by 24:00 6 April. |
| <b>Supporting Draft MTREF Document: Draft Built Environment Performance Plan (BEPP)</b> | 2019/20                    | Published latest by midnight 6 April 2019 | Section 16 (2) of the MFMA <sup>5</sup> requires the draft MTREF to be tabled at a Council meeting at least 90 days in advance of the start of the budget year. This means that the draft MTREF has to be tabled by 24:00 1 April. Section 22 of the MFMA requires the tabled MTREF to be made public and submitted electronically to the National Treasury immediately after it has   |

<sup>3</sup> <https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf>

<sup>4</sup> [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)

<sup>5</sup> [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)

| Document assessed   | Which year to use in 2019? | What does published in time mean?         | Source for time limit   |
|---|----------------------------|---|---|
|   |                            |   | been tabled in the Council. MFMA Circular No. 94 provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be published by 24:00 6 April.   |
| <b>Supporting Draft MTREF Document: Draft Integrated Development Plan (IDP)</b> | 2019/20                    | Published latest by midnight 6 April 2019 | Section 16 (2) of the MFMA <sup>6</sup> requires the draft MTREF to be tabled at a Council meeting at least 90 days in advance of the start of the budget year. This means that the draft MTREF has to be tabled by 24:00 1 April. Section 22 of the MFMA requires the tabled MTREF to be made public and submitted electronically to the National Treasury immediately after it has been tabled in the Council. MFMA Circular No. 94 <sup>7</sup> provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be published by 24:00 6 April. |
| <b>Supporting draft MTREF</b>   | 2019/20                    | Published latest by midnight 6 April 2019 | Section 16 (2) of the MFMA <sup>9</sup> requires the draft MTREF to be tabled at a Council meeting at   |

<sup>6</sup> [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf).

<sup>7</sup> [http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Budget%20Circular%20No%2094%20-%202008%20March%202019\\_.pdf](http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Budget%20Circular%20No%2094%20-%202008%20March%202019_.pdf)

<sup>9</sup> [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf).

| Document assessed  | Which year to use in 2019? | What does published in time mean?  | Source for time limit  |
|--|----------------------------|--|--|
| <b>Document<sup>8</sup>: Draft Service Delivery and Budget Implementation Plan (SDBIP)</b> |                            |  | least 90 days in advance of the start of the budget year. This means that the draft MTREF has to be tabled by 24:00 1 April. Section 22 of the MFMA requires the tabled MTREF to be made public and submitted electronically to the National Treasury immediately after it has been tabled in the Council. MFMA Circular No. 94 provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be published by 24:00 6 April. |
| <b>Supporting Draft MTREF Document: A1 Schedule (excel)</b>                                | 2019/20                    | Published latest by midnight 6 April 2019<br><b>Please note this must be available on the municipality’s website. Availability on the NT website does not count.</b> | Section 16 (2) of the MFMA <sup>10</sup> requires the draft MTREF to be tabled at a Council meeting at least 90 days in advance of the start of the budget year. This means that the draft MTREF has to be tabled by 24:00 1 April. Section 22 of the MFMA requires the tabled MTREF to be made public and submitted electronically to the National Treasury immediately after it has been tabled in the Council. MFMA Circular No. 94 provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the   |

<sup>8</sup> While the Municipal Budget and Reporting Regulations list all the supporting documents that should be tabled with the draft MTREF, Table 1 specifically asks for information about four of these documents, namely the BEPP, the IDP, the SDBIP and the A1 Schedule (see <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>).

<sup>10</sup> [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)).

| Document assessed                       | Which year to use in 2019?  | What does published in time mean?  | Source for time limit   |
|---|---|--|---|
|   |   |  | budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be published by 24:00 6 April.  |
| <b>Citizens Budget (Draft MTREF)</b>    | 2019/20   | Published latest by midnight 6 April 2019  | Metro Open Budget Survey standard, derived from the international OBS <sup>11</sup>   |
| <b>Adopted budget</b>                   | 2019/20   | Within 10 working days of adoption. The researcher is therefore required to calculate the date that is 10 working days from the date of adoption of the annual budget. Please remember to take any public holidays into account, if relevant.                      | Section 24 (1) of the MFMA requires the annual budget to be adopted (approved) before the start of the budget year. The Municipal Budget and Reporting Regulations Section 18(1) <sup>12</sup> require the adopted budget to be released to the public within 10 working days after adoption. |
| <b>Citizens Budget (Adopted budget)</b> | 2019/20   | Within 10 working days of adoption of the annual budget. The researcher is therefore required to calculate the date that is 10 working days from the date of adoption of the annual budget. Please remember to take any public holidays into account, if relevant. | Metro Open Budget Survey standard derived from the international OBS  |
| <b>Monthly Budget Statements</b>        | The survey checks the 12 most recent monthly budget statements. If you are assessing before 22 August, that equals the 12 statements of the 2018/19 | <b>If you are assessing before 21 June,</b> the following are the dates for the Monthly Budget Statements:<br>1. April 2018/19: 24:00 21 May 2019<br>2. March 2018/19: 24:00 17 Apr 2019   | Section 71 (1) of the MFMA requires monthly budget statements to be submitted to the mayor no later than 10 working days after the end of each month, while the Municipal Budget and Reporting Regulations Section 30(1) and the MFMA Section 76(2) require the                               |

<sup>11</sup> <https://www.internationalbudget.org/wp-content/uploads/open-budget-survey-2017-guide-and-questionnaire-english.pdf>

<sup>12</sup>

<http://mfma.treasury.gov.za/MFMA/Regulations%20and%20Gazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Govt%20Gazette%2032141%20dated%2017%20April%202009/MBRR%20Regulations.pdf>

| Document assessed                                 | Which year to use in 2019? | What does published in time mean?  | Source for time limit  |
|---|----------------------------|--|--|
|   | year.                      | 3. Feb 2018/19: 24:00 19 Mar 2019<br>4. Jan 2018/19: 24:00 19 Feb 2019<br>5. Dec 2018/19: 24:00 20 Jan 2019<br>6. Nov 2018/19: 24:00 19 Dec 2018<br>7. Oct 2018/19: 24:00 19 Nov 2018<br>8. Sep 2018/19: 24:00 17 Oct 2018<br>9. Aug 2018/19: 24:00 19 Sep 2018<br>10. Jul 2018/19: 24:00 20 Aug 2018<br>11. June 2017/18: 24:00 18 July 2018<br>12. May 2017/18: 24:00 19 June 2018<br>If assessed after 21 June, the May report for 2017/18 falls away and the May report for 2018/19 replaces it, with a deadline of 24:00 on 19 June 2019. <b>Please indicate the publication times for the last 12 statements in Table 1.</b> | statements to be placed on the municipality's website within five calendar days after being tabled. Based on these requirements published in time means the statements are made publicly available within 10 working days plus five calendar days after the end of each month.   |
| <b>Annual Report (including the Audit Report)</b> | 2017/18                    | By 24:00 on 5 February 2019  | Section 127 (2) of the MFMA requires the Annual Report to be tabled within 7 months after the end of the financial year the report relates to. Section 127(5) requires the Annual Report to be made public immediately after it has been tabled in the council. In line with how National Treasury allowed five calendar days for "immediate" submission of the draft MTREF the guidance here is that the Annual Report must be made publicly available five calendar days after the 31 <sup>st</sup> of January |

## 1.2 General questions about document availability

|   |
|---|
| Are all the budget documents available in one place on the metropolitan municipality's website? |
|---|

- a. Yes, all the key budget documents are available in one place.
- b. No, all the key budget documents are not available in one place.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** The question above and the next question assess how easy it is to locate the key budget documents on a metropolitan municipality's website. For the first question above, answer "a" applies if all the key budget documents listed in the table above are available in one dedicated section of the metro's website. Such a section might be called "Budget Documents" or it might be organised by financial year. The researcher is requested to provide the link to such a section as well as to indicate how the section is organised in the Comments section. Answer "b" applies if all the key budget documents are not available in one place but can be located in different parts of the metro's website.

**If option "a" was selected in the previous question, please indicate how many mouse clicks were needed to get from the homepage to that place.**

- a. One mouse click.
- b. Two mouse clicks.
- c. Three or more mouse clicks.
- d. All the key budget documents are not available in one place on the website or are not available at all on the website.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** This question assesses how easy/fast it was to reach the budget document section if answer "a" applied in the previous question. It asks how many clicks of the mouse it requires to reach that section from the metro's homepage. Put differently – this is an indication of how many pages you have to click through to reach the section with the budget documents. If the metros scored "b" in the previous question, they should score "d" in this question.

## Section 2 Formulation of the Draft MTREF

The questions in this section of the Metro Open Budget Survey test the transparency of the metro during the formulation of the draft MTREF on the high level policies and priorities and financial projections that will frame the draft MTREF the role and effectiveness of oversight institutions in this phase, as well as opportunities for public participation. As is set out above, the formulation of the MTREF starts with the first activities of the Metropolitan Municipality to develop a draft MTREF and completes when the draft MTREF is finally tabled in the Council for approval. The section consists of three sub-sections: (2.1) on the availability and comprehensiveness of the Pre-Budget Statement; (2.2) on the role and effectiveness of oversight institutions during the formulation of the draft MTREF; and (2.3) on public engagement during the formulation of the draft MTREF.

### 2.1 Comprehensiveness of the Pre-Budget Statement

The Pre-Budget Statement, sometimes referred to as the Pre-Budget Report, presents the metro's policy priorities, and revenue and expenditure plans for the forthcoming budget year and encourages debate on the budget in advance of the presentation of the more detailed draft MTREF. The Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, in which the Administration broadly aligns its policy goals with the resources available under the budget's fiscal framework — the total amount of expenditure, revenue, and debt for the upcoming budget year. This process establishes the parameters of the budget proposal before detailed program funding decisions are made. By laying out the budget's broad parameters, the statement can help create appropriate expectations for the draft MTREF.

Best practice recommends that the Pre-Budget Statement include: major fiscal, revenue and expenditure policies and priorities that will guide the development of detailed estimates for the upcoming draft MTREF; and multi-year fiscal, revenue and expenditure projections. It should be noted that a metro might not necessary call this document a Pre-Budget Statement. It might be called a Medium Budget Policy Statement or something similar. But the document should include the information listed.

For the purposes of answering the following questions (1-6), researchers should draw their answers from the Pre-Budget Statement that is available to the public. In order to be considered publicly available by the Metro Open Budget Survey methodology, the Pre-Budget Statement must be released before the end of February before the start of the budget year. If according to the Metro Open Budget Survey standards, the Pre-Budget Statement is not considered publicly available, then all questions regarding the Pre-Budget Statement should be marked to reflect that the specific estimates or information are not presented. In other words, if question 1 is marked "b", questions 2 to 5 would earn the lowest score available.

1. **When was the Pre-Budget Statement made available to the public?**
  - a. At least one month in advance of the tabling of the draft MTREF
  - b. Less than one month, or it was not made publicly available at all

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Please refer to the guidance table above. The Pre-Budget Statement for 2019/20 must have been available by midnight on 28 February 2019 for an “a” answer. Cases in which the Pre-Budget Statement was published later than a month before the tabling of the draft MTREF, or no Pre-Budget Statements are published at all will earn a “b” answer.

**2. Does the Pre-Budget Statement present information on the metropolitan municipality’s operating and capital expenditure policies and priorities that will guide the development of detailed estimates for the upcoming budget?**

- a. Yes, all core information is presented for the metropolitan municipality’s operating and capital expenditure policies and priorities.
- b. Yes, some but not all core information is presented for the metropolitan municipality’s operating and capital expenditure policies and priorities.
- c. No, information related to the metropolitan municipality’s expenditure policies and priorities is not presented, or the PBS was not made publicly available at least a month in advance of the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 2 focuses on the metro’s operating and capital expenditure policies and priorities in the Pre-Budget Statement, asking whether “core” information related to these policies is presented. These core components include:

- a discussion of the assumptions underlying the operating and capital expenditure policies and priorities
- a discussion of operating and capital expenditure policies and priorities themselves; and
- an estimate of total operating and capital expenditures.

Although a Pre-Budget Statement is unlikely to include detailed programmatic proposals (such detailed information is typically only presented in the draft MTRF itself), it should include the three components detailed above. The Pre-Budget Statement can include some detail, for instance, on estimates provided

by any of the three expenditure classifications — by vote and functional classifications (for both capital and operating expenditure), and operating expenditure by type. This detail however does not count to the score, but can be mentioned in the comments.

To answer “a,” the Pre-Budget Statement must present for the upcoming budget year all of the core information components listed above related to the metro’s operating and capital expenditure policies and priorities. To answer “b,” the Pre-Budget Statement must present at least one of components, but not all of the components. Answer “c” applies if no information on the metro’s expenditure policies and priorities is presented or if the Pre-Budget Statement is not publicly available.

**3. Does the Pre-Budget Statement present information on the metropolitan municipality’s operating and capital *revenue* policies and priorities that will guide the development of detailed estimates for the upcoming budget?**

- a. Yes, all core information is presented for the metropolitan municipality’s revenue policies and priorities.
- b. Yes, some but not all core information is presented for the metropolitan municipality’s revenue policies and priorities.
- c. No, information related to the metropolitan municipality’s revenue policies and priorities is not presented, or the PBS was not made publicly available at least a month in advance of the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 3 focuses on the metro’s *operating and capital revenue* policies and priorities in the Pre-Budget Statement, asking whether “core” information related to these policies is presented. These core components include:

- a discussion of the assumptions underlying the revenue policies and priorities
- a discussion of revenue policies and priorities; and
- an estimate of total revenues.

Although a Pre-Budget Statement is unlikely to include detailed revenue proposals (such detailed information is typically only presented in the MTRF itself), it should include the components listed above. The Pre-Budget Statement can include some detail, for instance, on estimates provided of the different sources of operating and capital revenue, including grant revenue. This detail would not count towards the score, but can be listed by the researcher in the comments.

To answer “a,” the Pre-Budget Statement must present for the upcoming budget year all of the core information listed above related to the metro’s operating and capital revenue policies and priorities. To answer “b,” the Pre-Budget Statement must present information on at least one, but not all the

components listed above related to the metro's operating and capital revenue policies and priorities. Answer "c" applies if no information on the metro's revenue policies and priorities is presented or if the Pre-Budget Statement is not publicly available.

**4. Does the Pre-Budget Statement present estimates of accumulated current and noncurrent liabilities for a multi-year period (at least two years beyond the budget year)?**

- a. Yes, estimates for a multi-year period and disaggregated by type of liability are presented.
- b. Yes, some estimates are presented, but not for a multi-year period and/or not disaggregated by type of liability.
- c. No, estimates of current and noncurrent liabilities are not presented, or the PBS was not made publicly available at least one month in advance of the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 4 asks whether the Pre-Budget Statement presents estimates of accumulated current and noncurrent liabilities. Current liabilities are debts that are due within one year, while non-current liabilities are debt which is not due within 12 months such as long-term loans. Accumulated means the current balance of current and non-current liabilities from all past debt taken on, at any one point. Answer "a" applies if the Pre-Budget Statement presents estimates for the budget year and the following two years and the estimates are disaggregated by type of liability. Answer "b" applies if estimates are presented, but only for the budget year and not the following two years, and/or the estimates are not disaggregated by type of liability. Answer "c" applies if no information on the metro's revenue policies and priorities is presented or if the Pre-Budget Statement is not publicly available.

**5. Does the Pre-Budget Statement present estimates of total operating and capital expenditures for a multi-year period (at least two years beyond the budget year)?**

- a. Yes, multi-year operating and capital expenditure estimates are presented.
- b. No, multi-year operating and capital expenditure estimates are not presented, or the PBS was not made publicly available at least one month in advance of the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 5 asks about multi-year expenditure estimates in the Pre-Budget Statement.

To answer “a,” operating and capital expenditure estimates for at least two years beyond the upcoming budget year (and including the budget year) must be presented. The estimates must be for at least total operating and capital expenditures, but could include more detail than just the aggregate total. This detail can be described in the comments.

**6. Does the Pre-Budget Statement present the information and processes that will be used by the metropolitan municipality to prioritize individual capital projects in the following budget year?**

- a. Yes, both the information and processes are presented and explained in detail.
- b. Yes, information and processes are presented and explained, but important details are not explained.
- c. No, the information and processes that will be used by the metropolitan municipality to prioritize individual capital projects in the following budget year are not presented, or the PBS was not made publicly available at least one month in advance of the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** During the budget formulation phase, before the tabling of the draft MTREF, the Administration follows a process to decide which individual capital projects will be included in the budget for the following year. Question 6 asks about how much information is presented in the Pre- Budget Statement on how the Administration would prioritise/was prioritising individual capital projects for inclusion in the draft MTREF for the following budget year. Answer “a” applies if the information used and the processes followed in the prioritisation of individual capital projects are presented and explained in detail in the Pre-Budget Statement. Answer “b” applies if this some explanation of the information and processes are included but important details are not explained. Answer “c” applies if the Pre-Budget Statement does not present any information on the prioritisation of individual capital projects or was not made publicly available.

## 2.2 Role and Effectiveness of Oversight Institutions in the Formulation Phase

The questions in this section are designed to assess the role and effectiveness of oversight institutions in the budget formulation process, and in particular the role of the relevant metro’s Council and Section 79 Council Committees. Section 79 of the Municipal Structures Act (117 of 1998)

(<http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Structures%20Act/Local%20Government%20-%20Municipal%20Structures%20Act,%20No.%20117%20of%201998.pdf> ) makes provision for a municipal Council to establish one or more committees necessary for the effective and efficient performance of its functions or exercise of its powers. In this section, as in other sections on oversight, any questions referring to a Council Committee, refers to formally constituted Section 79 Council Committees. It is important to distinguish a Committee of the Council (established in terms of Section 79 of the Municipal Structures Act) from a committee of the executive (established in terms of Section 80 of the Municipal Structures Act). So-called ‘Section 79 Committees’ are chaired by a non- executive Councillor and report to the Council. They are more suitable for oversight than so-called Section 80 Committees, which are chaired by a member of the executive and which report to the executive. Most of the Metros have a list of Section 79 Committees on line.

**7. Did the full Council and/or a Section 79 Council Committee discuss budget policy prior to the tabling of the draft MTREF?**

- a. Yes, the full Council discussed budget policy prior to the tabling of the draft MTREF and approved recommendations for the upcoming budget.
- b. Yes, a Section 79 Council Committee discussed budget policy prior to the tabling of the draft MTREF and approved recommendations for the upcoming budget.
- c. Yes, the full Council and/or a Section 79 Council Committee discussed budget policy prior to the tabling of the draft MTREF but did not approve recommendations for the upcoming budget.
- d. No, neither the full Council nor any Section 79 Council Committee discussed budget policy prior to the tabling of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 7 asks whether the full Council and/or a Section 79 Council Committee discussed budget policy prior to the tabling of the draft MREF. In general, prior to discussing the draft MTREF for the coming year, the Council should have an opportunity to review the metropolitan municipality’s broad budget priorities and fiscal parameters. Often this information is laid out in a Pre-Budget Statement (See questions 1 to 6).

To answer “a,” the Council must discuss budget policy prior to the tabling of the draft MTREF and approve recommendations for the upcoming budget. Answer “b” applies if a Section 79 Council Committee (but not the full Council) discusses budget policy prior to the tabling of the draft MTREF, and approves recommendations for the budget. Option “b” also applies if, *in addition to* the action by the committee, the full Council also discusses budget policy in advance of the budget, but does not approve recommendations. Answer “c” applies if the Council and/or a Section 79 Council Committee discusses budget

policy prior to the tabling of the Draft MTREF, but does not approve recommendations for the budget. Answer “d” applies if neither the full Council nor any Section 79 Council Committee discusses budget policy prior to the tabling of the draft MTREF.

### 2.3 Public Engagement in the Formulation Phase

This section examines the processes, mechanisms, and practices the metro’s Administration and Council have in place to ensure that the public is included in the formulation of the metro’s budget. The section therefore assesses opportunities for the public to participate meaningfully in budget decisions up to the final tabling of the draft MTREF in the Council.

**8. Did the Mayor release to the public the metropolitan municipality’s schedule of key deadlines for formulating the draft MTREF (that is, a document setting deadlines for the planning, formulating and tabling of the draft MTREF)?**

- a. Yes, a detailed timetable was released to the public at least 10 months before the start of the budget year.
- b. Yes, a timetable was released to the public, but it excluded some key steps in the process, or it was released less than 10 months before the tabling of the budget in Council.
- c. No, a timetable was not released to the public.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Section 21 (1) of the MFMA requires the mayor of a metro to table in Council a time schedule outlining key deadline for the preparation, tabling and approval of the annual budget, as well as for any consultative processes associated with these and other associated processes, at least 10 months before the start of the budget year (see [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)). The section details the following components of the schedule:

- Key deadlines for the preparation, tabling and approval of the annual budget;
- Key deadlines for the annual review of and the tabling and adoption of amendments to the integrated development plan (IDP) and budget-related policies

- Key deadlines for any consultative processes forming part of processes for preparation, tabling and approval of the budget; annual review of and tabling and adoption of amendments to the IDP and budget-related policies.

Question 8 asks if this timetable was released to the public at least 10 months before the start of the budget year. To answer “a” a detailed timetable was released to the public at least 10 months before the start of the budget year. For the 2019/20 budget year this means the timetable must have been released by midnight on 31 August 2018. To be considered publicly available it had to be available on the metro’s website. Answer “b” applies if the timetable was released, but later than 10 months before the start of the budget year. Answer “b” also applies if no deadlines for consultative processes are scheduled (i.e. bullet three is not met) or only these deadlines were scheduled (i.e. bullet three was met but not bullet one or two). Answer “c” applies if the timetable was not released to the public.

**9. Did the metropolitan municipality use open participation mechanisms through which members of the public were enabled to provide input on expenditure during the formulation of the draft MTREF?**

- Yes, the metropolitan municipality used a structured, facilitated, open participation process through which members of the public were enabled to provide input during the budget formulation phase by identifying specific expenditure interventions (including both operating and capital projects) for inclusion in the budget.
- Yes, the metropolitan municipality used open participation mechanisms through which the members of the public were enabled to provide input during the formulation phase, but this process did not result in the formulation or identification of specific interventions or projects.
- No, the metropolitan municipality did not use open participation mechanisms during the formulation of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 9 asks whether there were open participation mechanisms for members of the public to provide input on *expenditure*. Participation on expenditure means opportunities for members of the public to provide input into the metro’s expenditure priorities. Note that this can be part of the IDP review process, but has to take the form of the identification of specific projects for consideration for inclusion in the draft MTREF. For an “a” answer this input must be in the form of the identification of specific capital or operating projects. For a “b” answer the public was asked to only provide input into high level expenditure priorities but not to identify specific projects. For this question and the next, the minimum criteria to qualify as ‘open’ is that the mechanisms must be open to all members of the public (i.e. not on invite only), must be facilitated (i.e. must be chaired) and must be structured (i.e. must have an agenda and records are kept). The quality of the mechanisms are examined further in Questions 11 to 14.

**10. Did the metropolitan municipality use open participation mechanisms through which members of the public were enabled to provide input on revenue policies and collection during the formulation of the draft MTREF?**

- a. Yes, the metropolitan municipality used a structured, facilitated, open participation process through which members of the public were enabled to provide their input during the budget formulation phase by identifying specific revenue policy or collection issues for consideration in the budget.
- b. Yes, the metropolitan municipality used open participation mechanisms through which the members of the public were enabled to provide their input during the formulation phase, but the input by members of the public did not result in specific revenue policy or collection adjustments or interventions
- c. No, the metropolitan municipality did not use open participation mechanisms during the formulation of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 10 asks whether there were open participation mechanisms for members of the public to provide input on revenue. Participation on revenue means opportunities for members of the public to discuss the total amount of revenue to be raised, changes to tariffs (service charges) and property rates, and/or revenue policies. Note that this can be part of the IDP review process but has to take the form of the identification of revenue policies and/or collections interventions for consideration for inclusion in the draft MTREF. See question 9 for criteria to assess whether the mechanisms are open.

**11. With regard to the processes identified in Questions 9 and 10, did the metropolitan municipality take concrete steps to include input from vulnerable and underrepresented parts of the population in the formulation of the draft MTREF?**

- a. Yes, the metropolitan municipality took concrete steps to include individuals from vulnerable and underrepresented parts of the population, or organisations representing these individuals, in the formulation of the draft MTREF.
- b. No, the metropolitan municipality did not take concrete steps to include individuals from vulnerable and underrepresented parts of the population in the formulation of the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** This question reflects the GIFT principle of “Inclusiveness”, and examines the metro’s effort to actively reach out to residents who are from socially vulnerable groups and/or underrepresented in national processes, before the tabling of the draft MTREF. To answer “a,” the metro must actively seek out individuals from vulnerable and underrepresented communities (such as informal settlement residents, females, people with disabilities and the elderly) and/or civil society organizations representing vulnerable and underrepresented individuals and communities. The researcher must provide evidence to show the metro’s efforts and actions. The researcher must speak with the relevant metro official(s), and subsequently double check with an alternative source, such as representatives of vulnerable/underrepresented groups.

Answer “b” applies if the metro does not take concrete steps to incorporate vulnerable/underrepresented individuals, or organizations representing them, into participation mechanisms or if the metro does not use public participation mechanisms during the budget formulation stage.

**12. With regard to the processes identified in Questions 9 and 10, did the metropolitan municipality provide comprehensive information on the process of engagement prior to the engagement (at least five working days), so that that the public could participate in an informed manner?**

**Comprehensive information must include at least three of the following elements:**

- Purpose
- Scope
- Constraints
- Intended outcomes

- a. Yes, comprehensive information was provided at least five working days prior to the public’s engagement in the budget formulation phase.
- b. Yes, comprehensive information was provided, but less than five working days prior to the public’s engagement in the budget formulation phase
- c. No, comprehensive information was not provided prior to the engagement.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** This question relates to the GIFT principle of “Openness,” and addresses whether the metro provides relevant information on the process of the engagement before public participation takes place, in order to help residents engage effectively. The question addresses whether the “rules of the public engagement” are clearly spelled out, in advance and in detail, so that those members of the public who want to engage know how to do so, in terms of when they can do so, what they are expected to provide input on, by when, to whom, etc. Specifically:

- Purpose refers to a brief explanation of why the public engagement is being undertaken, including the metro’s objectives for its engagement with the public.
- Scope refers to what is within the subject matter of the engagement as well as what is outside the subject matter of the engagement. For example, the scope may include an engagement on the capital budget only and excludes the operational budget.
- Constraints refers to whether there are there any explicit limitations on the engagement. An example of a constraint could be that any policy changes must not cost (or forgo revenue) more than a specific amount, or have no net fiscal cost
- Intended outcomes refers to what the metro hopes to achieve as a result of the engagement. Examples of intended outcomes could be to revise a policy to better reflect residents’ or service-user views, to elicit input on capital project selection, or to improve the way in which a particular program is administered.

Answer “a” applies if information is provided on at least three of the elements for participation in the budget formulation phase at least five days before the engagement. Answer “b” applies if information is provided on at least three of the elements, but less than five working days before the engagement. Answer “c” applies if less than three of the listed elements were provided, even if the information was provided five working days or more before the engagement or if the metro does not use public participation mechanisms during the budget implementation stage.

**13. With regard to the processes identified in Questions 9 and 10, did the metropolitan municipality provide the following key pieces of complementary information prior to the event, so that that the public could participate in an informed manner?**

**Key pieces of complementary information must include at least three of the following elements:**

- **Feedback on projects or interventions identified by the public during the previous budget formulation process**
- **Ward specific information**
- **Information on essential maintenance or repairs that must be funded in the upcoming budget**
- **Information on ongoing projects which must be included in the upcoming budget**

- a. Yes, key pieces of information were provided at least five working days prior to the public’s engagement in the budget formulation phase.
- b. No, key pieces of information were not provided, or were provided less than five working days prior to the public’s engagement in the budget formulation phase.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Public engagement on expenditure and revenue can/may cover many topics and therefore have many pieces of complementary information. For the purpose of answering this question, pieces of “complementary information” are considered to be *only* the ones listed above, and which provides essential feedback and background for participation on the draft MTREF. If the information provided prior to the engagement includes other pieces of complementary information than the four pieces listed above, please specify these pieces in the comments. Answer “a” applies if (i) at least three of the listed pieces were provided (ii) at least five days before the engagement. Answer “b” applies if either or both the requirements for “a” were not met, or if the metro did not use public participation mechanisms during the budget implementation stage.

**14. With regard to the processes identified in Questions 9 and 10, did the metropolitan municipality publish the time and place for meetings where budget formulation would be discussed well in advance and where the information was easily accessible?**

- a. The time and meeting place were published online and posted on an appropriate notice board at least five working days in advance.
- b. The time and meeting place were published online and posted on an appropriate notice board but fewer than five working days in advance, or the information was only made available in one of the two ways.
- c. The time and meeting place were not published online nor posted on an appropriate notice board.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 14 asks whether sufficient information about meetings where expenditure and revenue for the draft MTREF were discussed prior to its final tabling in Council, were published long enough before the engagement. Answer “a” applies if the time and place of the meeting were both published online and posted on an appropriate notice board at least five working day before the engagement. Answer “b” applies if this information was published online and/or posted on an appropriate notice board but fewer than five working days before the engagement. Answer “c” applies if this information were not published on line and not posted on an appropriate notice board, or the metro did not use public participation mechanisms during the budget implementation stage.

## Section 3 Approval of the Draft MTREF

This section assesses transparency, oversight processes and participation opportunities during the approval phase of the budgets of Metropolitan municipalities (questions 15 to 52). The approval phase starts when the draft MTREF is tabled in the Council for approval and completes when the Council approves the draft MTREF. The key document during this phase is the draft MTREF and its supporting documentation.

### 3.1 Availability and comprehensiveness of the Draft MTREF

The first broad category of questions in the Metro Open Budget Questionnaire looks at the information that is provided in the draft MTREF upon its submission to the Council for consideration, and how that information is presented.

The draft MTREF is one of the most important policy documents that a Metro issues each year, for it is through the budget that governments (including local governments) translate many of their key policy goals into action. It is important that the draft MTREF is transparent because its proposals determine revenues (including how much residents pay in rates and taxes), expenditures (how government resources are distributed among residents), and debt (how much of the cost of government is borne by current or future generations). To allow for an informed public and legislative discussion on the budget, best practice calls for the Metro to provide full explanations of its revenue collection, spending, and borrowing plans well in advance of its enactment. The first section of the questionnaire assesses the content of the draft MTREF.

For the purposes of answering the following questions (15 to 51), researchers should draw their answers from the main draft MTREF that is available to the public, as well as any supporting budget documents that the Metro may provide to the public with the draft MTREF. In order to be considered publicly available by the Metro Open Budget Survey methodology, the draft MTREF and any supporting documents must be released to the public in advance of the legislature approving the budget (See the page 18 guidelines regarding the time frame and public availability of the draft MTREF). If, according to the Metro Open Budget Survey standards, the draft MTREF was made publicly available but not in time, the answer to Question 15 will be “b”. If the draft MTEF was not made publicly available at all the answer will be “c”. If the answer to Question 15 is “b” or “c” it means that the draft MTREF cannot be considered publicly available for the purposes of completing the questions regarding the comprehensiveness of the draft MTREF and Questions 16 to 50 should be marked “c” (or “d” in the case of questions with four options).

In this section reference is made to the years relative to the budget year (2019/2020) for which budget information should be provided as follows:

- The **current year, designated by BY-1** is relative to 2019/2020, meaning the year in which the budget for the fiscal year was formulated. For the 2019 Metro OBI this is 2018/2019.
- The budget year, designated by BY, is 2019/2020.
- The first forward projection year, designated by BY+1 is 2020/2021
- The second forward projection year, designated by BY+2, is 2021/2022

There are three different types of expenditure classification, each of which is tested in this section. Each classification system has different advantages and answers a different question:

- Vote -> who spends the money (generally a department or directorate within the Metropolitan municipality)
- Functional classification -> for what purpose the money is spent
- Type (operating expenditure only) -> on what the money is spent

Formats for classification by Vote tend to be unique to each Metropolitan municipality, while formats for functional classification and type of operating expenditure are prescribed by the National Treasury. Questions are also asked about the sub-classifications of the three classifications listed above. It should be noted that if expenditure is not presented by the classification, it will be impossible to assess if any expenditure presented by its sub-classification adds up to the totals by classifications.

For this section information on what information should look like can be found in the National Treasury Guidance on the A1 Schedule of municipal budgets at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. Please note that the references to the relevant tables in the A1 schedule are given for information purposes only to illustrate what the information looks like, that the question seeks to assess. Metros might provide the information in a different format and/or in a table with a different number in the narrative version of their budgets and this will also be acceptable. It should also be noted that only some of the information we are asking for in this section on the draft MTREF can be found in the A1 Schedule.

**15. When was the draft MTREF made available to the public?**

- a. By 24:00 6 April 2019
- b. After 24:00 6 April 2019 but at least in advance of the final budget being adopted by the Council
- c. It was not released to the public, or only after the budget was adopted by the Council

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Please refer to the guidance table above on page 18. The draft MTREF for 2019/20 must have been available by midnight on 6 April 2019 for an “a” answer. Section 16 (2) of the MFMA<sup>13</sup> requires the draft MTREF to be tabled at a Council meeting at least 90 days in advance of the start of the

budget year. This means that the draft MTREF had to be tabled by 24:00 1 April 2019. Section 22 of the MFMA requires the tabled MTREF to be made public as well as submitted electronically to the National Treasury immediately after it has been tabled in the Council. MFMA Circular No. 94<sup>14</sup> provides guidance in terms of how “immediately” should be interpreted by giving a municipality five calendar days to submit the budget to the National Treasury. We follow this guidance, which means that we require the draft MTREF and any supporting documents to be publicly available by 24:00 6 April. For a “b” answer, the draft MTREF must have been published after 6 April 2019, but before the final budget was adopted by the Council. If the draft MTREF was published after the adoption of the final budget in council, or not published at all, the answer will be “c”.

**16. Does the draft MTREF or any supporting budget documentation present operating and capital expenditures by vote for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, expenditures by vote are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, expenditures by vote are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, expenditures by vote are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 16 addresses the presentation of operating and capital expenditure *by vote*. According to the Municipal Finance Management Act (No. 56 of 2003) a vote is one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality ([http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)) and all municipalities are required to present expenditure by vote. The Municipal Budget and Reporting Regulations and the formats to be used for tabled and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What expenditure by vote should look like can be found in Tables A3 and A5 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present expenditures for all votes, accounting for all operating and capital expenditures, in the budget year, the next two years and the current year. A “b” response applies, if all operating and capital expenditures are presented by vote in all three estimated years, but not for the current year. Answer “c” applies if this information is not made public (if it is not available in the draft

[http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)

<sup>14</sup> [http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Budget%20Circular%20No%2094%20-%202008%20March%202019\\_.pdf](http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Budget%20Circular%20No%2094%20-%202008%20March%202019_.pdf)

MTREF or supporting documentation, presented *only* for the budget year, or if the answer to Question 15 is “b” or “c”). A “c” answer also applies if expenditure by vote does not add up to the total expenditure presented in the budget summary tables (Table A1 of Schedule 1) in any of the years.

**17. Does the draft MTREF or any supporting budget documentation present operating and capital expenditures by functional classification for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, expenditures by functional classification are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, expenditures by functional classification are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, expenditures by functional classification are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 17 addresses the presentation of operating and capital expenditure *by functional classification*. This classification indicates the programmatic purpose, sector, or objective for which the funds will be used, such as community and social services, housing or health. Votes are not necessarily aligned with functional classifications. All municipalities are required to present all operating and capital expenditure by functional classification. The Municipal Budget and Reporting Regulations and the formats to be used for tabled and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What expenditure by functional classification should look like can be found in Tables A2 and A5 of the A1 Schedule.

To answer “a,” the draft MTREF or its supporting documentation must present expenditures, accounting for all operating and capital expenditures, in the budget year, the next two years and the year before the budget year, by functional classification. A “b” response applies, if the information is presented in the draft MTREF document for the budget year and next two years, but not the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if expenditure is not presented by functional classification in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” or “c”). A “c” answer also applies if some but not all operating and capital expenditures are presented by functional classification in all four years, and the expenditures by functional classification do not add up to total expenditure in the budget summary table (akin to Table A1 in Schedule 1).

**18. Does the draft MTREF or any supporting budget documentation present operating expenditures by type for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, operating expenditures by type are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, operating expenditures by type are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, operating expenditures by type are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 18 addresses the presentation of *operating expenditure by type*. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What expenditure by type should look like can be found in Table A4 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present expenditures, accounting for all operating expenditures, in the budget year and the next two years and the year before the budget year, by type. A “b” response applies, if the information is presented in the draft MTREF document for the budget year and next two years, but not the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if expenditure is not presented by type in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” or “c”). A “c” answer also applies if some but not all operating expenditures are presented by type in all four years, and the expenditures by type do not add up to total operating expenditure in the budget summary table (akin to Table A1 in Schedule 1).

**19. Does the draft MTREF or any supporting budget documentation present operating expenditures by type for individual votes for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, operating expenditures by type for individual votes are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, operating expenditures by type for individual votes are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, operating expenditures by type for individual votes are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 19 asks if the draft MTREF presents *operating expenditure by type for individual votes*. In order for an “a” answer to be possible here, operating expenditure must be presented by type as identified in Question 18, and by vote as identified in Question 16. Table SA2 of the A1 schedule shows what this might look like for the budget year.

To answer “a” the draft MTREF or its supporting documentation must present expenditures, accounting for all operating expenditures, in the budget year, the next two years and the year before the budget year, by type for each of the individual votes. A “b” response applies, if the information is presented in these two classifications in the draft MTREF document for the budget year and next two years, but not the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if expenditure is not presented by type in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” “c”). A “c” answer also applies if some but not all operating expenditures are presented by type for each individual vote in all four years, and the expenditures do not add up to total operating expenditure in the budget summary table (akin to Table A1 in Schedule 1).

**20. Does the draft MTREF or any supporting budget documentation present operating and capital expenditures by sub-vote for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, expenditures by sub-vote are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, expenditures by sub-vote are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, expenditures by sub-vote are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 20 addresses the presentation of operating and capital expenditure *by sub-vote*. The Municipal Budget and Reporting Regulations and the formats to be used for tabled and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20>

[Budget%20and%20Reporting%20Regulations/Pages/default.aspx](http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx). What the presentation of expenditure by sub-vote should look like can be found in Tables A3 and A5 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present expenditures, accounting for all operating and capital expenditures, in the budget year, the next two years and the year before the budget year by sub-vote. A “b” response applies, if the information is presented in the draft MTREF document for the budget year and next two years, but not the year before the budget year. . Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if operating and capital expenditure by sub-vote is not available in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” or “c”). A “c” answer also applies if some but not all operating and capital expenditures are presented by sub-vote in all four years, but the expenditures do not add up to total operating and capital expenditure in the budget summary table (akin to Table A1 in Schedule 1)

**21. Does the draft MTREF or any supporting budget documentation present operating and capital expenditures by sub-function for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, expenditures by sub-function are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, expenditures by sub-function are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, expenditures by sub-function are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 21 addresses the presentation of operating and capital expenditure by sub-function. The Municipal Budget and Reporting Regulations and the formats to be used for tabled and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the presentation of operating expenditure by sub-function should look like can be found in Tables A2A of the A1 Schedule. The Metro OBI standard requires capital expenditure information also to be presented by sub-function in a similar way.

To answer “a” the draft MTREF or its supporting documentation must present expenditure estimates for BY-1 by sub-function accounting for all operating and capital expenditure. A “b” response applies, if information is presented in the draft MTREF document for the budget year and next two years, but not the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if operating and capital expenditure is not available by sub-function in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer

to Question 15 is “b” or “c”). A “c” response also applies if not all operating and capital expenditure for BY-1 are presented by sub-function and the expenditures do not add up to total expenditure as presented in the budget summary table (akin to Table A1 of Schedule 1).

**22. Does the draft MTREF or any supporting budget documentation present types of operating expenditures by item for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, types of operating expenditures by item are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, types of operating expenditures by item are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, types of operating expenditures by item are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 22 addresses the presentation of types of operating expenditure *by item*. Item is the sub-category of the type of operating expenditure. If the type of expenditure is “Employee related costs”, the items will be “Basic salaries and wages”, Pension and UIF Contributions”, etc. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What operating expenditure by item should look like, can be found in Table SA1 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present types of operating expenditures, accounting for all operating expenditures, in the budget year, the next two years and the year before the budget year by item. A “b” response applies, if the information is presented in the draft MTREF document for the budget year and next two years, but not the year before the budget year. Answer “c” applies if this information is not made public (if operating expenditure by item is not available in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” or “c”). The “c” response also applies, if some but not all operating expenditures are presented for all four years and the expenditures do not add up to total expenditure by type.

**23. Does the draft MTREF or any supporting budget documentation present operating expenditures on contracted services by type of service for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, operating expenditures on contracted services by type of service are presented for the budget year (BY), the next two years (BY+1 and

BY+2), and the current year (BY-1).

- b. Yes, operating expenditures on contracted services by type of service are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, operating expenditures on contracted services by type of service are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 23 addresses the presentation of operating expenditure on type of contracted services. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information should look like can be found in Table SA1 of the A1 Schedule (from row 95). The format requires contracted services to be presented by type of contract, e.g. chemical toilets, cleaning services, etc.

To answer “a” the draft MTREF or its supporting documentation must present expenditure on contracted services by type in the budget year, the next two years and the year before the budget year. A “b” answer applies if the information is presented, but only for the three forward years and not the year before the budget year.. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if information on contracted services by type is not available in the draft MTREF or supporting documentation, if it is presented only for the budget year, or if the answer to Question 15 is “b” or “c”). A “c” answer also applies if some but not all expenditures on contracted services are presented in this way in all three years and expenditure on contracted service by type does not add up to total expenditure on contracted services

**24. In the draft MTREF or any supporting budget documentation, have expenditure estimates (for all three expenditure classifications) for the year prior to the budget year (BY-1) been updated from the original adopted levels to reflect the adjusted budget and the full-year forecast?**

- a. Yes, expenditure estimates for all three classifications for BY-1 have been updated from the original adopted levels to reflect the adjusted budget and the full-year forecast.
- b. Yes, some but not all expenditure estimates for BY-1 have been updated from the original adopted levels.
- c. No, expenditure estimates for BY-1 have not been updated from the original adopted levels.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 24 asks whether the expenditure estimates for the year before the budget year (BY-1) have been updated from the original enacted (adopted MTREF) levels for all three expenditure classifications, namely by vote, function and operating expenditure by type, to reflect the adjusted budget as well as the full-year forecast?

Prior-year information constitutes an important benchmark for assessing the proposals for the upcoming budget year. Estimates of prior years should be presented in the same formats (in terms of classification) as the budget year to ensure that year-to-year comparisons are meaningful. For example, if the budget proposes shifting responsibility for a particular program from one vote to another the prior-year figures must be adjusted before year-to-year comparisons of budget by vote can be made.

Typically, when the draft MTREF is submitted, the year prior to the budget year (BY-1), also known as the current year, has not ended, so the draft MTREF will provide estimates of the anticipated outcome for BY-1. The soundness of these estimates is directly related to the degree to which they have been updated to reflect actual expenditures to date, legislative changes that have occurred, and anticipated changes in macroeconomic, caseload, and other relevant factors for the remainder of the year.

Answer "a" applies if all the estimates (referred to in Questions 16 to 18) have been updated to reflect the adjusted budget and the full-year forecast; answer "b" applies if only some of the estimates have been updated. Answer "c" also applies if this information is not made public at all (if the original estimates are still being used, or if the answer to Question 15 is "b" or "c").

**25. Does the draft MTREF or any supporting budget documentation present individual sources of operating revenue for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, individual sources of operating revenue, accounting for all operating revenue, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, individual sources of operating revenue, accounting for all operating revenue, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, individual sources of operating revenue, accounting for all operating revenue, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 25 assesses the degree to which the individual sources of operating revenue are disaggregated in the budget and how many years' information is presented. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx> What the information should look like can be found in Table A4 of the A1 Schedule.

An "a" answer applies if the draft MTREF or its supporting documentation present all individual sources of operating revenue for the budget year, the next two years and the year before the budget year. A "b" answer applies, if information is presented for the budget year and the next two years, but not for the year before the budget year. Answer "c" applies if the information provided does not meet the Metro OBI standard at all (if individual sources of operating revenue is not presented at all, if the individual sources of operating revenue do not add up to total operating revenue, if the information is presented for the budget year only, or if the answer to Question 15 is "b" or "c").

**26. Does the draft MTREF or any supporting budget documentation present individual sources of grant revenue for operating expenditure for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, individual sources of grant revenue for operating expenditure, accounting for all operating grant revenue, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, individual sources of grant revenue for operating expenditure, accounting for all operating grant revenue, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, individual sources of grant revenue for operating expenditure, accounting for all operating grant revenue, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 26 assesses the degree to which the individual sources of grant revenue for operating expenditure are disaggregated in the budget and how many years' information is presented. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information should look like, can be found in Table SA18 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present all individual sources of operating grant revenue for the budget year, the next two years and the year prior to the budget year. A “b” answer applies, if the information is presented for the budget year and the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if individual sources of grant revenue for operating expenditure is not presented in the draft MTREF or supporting documentation, if it is presented only for the budget year, if the individual sources do not add up to the total grant revenue for operating expenditure, or if the answer to Question 15 is “b” or “c”).

**27. Does the draft MTREF or any supporting budget documentation present individual sources of capital revenue for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, individual sources of capital revenue, accounting for all capital revenue, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, individual sources of capital revenue, accounting for all capital revenue, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, individual sources of capital revenue, accounting for all capital revenue, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 27 assesses the degree to which the individual sources of capital revenue are disaggregated in the budget and how many years’ information is presented. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information should look like, can be found in Table A5 of the A1 Schedule.

To answer “a” the draft MTREF or its supporting documentation must present all individual sources of capital revenue for the budget year, the next two years and the year before the budget year. A “b” answer applies if individual sources of capital revenue are presented only for the budget year and the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if it is not available in the draft MTREF or supporting documentation, if it is presented only for the budget year, if the individual sources of capital revenue do not add up to total capital revenue, or if the answer to Question 15 is “b” or “c”).

**28. Does the draft MTREF or any supporting budget documentation present individual sources of grant revenue for capital expenditure for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, individual sources of grant revenue for capital expenditure, accounting for all capital grant revenue, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, individual sources of grant revenue for capital expenditure, accounting for all capital grant revenue, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, individual sources of grant revenue for capital expenditure, accounting for all capital grant revenue, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 28 assesses the degree to which the individual sources of grant revenue for capital expenditure are disaggregated in the budget and how many years' information is presented. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx> What the information should look like, can be found in Table SA18 of the A1 Schedule.

To answer "a" the draft MTREF or its supporting documentation must present all individual sources of capital grant revenue for the budget year, the next two years and the year before the budget year. A "b" answer applies if individual sources of grant revenue are presented only for the budget year and the next two years, but not for the year before the budget year. Answer "c" applies if the information provided does not meet the Metro OBI standard at all (if it is not available in the draft MTREF or supporting documentation, if it is presented only for the budget year, if the individual sources of capital grant revenue do not add up to total capital grant revenue, or if the answer to Question 15 is "b" or "c").

**29. In the draft MTREF of any supporting budget documentation, have revenue estimates (for all sources of operating and capital revenue) for the year prior to the budget year (BY-1) been updated from the original adopted levels to reflect the adjusted budget and the full-year forecast?**

- a. Yes, revenue estimates for all sources of operating and capital revenue for BY-1 have been updated from the original adopted levels to reflect the adjusted budget and the full-year forecast.
- b. Yes, some but not all revenue estimates for sources of operating and capital revenue for BY-1 have been updated from the original adopted levels.
- c. No, revenue estimates for BY-1 have not been updated from the original adopted levels.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 29 asks whether the revenue estimates for the year before the budget year (BY-1, 2018/19 for the 2019 Metro OBI) have been updated from the original enacted (adopted budget) levels for all sources of revenue, namely operating revenue, capital revenue, grant revenue for operating expenditure and grant revenue for capital expenditure (Questions 25 to 28), to reflect the adjusted budget as well as the full-year forecast? See Question 24 for a discussion on the importance of updating the original adopted budget for the current year with the most current information on likely outturn at the time of tabling the budget. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if it is not available in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**30. Does the draft MTREF or any supporting budget documentation present expenditures for each individual capital project for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, expenditure estimates for each individual capital project are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, expenditure estimates for each individual capital project are presented for the budget year (BY) and the next two years (BY+1 and BY+2), but not the current year (BY-1).
- c. No, expenditure estimates for each individual capital project are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 30 asks if the draft MTREF presents expenditure estimates for each individual capital project for the budget year, the next two years and the year before the budget. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information should look like, can be found in Table SA36.

To answer “a” the draft MTREF or its supporting documentation must present expenditure estimates for each individual capital project for the budget, the next two years and the year before the budget year. It should be noted that some projects may not have budget allocations for all three years, so the method of verification should be whether the estimates for individual projects add up to the total capital expenditure for each of the years. A “b” answer applies if the expenditures on all individual capital projects is presented for the budget year and the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if expenditure for each individual capital project are not presented in the draft MTREF or supporting documentation, if the information is presented only for the budget year, if the individual projects for which information is presented do not add up to total capital expenditure for each of the years, or if the answer to Question 15 is “b” or “c”).

**31. Does the draft MTREF or any supporting budget documentation present estimates of the total cost of each individual capital project with expenditure in the budget year (BY), the next two years (BY+1 And BY+2), or the year before the budget year (BY-1)?**

- a. Yes, estimates of the total project cost accounting for each individual capital project are presented.
- b. Yes, estimates of the total project cost accounting for some but not all individual capital projects are presented.
- c. No, estimates of the total project cost of each individual capital project are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** This question (Questions 31) is the first of nine questions (Questions 31 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx> Table SA36 of the A1 Schedule shows what different types of information should be requested and what the information may look like.

Question 31 asks if the draft MTREF or its supporting documentation presents estimates of the *total cost of for each of the individual capital projects*.

Answer “a” only applies if the total cost across the complete multi-year construction/implementation of each of the capital projects included in the draft MTREF is presented. It should also be noted that a total project cost is not simply the total of the estimates for the budget year and the next two years because project construction could have a longer life-span, starting before and/or continuing after the years presented in the current budget. Furthermore, we are only asking for estimates of the cost while the capital asset is being constructed or developed and not the projected cost of maintenance, etc. over the life cycle of the asset. Answer “b” applies if the total project cost is only presented for some capital projects. Answer “c” applies if the information

provided does not meet the Metro OBI standard at all (if total capital project costs are not presented in the draft MTREF for any capital projects, or if the answer to Question 15 is “b” or “c”).

**32. Does the draft MTREF or any supporting budget documentation present estimates of the planned duration for each individual capital project with expenditure in the budget year (BY), the next two years (BY+1 and BY+2), or the year before the budget year (BY-1)?**

- a. Yes, estimates of the planned duration are presented for all individual capital projects.
- b. Yes, estimates of the planned duration is presented for some but not all, individual capital projects.
- c. No, estimates of the planned duration is not presented for individual capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 32 is the second of nine questions (Questions 31 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. This question asks if the draft MTREF or its supporting documentation presents estimates of the *planned duration* for individual capital projects. This can be planned duration as measured by number of months or the planned start and end dates of the project. Answer “a” applies if this information is presented for all individual capital projects. Answer “b” applies if this information is presented for only some individual projects. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if the planned duration of capital projects is not presented for any capital project, or if the answer to Question 15 is “b” or “c”).

**33. Where capital projects are to take place in a ward with expenditure in the budget year (BY), the next two years (BY+1 and BY+2) or the year before the budget year (BY-1), does the draft MTREF or any supporting budget documentation indicate in which wards individual capital projects are located?**

- a. Yes, ward information is presented for all capital projects, which are to take place in a ward
- b. Yes, ward information is presented for some but not all capital projects, which are to take place in a ward or more than 33% of projects are marked as “multi-ward”.
- c. No, ward information is not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** This question (Questions 33) is the third of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. The information may look like the information in Table SA36 of the A1 Schedule.

Question 33 asks if *ward information* is presented for *relevant* individual capital projects. Answer “a” applies if ward information on all individual capital projects with expenditure in the budget year, the next two years or the year before the budget year is provided, and if the ward information on municipal infrastructure, community asset, heritage assets, and investment property capital projects (i.e. projects that are not for purposes of running the office(s) of the Metro) indicates a specific ward(s) for at least 67% of the projects. Answer “b” applies if ward information is provided for only some of the capital projects with expenditure in any of the four years, or if more than 33% of the total number of municipal infrastructure, community assets and housing capital projects with expenditure in any of the four years are indicated as “multi-ward” without listing the wards. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no ward information is presented, if all projects are indicated as “multi-ward”, if the individual capital projects detailed do not add up to total capital expenditure on infrastructure, community assets, heritage assets, and investment properties, or if the answer to Question 15 is “b” or “c”).

**34. Where relevant, does the draft MTREF or supporting budget documentation present the GPS coordinates for each individual capital project with expenditure in the budget year (BY), the next two years (BY+1 and BY+2), or the current year (BY-1)?**

- a. Yes, the GPS coordinates are presented for all capital projects, where relevant.
- b. Yes, the GPS coordinates are presented for some but not all, capital projects, where relevant
- c. Not, the GPS coordinates are not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 34 is the fourth of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. Information may be presented in ways that are similar to the presentation in Table SA36 of Schedule 1.

This question asks whether the *GPS coordinates* are presented for relevant individual projects. Answer “a” applies if GPS information is presented for all municipal infrastructure, community asset and investment capital projects (i.e. projects that are not for purposes of running the office(s) of the Metro)

with expenditure in any of the four years. Answer “b” applies if GPS coordinates are provided for only some of these capital projects with expenditure in any of the four years. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no GPS coordinates are presented, or if the answer to Question 15 is “b” or “c”).

**35. Does the draft MTEF or any supporting budget documentation present the IDP goal code for each individual capital project with expenditure in any year of the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, the IDP goal code is presented for all capital projects.
- b. Yes, the IDP goal code is presented for some but not all, capital projects.
- c. No, the IDP goal code is not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 35 is the fifth of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. Information may be presented in ways that are similar to Table SA36 of Schedule 1.

This question asks if the *IDP goal code* is presented for individual capital projects. Metropolitan municipalities list the goals or objectives of the Metropolitan municipality in its Integrated Development Plan (IDP). These goals are numbered and usually have sub-goals under each goal. If for example the goal code 1.1 is present for a project it means that that project contributes to reaching IDP goal 1.1 of the municipality.

Answer “a” applies if this is presented for each individual capital project with expenditure in any of the four years. Answer “b” applies if information on the IDP goal is provided for only some but not all individual capital projects. This can be tested by comparing total expenditure on projects for which IDP goal information is provided, to total capital expenditure. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on the IDP goal of any project is provided in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**36. Does the draft MTEF or any supporting budget documentation present project descriptions for each individual capital project, for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, project descriptions are presented for each individual capital project.
- b. Yes, project descriptions are presented for some but not all, capital projects.
- c. No, project descriptions are not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 36 is the sixth of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. Information may be presented in ways that are similar to Table SA36 of Schedule 1.

This question asks if *project descriptions* are presented for individual capital projects.

Answer “a” applies if project descriptions is presented for each individual capital project with expenditure in any of the four years. Answer “b” applies if project descriptions are provided for only some but not all individual capital projects. This can be tested by comparing total expenditure on projects for which project descriptions are provided, to total capital expenditure. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no project descriptions are provided in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**37. Does the draft MTEF or any supporting budget documentation present the asset class for each individual capital project, for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, the asset class is presented for all capital projects.
- b. Yes, the asset class is presented for some but not all, capital projects.
- c. No, the asset class is not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 37 is the seventh of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. Information may be presented in ways that are similar to Table SA36 of Schedule 1.

This question asks if the asset class is presented for individual capital projects. The asset class indicates the type of asset the project is delivering, for example infrastructure, community assets, heritage assets, investment property assets, other assets, computer equipment, etc. Please refer to Table A9 of Schedule 1 for a list of asset classes.

Answer “a” applies if the *asset class* of all individual capital projects with expenditure in any of the four years is provided. Answer “b” applies if the asset class is provided for only some but not all individual capital projects. This can be tested by comparing total expenditure on projects for which the asset

class is provided, to total capital expenditure. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on the asset class of any individual projects is provided in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**38. Does the draft MTEF or any supporting budget documentation present the asset sub-class for each individual capital project, for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, the asset sub-class is presented for each individual capital project.
- b. Yes, the asset sub-class is presented for some but not all, capital projects.
- c. No, the asset sub-class is not presented for capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 38 is the eighth of nine questions (Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. Information may be presented in ways that are similar to Table SA36 of Schedule 1.

This question asks if the *asset sub-class* is presented for individual capital projects. The sub-asset class provides more detail on the type of asset a capital project is delivering. For example, the sub-asset class for infrastructure will be electrical infrastructure. Please refer to any of the SA34 tables in Schedule 1 for lists of asset sub-classes.

Answer “a” applies if the asset sub-class of all individual capital projects with expenditure in any of the four years is provided. Answer “b” applies if the asset sub-class is provided for only some but not all individual capital projects. This can be tested by comparing total expenditure on projects for which the asset sub-class is provided, to total capital expenditure. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on the asset sub-class of any individual projects is provided in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**39. Does the draft MTEF or any supporting budget documentation indicate which sources of revenue each individual capital project will be funded from, for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, sources of revenue accounting for each individual capital project are presented for the budget year (BY), the next two years (BY+1 and BY+2) and the current year (BY-1).
- b. Yes, sources of revenue accounting for some but not all individual capital projects are presented for the budget year (BY), the next two years (BY+1 and BY+2) and the current year (BY-1).
- c. No, sources of revenue accounting for each individual capital project are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 39 is the final question (of Questions 33 to 39) to assess the depth of detailed information on individual capital projects in the draft MTREF or its supporting documentation. This is not required by the Municipal Budget and Reporting Regulations and the formats to be used by Metropolitan municipalities. This question is specific to the Metro OBI standard.

This question asks if draft MTREF or its supporting documentation presents the *sources of revenue* for individual capital projects. Answer “a” applies if sources of revenue are presented for each individual capital project with expenditure in any of the four years. Answer “b” applies if sources of revenue are provided for only some but not all individual capital projects. This can be tested by comparing total expenditure on projects for which sources of revenue are provided, to total capital expenditure. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on the source of revenue of any individual projects is provided in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**40. Does the draft MTREF or any supporting budget documentation present estimates of current and noncurrent assets for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, estimates, disaggregated by type of asset, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, estimates, disaggregated by type of asset, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, estimates, disaggregated by type of asset, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 40 asks about the presentation of current and non-current assets. Current assets can easily be converted into cash, e.g. call investment deposits as a type of current asset, while non-current assets are longer term investments, including property and equipment as types of non-current assets. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information may look like, can be found in Table A6 in Schedule A1. Metros may provide the information in a different format.

Answer “a” applies when information on assets are presented, disaggregated by current and non-current assets and within each of these by type asset, and the information is presented for the budget year, the next two years and the year before the budget year. Answer “b” applies when the information is disaggregated by current and non-current assets and type of asset within each of these and presented for the budget year and the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no disaggregated information on assets are provided, if not all assets are disaggregated, if the information is available for the budget year only, or if the answer to Question 15 is “b” or “c”).

**41. Does the draft MTREF or any supporting budget documentation present estimates of current and noncurrent liabilities for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, estimates, disaggregated by type of liability, are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, estimates, disaggregated by type of liability, are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, estimates, disaggregated by type of liability, are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 41 asks about the presentation of current and non-current liabilities. Current liabilities are debts that are due within one year, e.g. bank overdrafts and borrowing for repayment within the fiscal year are types of current liabilities, while non-current liabilities are debt which is not due within 12 months such as long-term loans. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information may look like, can be found in Table A6 in Schedule A1. Metros may provide the information in a different format.

Answer “a” applies when liabilities are disaggregated into current and non-current liabilities and within each of these by type, and the information is presented for the budget year, the next two years and the year before the budget year. Answer “b” applies when liabilities are disaggregated into current and non-current liabilities and within each of these by type, and the information is presented for the budget year, the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if information on liabilities disaggregated by current and non-current liabilities and by type within each of these is not provided in the draft MTREF or supporting documentation, if the information is provided for the budget year only, or if the answer to Question 15 is “b” or “c”).

**42. Does the draft MTREF or any supporting budget documentation present estimates of the accumulated surplus/deficit for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, disaggregated estimates of the accumulated surplus/deficit are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, disaggregated estimates of the accumulated surplus/deficit are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, disaggregated estimates of the accumulated surplus/deficit are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 42 asks about the presentation of the accumulated surplus/deficit. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information may look like can be found in Table SA3 in Schedule A1 (see from row 53 to 63). Metros may provide the information in a different format.

Answer “a” applies when the opening and closing accumulated surplus/deficit is presented together with contributing factors to the difference between the two, and the information is presented the budget year, the next two years and the year before the budget year. Answer “b” applies, when the information is presented in this form for the budget year and the next two years, but not the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if information on the accumulated surplus/deficit is not available at all in the draft MTREF or supporting documentation, if it is incomplete, if it is for the budget year only, or if the answer to Question 15 is “b” or “c”).

**43. Does the draft MTREF or any supporting budget documentation present estimates of total reserves for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, disaggregated estimates of total reserves are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, disaggregated estimates of total reserves are presented for the budget year (BY), and the next two years (BY+1 and BY+2), but not for BY-1.
- c. No, disaggregated estimates of total reserves are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 43 asks about the presentation of total reserves. Saving for future projects, acquisitions, and other allowable purposes is an important planning consideration for municipalities. Reserve funds provide a mechanism for legally saving money to finance all or part of future infrastructure, equipment, and other requirements. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information may look like can be found in Table SA3 in Schedule A1 (see from row 64 onwards). Metros may provide the information in a different format.

Answer “a” applies when estimates of total reserves disaggregated by type of reserve are presented for the budget year, the next two years and the year before the budget year. Answer “b” applies when estimates of the total reserves disaggregate by type are presented for the budget and the next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on reserves is presented in the draft MTREF or supporting documentation, if the information is not disaggregated, if it is for the budget year only, or if the answer to Question 15 is “b” or “c”).

**44. Does the draft MTREF or any supporting budget documentation present estimates of transfers to municipal and other government entities as well as the full budgets for all municipal entities for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1)?**

- a. Yes, estimates of all transfers to municipal and other government entities as well as the full budgets for all municipal entities are presented for the budget year (BY), the next two years (BY+1 and BY+2), and the current year (BY-1).
- b. Yes, estimates of all transfers to municipal and other government entities as well as the full budgets for all municipal entities are presented

for the budget year (BY), the next two years (BY+1 and BY+2) but not for BY-1.

- c. No, estimates of transfers to municipal and other government entities and the full budgets for municipal entities are only presented for the budget year (BY), or not at all, or the draft MTREF was not tabled in time to be considered publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 44 asks whether the draft MTREF present estimates of all transfers to municipal and other government entities as well as the full budgets for all municipal entities. Many Metropolitan municipalities have established municipal entities that deliver municipal services on behalf of the municipality. This question tests both whether the Metropolitan municipality provides information on transfers to its entities and whether the full budgets of these entities are provided in the draft MTREF or accompanying documentation. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What information in answer to the first part of the question may look like, can be found in Table SA21 in Schedule A1. Metros might provide the information in a different format. The full budgets for municipal entities should be included in the narrative version of the draft MTREF.

Answer “a” applies if information on transfers and the full budgets of all entities are provided in the draft MTREF and supporting documentation, for the budget year, the next two years and the year before the budget year. Answer “b” applies if both sets of information is provided for the budget year and next two years, but not for the year before the budget year. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on transfers is provided, if no full budgets is presented for any of the municipal entities, if budgets for municipal entities are presented not for all entities or the budgets are incomplete, or if the answer to Question 15 is “b” or “c”).

**45. Does the draft MTREF or any supporting budget documentation present estimates of expenditure arrears for at least the budget year?**

- a. Yes, estimates of all expenditure arrears are presented, along with a narrative.
- b. Yes, estimates of all expenditure arrears are presented, but a narrative discussion is not included.
- c. Yes, estimates of some but not all expenditure arrears are presented.
- d. No, estimates of expenditure arrears are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 45 asks about estimates of expenditure arrears, which arise when government has entered into a commitment to spend funds but has not made the payment when it is due. For example, municipalities purchase water and electricity in bulk from water boards and Eskom. Any outstanding commitments to these entities that is older than 30 days, constitutes expenditure in arrears. Arrears may include due but unpaid claims for salaries, pensions, supplies, services, rents, interest on debt, for example. Though equivalent to borrowing, this liability is often not recorded in the budget, making it difficult to assess fully a government’s financial position. Current liabilities, including arrears, is included in the aggregate debt in Table A3 of Schedule A1, but because the table does not provide information on the age profile of current liabilities, it is not possible to calculate what component of current liabilities are expenditure arrears. To answer this question the researcher will have to look through the narrative of the draft MTREF to see if there is information on the age profile of current creditors, or any detailed discussion of expenditure in arrears in the document.

To answer “a,” the draft MTREF or supporting documentation must present for at least the budget year both estimates covering all expenditure arrears and a narrative discussion of the arrears. If a narrative discussion is not included, but estimates for all expenditure arrears are presented, then a “b” answer is appropriate. A “c” response applies if the presentation includes estimates covering only some, but not all, expenditure arrears (regardless of whether it also includes a narrative discussion). Answer “d” applies if the information provided does not meet the Metro OBI standard at all (if no information on expenditure arrears is provided, or if the answer to Question 15 is “b” or “c”).

**46. Does the draft MTREF or any supporting budget documentation present information on contingent liabilities, such as government loan guarantees or insurance programs for at least the budget year?**

- a. Yes, information on the core elements is presented for all contingent liabilities, including a rationale for each contingent liability.
- b. Yes, some information is presented, but it excludes some core elements or some contingent liabilities.
- c. No, information related to contingent liabilities is not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 46 focuses on contingent liabilities, asking whether “core” information related to these liabilities is presented. These core components include:

- a statement of purpose or policy rationale for each contingent liability;

- the new contingent liabilities for the budget year, such as new guarantees or insurance commitments proposed for the budget year; and
- the total amount of contingent liabilities such as outstanding guarantees or insurance commitments at the end of the budget year. This reflects the gross exposure of the government in the case that all guarantees or commitments come due (even though that may be unlikely to occur).

Examples of contingent liabilities include retirement benefits. For more details on contingent liabilities, see *Guide to Transparency in Public Finances: Looking Beyond the Core Budget* (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>) and page 59 (Box 11) and pages 77-79 of the IMF's Manual on Fiscal Transparency (2007) (<https://www.imf.org/external/np/pp/2007/eng/101907m.pdf>).

To answer "a," the draft MTREF or supporting documentation must present for at least the budget year all of the core information related to contingent liabilities as well as some additional information beyond the core elements. To answer "b," the draft MTREF or supporting documentation must present some of the core components noted above, or present all the core components, but only for some contingent liabilities. Answer "c" applies if the information provided does not meet the Metro OBI standard at all (if no information on contingent liabilities is presented in the draft MTREF or supporting documentation, or if the answer to Question 15 is "b" or "c").

**47. Does the draft MTREF or any supporting budget documentation present estimates of the sources of donor assistance, both financial and in-kind, for at least the budget year?**

- Yes, estimates of all sources of donor assistance are presented by total, along with a narrative discussion.
- Yes, some but not all estimates of sources of donor assistance are presented by total, or a narrative discussion is not included.
- No, estimates of the sources of donor assistance are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 47 asks about estimates of donor assistance, both financial and in-kind assistance. Such assistance is considered non-tax revenue, and the sources of this assistance should be explicitly identified. In terms of in-kind assistance, the concern is primarily with the provision of goods (particularly those for which there is a market that would allow goods received as in-kind aid to be sold, thereby converting them into cash), rather than with in-kind aid such as advisors from a donor country providing technical assistance. The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. What the information may look like can be found in Table SA18 in Schedule A1. Metros may provide the information in a different format. Note that the information

that this question seeks is from row 24 and 42 to of the Schedule A1 template. Donor assistance excludes any grants from national or provincial revenue, but includes grants from any foreign governments or private institutions.

To answer “a,” the draft MTREF or supporting documentation must present for at least the budget year estimates covering all donor assistance and a narrative discussing the assistance. If a narrative discussion is not included, but estimates for all or some donor assistance are presented, then a “b” answer is appropriate. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on donor assistance is available in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**48. Does the draft MTREF or any supporting budget documentation present information on tax expenditures for at least the budget year?**

- a. Yes, information on tax expenditures along with a statement of purpose or policy rationale for each tax expenditure, the intended beneficiaries, and an estimate of the revenue foregone is presented.
- b. Yes, some but not all information on tax expenditures are presented or some of the following is not included: a statement of purpose or policy rationale for each tax expenditure, the intended beneficiaries, and an estimate of the revenue foregone.
- c. No, information related to tax expenditures is not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 48 focuses on tax expenditures, asking whether “core” information related to these tax preferences is presented. These core components must include for both new and existing tax expenditures:

- a statement of purpose or policy rationale;
- a listing of the intended beneficiaries; and
- an estimate of the revenue foregone.

Tax expenditures arise as a result of exceptions or other preferences in the tax code provided for specified entities, individuals, or activities. For Metropolitan municipalities in South Africa tax expenditures refer to exemptions on charges and tariffs granted to companies or individuals. Tax expenditures are called *tax expenditures*, because they often have the same impact on public policy and budgets as providing direct subsidies, benefits, or goods and services. For example, assisting the elderly through exemptions from municipal tariffs, may be structured as municipal programmes to assist the elderly, as it still constitutes a cost in terms of foregone revenues. Expenditure items that require annual authorization are likely to receive more scrutiny than exemptions to specific companies or individuals or groups, that are a permanent feature of municipal tariff and charges policies.

Beyond the core information, some governments may also provide other information about tax expenditures, including for example: the intended beneficiaries by sector and income class (distributional impact); a statement of the estimating assumptions, including the definition of the benchmark against which the foregone revenue is measured; and a discussion of tax expenditures as part of a general discussion of expenditures for those program areas that receive both types of government support (in order to better inform policy choices). For more details on tax expenditures, see *Guide to Transparency in Public Finances: Looking Beyond the Core Budget* (<http://internationalbudget.org/wp-content/uploads/Looking-Beyond-the-Budget.pdf>) and section 3.1.3 (p.76-77) of the IMF's *Manual on Fiscal Transparency* (2007) (<https://www.imf.org/external/np/pp/2007/eng/101907m.pdf>).

The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx> An illustration of what some of the information on tax expenditures may look like, can be found in Table SA1 of the A1 Schedule, including information related to property rebates and the revenue foregone associated with the provision of Free Basic Services. Metros might provide the information in a different format.

The other core elements might be found in the draft MTREF document and supporting documents. To answer “b,” the draft MTREF or supporting documentation must present some of the core components noted above. A “c” answer applies if no information is provided.

Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if it is not available in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**49. Does the draft MTREF or any supporting budget documentation present estimates of earmarked revenues for at least the budget year?**

- a. Yes, estimates of all earmarked revenues are presented, along with a narrative discussion.
- b. Yes, some but not all estimates of earmarked revenues are presented, or a narrative discussion is not included.
- c. No, estimates of earmarked revenues are not presented

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 49 asks about estimates of earmarked revenues, which are revenues that may only be used for a specific purpose (for example, revenues from an operational or capital grant that can only be used for a specific purpose). This information is important in determining which revenues are available to fund the government’s general expenses, and which revenues are reserved for particular purposes. The specific information here should include all operating and capital transfers and grants from other spheres of government (outside of the equitable share transfer).

The Municipal Budget and Reporting Regulations and the formats to be used for tables and approved budgets can be viewed at <http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>. Table SA18 of the

A1 Schedule shows what a typical table showing the earmarked transfers and grants from other spheres of government may look like. The Metro might provide the information in a different format.

To answer “a,” the draft MTREF or supporting documentation must present for at least the budget year estimates covering all earmarked revenues as well as a narrative discussion of the earmarked revenue. The researcher should consult the relevant national Division of Revenue Act and relevant provincial budget to identify the grants transferred to the Metro. If a narrative discussion is not included, and estimates for only some earmarked revenues are presented, then a “b” answer is appropriate. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if information on earmarked revenues is not available in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**50. Are service delivery performance targets assigned to service delivery indicators for the budget year in the draft MTREF or any supporting budget documentation?**

- a. Yes, service delivery performance targets are assigned for all service delivery indicators for the budget year.
- b. Yes, service delivery performance targets are assigned for some but not all service delivery indicators for the budget year.
- c. No, service delivery performance targets are not assigned

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 50 asks about service delivery performance targets assigned for the budget year. The Service Delivery and Budget Implementation Plan (SDBIP) is one of the draft MTREF’s supporting documents. For all municipal directorates or departments responsible for service delivery, the SDBIP should provide targets for the service delivery indicators for the budget year, for example an annual target for the number of water services points (taps) provided to informal settlements.

To answer “a” targets should be assigned to all service delivery indicators for the budget year. Answer “b” applies if targets have only been assigned to some service delivery indicators. Answer “c” applies if the information provided does not meet the Metro OBI standard at all (if no information on service delivery targets for the budget year is available in the draft MTREF or supporting documentation, or if the answer to Question 15 is “b” or “c”).

**51. Did the Metropolitan Municipality publish a Citizens Budget for the draft MTREF?**

- a. Yes, the Metropolitan Municipality published a Citizens Budget.
- b. No, the Metropolitan Municipality did not publish a Citizens Budget

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 51 asks whether the Metro publishes a Citizens Budget of the draft MTREF. A Citizens Budget is the popular presentation of budget information that can take many forms ranging from a simple brochure to a comprehensive report, but its distinguishing feature is that it is a simplified summary of the budget designed to reach and be understood by as large a segment of the population as possible and facilitate discussion. Governments are strongly encouraged to issue such reports. The government production of a Citizens Budget serves to institutionalize the government's commitment to presenting its policies in a manner that is understandable and accessible to the public.

Answer "a" applies if the Metro publishes a Citizens Budget at the same time as the draft MTREF (please refer to Table 1 and the reference table on page 18). Answer "b" applies if a Citizens Budget is not published at all, or published after the draft MTREF).

### 3.2 Role and Effectiveness of Oversight Institutions in the Budget Approval Phase

The questions in this section are designed to assess the role and effectiveness of oversight institutions in the budget approval phase (lasting from the tabling of the draft MTREF and supporting documentation in the Council for approval to adoption of the MTREF), and in particular the role of the relevant Metro's Council and Section 79 Council Committees. Section 79 of the Municipal Structures Act (117 of 1998) (<http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Structures%20Act/Local%20Government%20-%20Municipal%20Structures%20Act,%20No.%20117%20of%201998.pdf>) makes provision for a municipal Council to establish one or more committees necessary for the effective and efficient performance of its functions or exercise of its powers. In this section, as in other sections on oversight, any questions referring to a Council Committee, refers to formally constituted Section 79 Council Committees. It is important to distinguish a Committee of the Council (established in terms of Section 79 of the Municipal Structures Act) from a committee of the executive (established in terms of Section 80 of the Municipal Structures Act). So-called 'Section 79 Committees' are chaired by a non- executive Councillor and report to the Council. They are more suitable for oversight than so-called Section 80 Committees, which are chaired by a member of the executive and which report to the executive. Most of the Metros have a list of Section 79 Committees on line.

The questions in Section 3.2 evaluate whether there are adequate checks and balances for ensuring integrity and accountability in the Metro's use of public resources. The questions in this section are likely to require the researcher to both examine publicly available documents and interview relevant officials from the Metro. The documents can include hard or electronic copies of notices, agendas and minutes of council meetings, as well as documents tabled at council meetings. A document review alone is however unlikely to allow the researcher to determine the various activities of the Council and its committees.

**52. During the most recent budget approval process, when did the Council approve the annual budget?**

- a. During the most recent budget approval process, the Council approved the annual budget at least 30 days before the start of the budget year.

- b. During the most recent budget approval process, the Council approved the annual budget less than 30 days before the start of the budget year, but at least by the start of the budget year.
- c. During the most recent budget approval process, the Council did not approve the annual budget before the start of the budget year.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 52 assesses whether the Council approved the annual budget in time to be compliant with the law and/or align with international good practice. International good practice recommends that the draft budget should be approved by the Council before the start of the fiscal year the budget proposal refers to. This gives the Administration time to implement the budget in its entirety, particularly new programs and policies. Section 24 (1) of the MFMA requires annual budget to be *considered* at least 30 days before the start of the budget year (see [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf) ). But Section 24 (2)(a) requires the budget to be adopted before the start of the financial year. An “a” answer applies if the budget was approved no later than 31 May 2019 (so at least 30 days before the start of the financial year). A “b” answer applies if the budget was adopted after 31 May 2019, but before 1 July 2019. A “c” answer applies if the annual budget was approved later than 30 June 2019 or is not yet approved by the time the questionnaire is completed.

**53. During the most recent budget approval process, did a Section 79 Council Committee with budget or finance responsibilities examine the draft MTREF and did it have at least one month to do so?**

- a. Yes, a Section 79 Council Committee with budget or finance responsibilities had at least one month to examine the draft MTREF and submitted a report to Council with findings and recommendations at least one month prior to the annual budget being adopted.
- b. Yes, a Section 79 Council Committee with budget or finance responsibilities examined the draft MTREF and submitted a report to Council with findings and recommendations prior to the annual budget being adopted, but it had less than one month to do so.
- c. Yes, a Section 79 Council Committee with budget or finance responsibilities examined the draft MTREF but did submit to Council a report with findings and recommendations prior to the annual budget being adopted.
- d. No, a Section 79 Council Committee with budget or finance responsibilities did not examine the draft MTREF.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 53 assesses the role of a specialized budget or finance (Section 79) committee of the Council during the budget approval stage. A report with the committee's findings and recommendations is intended to inform the debate in the full Council, therefore it must have been submitted to Council *before* the Council adopted the budget.

Response "a" requires that, in the last budget approval process, a specialized budget or finance committee had one month or more to examine the draft MTREF, and a report with findings and recommendations was submitted to Council prior to the budget being adopted. Researchers should use the adoption day's date and deduct one month, i.e. if the MTREF was adopted on the 29 of June, the MTREF had to be referred to the committee by 29 May 2019, and the report needed to have been submitted before 29 June 2019. If the MTREF was adopted on the 31<sup>st</sup> of the month, a month prior would be the last day of the previous month. Response "b" applies where such a committee examined the draft budget and submitted a report, but within a shorter timeframe than one month. Response "c" applies if the relevant committee examined the budget (without regard to the time period) but did not submit a report prior to the MTREF being approved. Response "d" applies if the relevant committee did not examine the draft MTREF.

Please specify in your comment the name of the committee and the number of days it had available to examine the budget and to publish a report. If applicable, provide a copy of the report or a reference to the URL.

**54. During the most recent budget approval process, did Section 79 Council Committees responsible for particular sectors examine the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MREF, and did they have at least one month to do so?**

- a. Yes, more than one Section 79 Council Committee responsible for a particular sector had at least one month to examine the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MTREF, and they submitted to Council a report with findings and recommendations prior to the annual budget being adopted.
- b. Yes, more than one Section 79 Council Committee responsible for a particular sector examined the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MTREF, and they submitted to Council a report with findings and recommendations prior to the annual budget being adopted, but they had less than one month to do so.
- c. Yes, more Section 79 Council Committee responsible for a particular sector examined the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MTREF but did not submit to Council a report with findings and recommendations prior to the annual budget being adopted.
- d. No, Section 79 Council Committees responsible for particular sectors did not examine the proposed revenue collection and expenditure related to the sector which they are responsible for in the draft MTREF, or only one such a committee did this.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 54 assesses the role of Section 79 committees of the Council that are responsible for particular sectors (e.g., portfolio committees for human settlements, transport, water, etc.) during the budget approval stage. The approval stage is the stage of the budget process between the tabling of the draft MTREF for approval and the adoption of the final MTREF.

A report with the committee’s findings and recommendations is intended to inform the debate in the full Council, so therefore must be submitted before the Council has adopted the budget. Response “a” requires that more than one sector committee had one month or more to examine the Draft MTREF and submitted a report with findings and recommendations prior the budget being adopted. Response “b” applies where more than one such a committee examined the draft budget and submitted a report, but within a shorter timeframe of less than one month. Response “c” applies if more than one sectoral committee examined the budget (without regard to the time period) but did not submit a report prior to the adoption of the budget. Response “d” applies where sectoral committees did not examine the Draft MTREF, or only one such a committee examined the Draft MTREF.

Researchers should refer to the guidance in question 53 on what ‘at least one month’ means.

Please provide in the comments a brief overview of the committee structure and specify the number of days that sectoral committees had available to examine the budget and to submit their reports. If applicable, provide a sample copy or URL of at least one of the reports.

For purposes of responding to this question, use those sectoral committees that are best performing – that is, the ones that examine the budget the longest and that publish reports.

**55. During the most recent budget approval process did the Council and/or a Section 79 Council Committee specifically deliberate on the prioritization of individual capital projects, and did they have at least one month to do so after the tabling of the draft MTREF?**

- a. Yes, the Council and/or a Section 79 Council Committee had at least one month to specifically deliberate on the prioritization of individual capital projects and made publicly available a report on its deliberations.
- b. Yes, the Council and/or a Section 79 Council Committee specifically deliberated on the prioritization of individual capital projects and made publicly available a report on its deliberations, but had less than one month to do so
- c. Yes, the Council and/or a Section 79 Council Committee specifically deliberated on the prioritization of individual capital projects but did not make publicly available a report on its deliberations.
- d. No, the Council and/or a Section 79 Council Committee did not specifically deliberate on the prioritization of individual capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 55 assesses whether the Council and/or a Section 79 Council committee specifically discussed the prioritization of individual capital projects during the last budget approval stage. This should at a minimum include discussing whether the scoring criteria were properly applied to individual capital projects as well as discussing the ranking of individual capital projects based on the scoring process.

Response “a” requires that the Council and/or a Council committee had at least one month to specifically discuss the prioritization of individual capital projects and published a report on its deliberations. Response “b” applies where the Council and/or a Council committee discussed the prioritization of individual capital projects and published a report on these deliberations, but within a shorter timeframe of less than one month. Response “c” applies where the Council and/or a Council committee discussed the prioritization of individual capital projects but did not publish a report on these deliberations. Response “d” applies where the Council and/or a Council committee did not discuss the prioritization of individual capital projects.

Researchers should refer to the guidance in question 53 on what ‘at least one month’ means.

If applicable, provide a copy or the URL of this report.

### 3.3 Public Engagement in the Budget Approval Phase

This section examines the processes, mechanisms, and practices the Metro’s Administration and Council have in place to ensure that the public is included in the approval phase of the Metro’s budget. The approval phase is from the tabling of the draft MTREF for approval, to its adoption by Council. The section therefore assesses opportunities for the public to participate meaningfully in budget decisions by Council on the tabled draft MTREF.

**56. During the approval phase, did the Metropolitan municipality provide feedback to the public on how their inputs provided during the formulation phase have been included in the draft MTREF?**

- a. Yes, the Metropolitan municipality provided feedback in a structured, facilitated and open process where the public was provided with information on which of the specific interventions that they identified during the formulation process have been included in the draft MTREF, which interventions have not been included in the draft MTREF, and the reasons for these decisions.
- b. Yes, the Metropolitan municipality provided feedback in a structured, facilitated and open process where the public was provided with information on which of the specific interventions that they identified during the formulation process have been included in the draft MTREF,

- which interventions have not been included in the draft MTREF, but no reasons for these decisions were provided
- c. No, the Metropolitan municipality did not provide any feedback

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 56 assesses whether the Metro closes the participation loop from eliciting inputs during the drafting of the MTREF to providing feedback on how these have been incorporated in the draft MTREF as tabled. Note that interventions may mean both capital projects or services and other interventions financed through the operational budget. The METRO OBI standard for this feedback is:

1. The members of the public must be provided with information on whether the specific interventions they identified during participation in the MTREF preparation process, were included in the draft MTREF or not.
2. If the interventions were not included, reasons must be provided.
3. The feedback must be provided in a participation process during the approval phase of the MTREF, that is open, structured and facilitated. This means the process must be
  - open to all members of the public (i.e. not on invite only);
  - facilitated (i.e. must be chaired); and
  - structured (i.e. must have an agenda and records are kept).

An 'a' answer applies if all these conditions are met. A "b" answer applies if all the conditions are met except condition 2 (i.e. when no reasons are provided for including or not including specific interventions identified by the public). A "b" answer would also apply if feedback was given with reasons, but not through an open, facilitated and structured process. Answer "c" applies if the Metro did not provide any feedback at all or provided feedback on what interventions were included but did not provide reasons *and* it was not through a suitable process.

**57. Did the Metropolitan municipality hold open public meetings and/or use other participation mechanisms through with the public could provide input during the approval of the annual budgets?**

- a. Yes, open public meetings were held, and members of the public could make oral and/or written submissions.
- b. No, open public hearings were not held, but contributions from the public were received through other means.
- c. No, there were no open public meetings or other participation mechanisms, but the Metropolitan municipality invited specific individuals to provide input (participation was thus in practice not open to everyone).
- d. No open public meetings or other participation mechanisms were used.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 57 asks whether there were open participation mechanisms for members of the public to provide input on the draft MTREF. This means that open opportunities (i.e. not through invite only) through which members of the public could make oral or written submissions on the draft MTREF.

An “a” answer applies if the opportunity was an open public meeting, i.e. if it was not through invite only and the opportunity was a meeting with officials of the Metro and/or councillors. Answer “b” applies if members of the public could provide contributions of some nature (e.g. through a ‘tip’ line or an on-line facility), but not through a meeting. Answer “c” applies if contribution could be made through any means, but from invited members of the public / organisations only. Answer “d” applies if no opportunities were provided by the Metro for contributions from the public on the draft MTREF after its tabling.

**58. With reference to the two processes identified in Questions 56 and 57, did the Metropolitan municipality provide comprehensive prior (at least five working days) information on the process of engagement, so that that the public could participate in an informed manner?**

**Comprehensive information must include at least three of the following elements:**

- Purpose
- Scope
- Constraints
- Intended outcomes

- a. Yes, comprehensive information was provided at least five working days prior to the public’s engagement in the budget approval phase.
- b. Yes, comprehensive information was provided, but less than five working days prior to the public’s engagement in the budget approval phase
- c. No, comprehensive information was not provided prior to the engagement.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 58 assesses the quality of the processes conducted by the Metro during which members of the public were provided with feedback on their identified interventions (question 56) and given the opportunity to provide contributions on the draft MTREF (Question 57).

The question relates to the GIFT principle of “Openness,” and addresses whether the Metro provides relevant information on the process of the engagement before public participation takes place, in order to help residents engage effectively. The question addresses whether the “rules of the public engagement” are clearly spelled out, in advance and in detail, so that those members of the public who want to engage know how to do so, in terms of when they can do so, what they are expected to provide input on, by when, to whom, etc. Specifically:

- Purpose refers to a brief explanation of why the public engagement is being undertaken, including the Metro’s objectives for its engagement with the public.
- Scope refers to what is within the subject matter of the engagement as well as what is outside the subject matter of the engagement. For example, the scope may include an engagement on the capital budget only and excludes the operational budget.
- Constraints refers to whether there are there any explicit limitations on the engagement. An example of a constraint could be that any policy changes must not cost (or forgo revenue) more than a specific amount, or have no net fiscal cost
- Intended outcomes refers to what the Metro hopes to achieve as a result of the engagement. Examples of intended outcomes could be to revise a policy to better reflect residents’ or service-user views, to elicit input on capital project selection, or to improve the way in which a particular program is administered.

Answer “a” applies if information is provided on at least three of the elements for participation identified above for the opportunities provided in Questions 56 and 57, at least five days before the engagement. Answer “b” applies if information is provided on at least three of the elements, but less than five working days before the engagement. Answer “c” applies if less than three of the listed elements were provided, even if the information was provided five working days or more before the engagement or if the Council does not use public participation mechanisms during the budget implementation stage. If only one of the two participation opportunities identified in Questions 56 and 57 was conducted, please answer the question for this opportunity only.

**59. With reference to the two processes identified in Questions 56 and 57, did the Metropolitan municipality publish the time and place for meetings where the draft MTREF would be discussed at least five working days in advance and where the information was easily accessible?**

- a. The time and meeting place were published online and posted on an appropriate notice board at least five working days in advance.
- b. The time and meeting place were published online and posted on an appropriate notice board but fewer than five working days in advance, or the information was only made available in one of the two ways but at least five working days in advance.
- c. The time and meeting place were not published online nor posted on an appropriate notice board.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 59 asks whether sufficient information about the processes of the approval phase public participation meetings is published before the meetings. Answer “a” applies if the agenda, time and place of the meeting are both published online and posted on an appropriate notice board at least five working day before the meeting. Answer “b” applies if this information is published online and posted on an appropriate notice board but fewer than five working days before the meeting, or if the information was made available at least five working days before the meeting but only made available in one of the two ways (either online or on the notice board) . Answer “c” applies if the information provided does not meet the Metro OBI standard fully (of agenda, time and place of the meeting), is not published at all, or is published in a place where it is not easily accessible. If only one of the two assessed opportunities is provided, please answer the question for that opportunity.

## Section 4 Implementation of the Annual Budget

Section 4 asks questions about the transparency of documentation available for, and the effectiveness of oversight processes and openness of participation opportunities for members of the public during the implementation phase of the budget. The implementation phase of the budget is the fiscal year, starting on 1 July and ending on 30 June of the subsequent year. The Section looks at the Adopted Budget, the Monthly Budget Statements and oversight and participation processes that use the Monthly Budget Statements.

### 4.1 Comprehensiveness of the Adopted Budget

After debating the draft MTREF, the Council typically enacts some form of a budget or appropriation, referred to as the adopted MTREF. The adopted MTREF provides the baseline information for any analyses conducted during the fiscal year. In other words, it is the starting point for monitoring the implementation phase of the budget. Sometimes the draft MTREF varies significantly from the adopted MTREF and the Metro OBI Questionnaire specifically asks about how much information is provided about the changes between the draft and final MTREF.

**60. When was the adopted budget made available to the public?**

- a. The adopted budget was made available within 10 working days of its adoption.
- b. The adopted budget was made available after more than 10 working days of its adoption, or it was not released to the public.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 60 tests whether the adopted budget is publicly available. Please refer to the guidance table on the timely publication of budget documents in Section 1 above on page 18. The adopted budget must have been available at least 10 working days after adoption by Council an “a” answer. For a “b” answer, the adopted budget was not published by this deadline, or not released to the public at all.

**61. If the adopted budget was made available within 10 working days, did it present a statement of the changes between the draft MTREF and the adopted budget?**

- a. Yes, a statement of all changes was presented, along with a narrative discussion.
- b. Yes, a statement of all changes was presented, but a narrative discussion was not included.
- c. No, a statement of changes was not presented

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Answer “a” applies if the adopted budget or its supporting documentation presents a statement of all the changes between the draft and the adopted MTREF (the adopted budget), including a narrative discussion. The statement can be in the form of a table or a list of all the changes. Answer “b” applies if a statement of changes is presented, but no narrative discussion. Answer “c” applies if no statement of changes is provided, or if the adopted budget is not considered publicly available (if the answer to Question 60 is “b”)

**62. Did the Metro publish a Citizen’s Budget for the adopted budget?**

- a. Yes, the Council or the Administration published a Citizen’s Budget.
- b. No, the Council or the Administration did not publish a Citizen’s Budget.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 62 asks whether the Metro publishes a Citizens Budget of the adopted budget. A Citizens Budget is a type of popular presentation of budget information that can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. A Citizens Budget is a simplified summary of the budget designed to facilitate discussion. Governments are strongly encouraged to issue such reports. The government production of a Citizens Budget serves to institutionalize the government’s commitment to presenting its policies in a manner that is understandable and accessible to the public. In order to be considered publicly available by the Metro Open Budget Survey methodology, the Citizens Budget must be released at the same time as a “publicly available” adopted budget, that means 10 working days after adoption. A “b” answer applies if no Citizens budget was released or it was released more than 10 working days after adoption, or not at the same time as the adopted budget.

## 4.2 Comprehensiveness of the Monthly Budget Statements

Monthly Budget Statements are issued during the year as the budget is being executed. They are intended to show the Administration’s progress in implementing the budget. The Municipal Finance Management Act (MFMA, No 56 of 2003) requires the accounting officer of a metro to submit Monthly Budget Statements to the mayor and quarterly reports on the implementation of the budget to the council (See Sections 52 and 71., [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)). For the purposes of answering the following questions (73 - 90) researchers should draw their answers from the **Monthly Budget Statements**. Section 71 (1) of the MFMA requires monthly budget statements to be submitted to the mayor no later than 10 working days after the end of each month, while the Municipal Budget and Reporting Regulations Section 30(1) and the MFMA Section 76(2) require the statements to be placed on the municipality’s website within five calendar days after being tabled. Based on these requirements published in time means the statements are made publicly available within 10 working days plus five calendar days after the end of each month. For the purposes of completing the questions on the Monthly Budget Statement the researcher should verify whether all 12 statements for the preceding 12 months have been released according to the accepted timeframe and whether these statements are consistent. The table under Section 1.2 on page 18, provides dates for when statements should have been published if the questionnaire is completed during June 2019. Please note that the 12 statements relevant to any one metropolitan municipality might cover more than one fiscal year depending on when the assessment is done. If all 12 statements have not been released or some are not complete the researcher should select answer “b” for Questions 64 to 81. If no statements have been released for the preceding 12 months or none of the 12 are complete, answer “c” will apply for all questions.

**63. When were the Monthly Budget Statements made available to the public?**

- a. All 12 statements were published in time to be considered
- b. All 12 statements were published, but one or more were published later than the stipulated time or not published at all.

c. No monthly budget statements were published

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 63 assesses the public availability of the Monthly Budget Statements. Section 71 (1) of the MFMA requires monthly budget statements to be submitted to the mayor no later than 10 working days after the end of each month, while the Municipal Budget and Reporting Regulations Section 30(1) and the MFMA Section 76(2) require the statements to be placed on the municipality’s website within five calendar days after being tabled. Based on these requirements *published in time* means the statements are made publicly available within 10 working days plus five calendar days after the end of each month. The table under Section 1.2 on page 18, provides dates for when statements should have been published if the questionnaire is completed during June 2019. Answer “a” applies if the last 12 statements were available on the Metro’s website on time. Please see the reference table on page 18 what this would mean in specific dates relative to when the assessment is done. Answer “b” applies if all twelve statements were published, but one or more were released later than the specific deadline for that month or not released at all. Answer “c” applies if Monthly Budget Statements were not published at all.

**64. Do the Monthly Budget Statements present actual operational and capital expenditures by vote and function?**

- a. Yes, all actual expenditures are presented by vote and function.
- b. Yes, some but not all actual expenditures are presented by vote and function.
- c. No, actual expenditures are not presented by vote or function.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 64 asks about the presentation of actual operational and capital expenditures for the year to date by vote and functional classification. Answer “a” applies if all actual operating and capital expenditures are presented by both vote and functional classification. Answer “b” applies if some operating and capital expenditures are presented by vote and function and the expenditures do not add up to total operating and capital expenditure, or if only one of the classifications are presented. Answer “b” also applies if not all 12 statements have been released on time even if the information is complete for those that have been released (if the answer to Question 63 is “b”) . Answer “c” applies if actual expenditures are not presented by vote and function at all.

**65. Do the Monthly Budget Statements present actual operational expenditures by type?**

- a. Yes, all actual operational expenditures are presented by type.
- b. Yes, some but not all actual operational expenditures are presented by type.
- c. No, actual operational expenditures are not presented by type.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 65 asks about the presentation of actual operational expenditures for the year to date by type. Answer “a” applies if all actual operating expenditures are presented by type. Answer “b” applies if only some actual operational expenditures are presented type and the expenditures do not add up to total expenditure. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual operational expenditures are not presented by type, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**66. Do the Monthly Budget Statements present actual operational expenditures by type for individual votes?**

- a. Yes, all actual operational expenditures are presented for votes by type.
- b. Yes, some but not all actual operational expenditures are presented for votes by type.
- c. No, actual operational expenditures are not presented for votes by type.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 66 asks about the presentation of actual operational expenditures for the year to date, by type for individual votes. Answer “a” applies if all actual operational expenditures are presented by type for all individual votes. Answer “b” applies if only some expenditures are presented in this way and the expenditures do not add up to total expenditure. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual expenditures are not presented by type for individual votes, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**67. Do the Monthly Budget Statements present actual operational and capital expenditures by sub-vote and sub-function?**

- a. Yes, all actual expenditure estimates are presented by sub-vote and sub-function classifications.
- b. Yes, some but not all actual expenditure estimates are presented by sub-vote and sub-function classifications.
- c. No, actual expenditure estimates are not presented by sub-vote or sub-function classification.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 67 asks about the presentation of actual operational and capital expenditures for the year to date by sub-vote and sub-functional classification. Answer “a” applies if all actual operational and capital expenditures are presented by both sub-vote and sub-functional classification. Answer “b” applies if some operational and capital expenditures are presented by sub-vote and sub-function and the expenditures do not add up to total operational and capital expenditure, or if only one of the classifications are presented. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual expenditures are not presented by sub-vote or sub-function, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**68. Do the Monthly Budget Statements present type of actual operational expenditures by item?**

- a. Yes, all types of actual operational expenditures are presented by item.
- b. Yes, some but not all types of actual operational expenditures are presented by item.
- c. No, types of actual operational expenditures are not presented by item.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 68 asks about the presentation of actual operational expenditures by item. Item is the sub-category of type of operating expenditure. Answer “a” applies if all actual operational expenditures are presented by item. Answer “b” applies if only some operating expenditures are presented in this way and the expenditures do not add up to total operating expenditure. Answer “b” also applies if not all 12 statements have been released even if the

information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual operating expenditures are not presented by item, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**69. Do the Monthly Budget Statements compare actual year-to-date operational and capital expenditures with the original estimate for that period (based on the adopted budget)?**

- a. Yes, comparisons are made for all expenditures presented in the Monthly Budget Statements.
- b. Yes, comparisons are made for some but not all expenditures presented in the Monthly Budget Statements
- c. No, comparisons are not made for all expenditures presented in the Monthly Budget Statements.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 69 asks whether the Monthly Budget Statements compare actual operational and capital expenditures to-date with the enacted levels (as shown in the adopted MTREF). To answer “a,” comparisons must be made for all operational and capital expenditures presented in the Monthly Budget Statements. Answer “b” applies if no comparisons are shown, if comparisons are made for only some operational or capital expenditure, or if comparisons are made for only one of the classifications, or if not all 12 statements have been released even though comparisons are made those that have been released (if the answer to Question 63 is “b”) , or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**70. Do the Monthly Budget Statements present explanations for material year-to-date variances in operating expenditure by vote and type?**

- a. Yes, explanations are presented for all material year-to-date variances in operating expenditure by vote and type.
- b. Yes, explanations are presented for some but not all material year-to-date variances in operating expenditure by vote and type.
- c. No, explanations are not presented for material year-to-date variances in operating expenditure by vote and type.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 70 asks whether the Monthly Budget Statements present any explanations for over- or underspending shown in the monthly budget statement for the year to date relative to the budgeted estimates, for operating expenditure by vote and type. Answer “a” applies if explanations are presented for all material variances shown in operating expenditure by vote and type. Answer “b” applies if explanations are only presented for some material variances shown, or only by vote or by type, or if some of the statements were not published or published late (if the answer to Question 63 is “b”). Answer “c” applies if no explanations are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**71. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in operating expenditures by vote and type?**

- a. Yes, remedial steps are presented to address all material year-to-date variances in operating expenditures by vote and type.
- b. Yes, remedial steps are presented to address some but not all material year-to-date variances in operating expenditures by vote and type.
- c. No, remedial steps are not presented to address material year-to-date variances in operating expenditures by vote and type.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 71 asks whether the Monthly Budget Statements present any remedial steps or corrective action for the material variances in operating expenditure by vote and type, referred to in the previous question. Answer “a” applies if remedial steps are presented to address all material variances in operating expenditures by vote and type. Answer “b” applies if remedial steps are presented to only address some material variances. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if no remedial steps are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**72. Do the Monthly Budget Statements present individual sources of actual operating revenue collected?**

- a. Yes, individual sources of revenue, accounting for all actual operating revenue collected, are presented.
- b. Yes, individual sources of revenue, accounting for some but not all actual operating revenue collected, are presented.
- c. No, individual sources of actual operating revenue collected are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 72 asks about the presentation of actual revenue collected, according to all individual sources of operating revenue. Answer “a” applies if all actual revenues are presented for all individual sources of operating revenue. Answer “b” applies if actual revenues are only presented for some individual sources of operating revenue. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual individual sources of operating revenue are not presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**73. Do the Monthly Budget Statements present individual sources of actual grant revenue received for operating expenditure?**

- a. Yes, individual sources of grant revenue, accounting for all actual operating grant revenue received, are presented.
- b. Yes, individual sources of grant revenue, accounting for some but not all actual operating grant revenue received, are presented.
- c. No, individual sources of actual operating grant revenue received are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 73 asks about the presentation of actual grant revenue collected, specifically for operating expenditure. In other words, it asks about the collection of operating grant revenues. Answer “a” applies if all actual revenues are presented for all individual operating grants. Answer “b” applies if actual revenues are only presented for some operating grants. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual individual sources of operating grant revenue are not presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**74. Do the Monthly Budget Statements present individual sources of actual capital revenue collected?**

- a. Yes, individual sources of revenue, accounting for all actual capital revenue collected, are presented.
- b. Yes, individual sources of revenue, accounting for some but not all actual capital revenue collected, are presented.
- c. No, individual sources of actual capital revenue collected are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 74 asks about the presentation of actual revenue collected, according to all individual sources of capital revenue. Answer “a” applies if all actual revenues are presented for all individual sources of capital revenue. Answer “b” applies if actual revenues are only presented for some individual sources of capital revenue. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual individual sources of capital revenue are not presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**75. Do the Monthly Budget Statements present individual sources of actual grant revenue received for capital expenditure?**

- a. Yes, individual sources of grant revenue, accounting for all actual capital grant revenue received, are presented.
- b. Yes, individual sources of grant revenue, accounting for some but not all actual capital grant revenue received, are presented.
- c. No, individual sources of actual capital grant revenue received are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 75 asks about the presentation of actual grant revenue collected, specifically for capital expenditure. In other words, it asks about the collection of capital grant revenues. Answer “a” applies if all actual revenues are presented for all individual capital grants. Answer “b” applies if actual revenues are only presented for some capital grants. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual individual sources of capital grant revenue are not presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**76. Do the Monthly Budget Statements compare actual year-to-date revenues with the original estimate for that period (based on the adopted budget)?**

- a. Yes, comparisons are made for all revenues presented in the Monthly Budget Statements.
- b. Yes, comparisons are made for some but not all revenues presented in the Monthly Budget Statements.
- c. No, comparisons are not made for revenues presented in the Monthly Budget Statements.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 76 asks whether the Monthly Budget Statements compare the actual year-to-date collection of operating and capital revenues with the original estimate for the period (based on the adopted MTREF). Answer “a” applies if comparisons are presented. Answer “b” applies if comparisons are not presented or if all 12 statements have not been released even though comparisons are made in those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual year-to-date collection of operating and capital revenues are not compared with the original estimate, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**77. Do the Monthly Budget Statements present actual expenditures for individual capital projects?**

- a. Yes, actual expenditures are presented for all individual capital projects.
- b. Yes, actual expenditures are presented for some but not all individual capital projects.
- c. No, actual expenditures are not presented for individual capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 77 asks about the presentation of actual expenditures for individual capital projects. Answer “a” applies if the Monthly Budget Statement presents actual year-to-date expenditures for all individual capital projects. Answer “b” applies if actual year-to-date expenditures are presented for some but not all individual capital projects. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if actual expenditures on capital projects are not presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**78. Do the Monthly Budget Statements present explanations for material year-to-date variances in expenditures on individual capital projects?**

- a. Yes, explanations are presented for all material year-to-date variances in expenditures on individual capital projects.
- b. Yes, explanations are presented for some but not all material year-to-date variances in expenditures on individual capital projects.
- c. No, explanations are not presented for material year-to-date variances in expenditures on individual capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 78 asks if the Monthly Budget Statement presents explanations for material over- or underspending for the year to date relative to the budgeted estimates for individual capital projects. Answer “a” applies if the Monthly Budget Statement presents explanations for all such variances in expenditures on individual capital projects. Answer “b” applies if explanations are presented for some but not all variances. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if no explanations for variances are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**79. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in expenditures on individual capital projects?**

- a. Yes, remedial steps are presented for all material year-to-date variances in expenditure on individual capital projects.
- b. Yes, remedial steps are presented for some but not all material year-to-date variances on expenditure on individual capital projects.
- c. No, remedial steps are not presented for material year-to-date variations in expenditures on individual capital projects.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 79 ask whether the Monthly Budget Statements present remedial steps or corrective action to address the material year-to-date variances in expenditures on individual capital projects, referred to in the previous question. Answer “a” applies if remedial steps are presented for all such variances. Answer “b” applies if remedial steps are only presented for some variances. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). And answer “c” applies if no remedial steps are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**80. Do the Monthly Budget Statements present explanations for material year-to-date variances in capital expenditure by vote?**

- a. Yes, explanations are presented for all material year-to-date variances in capital expenditure by vote.
- b. Yes, explanations are presented for some but not all material year-to-date variances in capital expenditure by vote.
- c. No, explanations are not presented for material year-to-date variances in capital expenditure by vote.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 80 asks if the Monthly Budget Statements present explanations for material over- or underspending for the year to date relative to the budgeted estimates for capital expenditure by vote. Answer “a” applies if the Monthly Budget Statement presents explanations for all such variances in capital expenditure by vote. Answer “b” applies if explanations are presented for some but not all variances. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if no explanations for variances are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

**81. Do the Monthly Budget Statements present remedial steps to address material year-to-date variances in capital expenditure by vote?**

- a. Yes, remedial steps are presented to address all material year-to-date variances in capital expenditure by vote.
- b. Yes, remedial steps are presented to address some but not all material year-to-date variances in capital expenditure by vote.
- c. No, remedial steps are not presented to address material year-to-date variances in capital expenditure by vote.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 81 asks whether the Monthly Budget Statements present any remedial steps or corrective action for the material variances in capital expenditure by vote, referred to in the previous question. Answer “a” applies if remedial steps are presented to address all variances in capital expenditures by vote. Answer “b” applies if remedial steps are presented to only address some variances. Answer “b” also applies if not all 12 statements have been released even if the information is complete for those that have been released (if the answer to Question 63 is “b”). Answer “c” applies if no remedial steps are presented, or if the statement were not published at all, or all were published late (if the answer to Question 63 is “c”).

### 4.3 The Procurement System

**82. Did the Metropolitan Municipality publish a consolidated Annual Procurement Plan, which includes procurement information for all relevant departments and entities?**

- a. The Annual Procurement Plan was published and included consolidated information for all relevant departments and entities.
- b. The Annual Procurement Plan was published but did not include the procurement plans of all departments and entities, and therefore was not complete.
- c. There was no information publicly available on the annual procurement plans to be implemented by the Metropolitan Municipality and entities

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 82 asks about the public availability of the Annual Procurement Plan. A Procurement Plan sets out all the goods and services that a department or institution will need to meet its performance targets and fulfil the objectives in its strategic plans. At a minimum the plan should include the name of the relevant department or entity, the name and contact details of the head of the department, a description of all the goods and/or services being procured, the estimated cost (inclusive of VAT), the name of the responsible officer, and the date on which the bid will be advertised, the closing date for bids to be submitted and the date by which the contract will be awarded.

Answer “a” applies if the plan is publicly available and includes the minimum information described above for all the Metro’s departments and entities. Answer “b” applies if such a plan is publicly available but does not include the minimum information for *all* the departments or entities or provides less than the minimum information described above for some or all departments and entities. Answer “c” applies if the Metro does not publish any information on its procurement plans and the procurement plans of its entities,

**83. Does the Metropolitan Municipality publish tender specifications for all tender notices on its website, can they be downloaded free of charge and do they remain on the website of the full duration of the contract?**

- a. Yes, the Metropolitan Municipality publishes tender specifications for all tender notices on its website which are downloadable, free of charge and remain on the website for the full duration of the contract.
- b. Yes, the Metropolitan Municipality publishes tender specifications for all tender notices on its website, which are downloadable, free of charge, but removes them from the website once the tender closes.

- c. Yes, the Metropolitan Municipality publishes tender specifications, but for only some tender notices.
- d. No, the Metropolitan Municipality does not publish tender specifications.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 83 asks about the availability of tender specifications. The tender specifications form part of the set of tender documents that are made available when an invitation to tender is issued for a specific good or service. The tender specifications are the document that contains all the details about the exact nature, technical specifications and amount of the goods or service required, as well as the timing of the delivery of the goods or services.

Answer “a” applies if the metro publishes tender specifications which are downloadable, free of charge and remain on the website after the closing date of the tender, after the award of the tender and until the contract is completed, for all tender notices on its website. Answer “b” applies if the tender specifications are downloadable and free of charge, but the metro removes the document after the closing date/award of the tender. To test this, the researcher should verify if any tender specifications are still downloadable for any tenders that have closed before the date of completion of the Metro OBS Questionnaire – for at least as far back as 12 months. Answer “c” applies when the metro only publishes downloadable tender specifications for some of the tender notices on its website. Answer “d” applies when the metro does not publish tender specifications for any of the tender notices on its website.

**84. Is information on the awarding of public tenders made publicly available within five working days of the award?**

- a. Yes, information on the awarding of all public tenders is made publicly available within five working days of the award.
- b. No, information on the awarding of public tenders is not made publicly available within five working days of the award.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 84 asks whether information on the award of public tenders are made available within the required time. The MFMA Circular No 62 (July 2013) requires municipalities to publish this information within five working days after the award of a tender (<http://mfma.treasury.gov.za/Circulars/Pages/Circular62.aspx>). Answer “a” applies if this is the case in the relevant metro. It might be difficult to verify for each and every tender if the award was made public within five working days. If the researcher can verify that the information on the award of tenders is updated on the metro’s

website on a weekly basis, a score of “a” will also apply. However, a score of “b” applies if the information is not updated weekly or not made publicly available at all.

**85. Is information on the deviations from the usual procurement processes and extensions or variations to contracts made publicly available within seven working days of the award?**

- a. Yes, information on deviations, extensions or variations is made publicly available within seven working days of the award.
- b. No, information on deviations, extensions or variations is not made publicly available within seven working days of the award.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 85 asks whether the public has access to information on deviations from the usual procurement processes or contract changes. MFMA Circular No 83 (<http://mfma.treasury.gov.za/Circulars/Documents/MFMA%20Circular%2083%20-%20eTender%20Portal%20-%202018%20July%202016.pdf>) requires municipalities to publish notices of all awards to suppliers through deviations, extensions and variations within seven working days after the award was made.

Answer “a” applies if this is the case in the relevant Metro. It might be difficult to verify for each and every deviation, extension or variation if the award was made public within seven working days. If the researcher can verify that the Metro does indeed make this information public, and that it is updated at least every seven working days, a score of “a” will apply. A score of “b” applies if the information is not updated at least every seven working days or not made publicly available at all.

**86. Does the Metropolitan Municipality publish the additional agreements negotiated after the award of a tender on its website?**

- a. Yes, the Metropolitan Municipality publishes additional agreements negotiated after the award of a tender on its website.
- b. No, the Metropolitan Municipality does not publish additional agreements negotiated after the award of a tender.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 86 asks whether the public has access to post-award agreements between the Metro and contractors. Many bid specifications explicitly indicate that after the award of the contract a further service agreement will be negotiated, or a service delivery schedule will be drawn up.

Answer “a” applies if the Metro adds these additional agreements to its website and answer “b” applies if the Metro does not publish any additional agreements after the award of a contract. It might be difficult to verify for which tenders additional agreements were negotiated and if all of these agreements are available on the Metro’s website. A Metro will therefore score an “a” if there is, as a minimum requirement, a section on its website where these agreements are published and if the researcher can provide some evidence that this section is being updated on a regular basis.

#### 4.4 Role and Effectiveness of Oversight Institutions in the Budget Implementation Phase

**87. In the past 12 months, did a Section 79 Council Committee with budget or finance responsibilities examine the Monthly Budget Statements?**

- a. Yes, a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements on at least four occasions in the past 12 months, and it made publicly available reports with findings and recommendations.
- b. Yes, a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements on one or more occasions (but less than four times) in the past 12 months, and it made publicly available reports with findings and recommendations.
- c. Yes, a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements but did not make publicly available reports with findings and recommendations.
- d. No, a Section 79 Council Committee with budget or finance responsibilities did not examine the Monthly Budget Statements.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 87 is about Council oversight of budget implementation through examining the Monthly Budget Statements.

To answer “a”, a Section 79 Council Committee with budget or finance responsibilities must have examined the Monthly Budget Statements at least four times during the course of the relevant budget year and published reports with findings and recommendations. Answer “b” applies where this occurred on one or more occasion but less than four times. Choose “c” if such a committee examined in-year implementation (without regard to frequency), but did not publish any report with findings and recommendations. Answer “d” applies where a Section 79 Council Committee did not examine in-year implementation.

If the answer is “a” or “b,” please specify the name of the committee and when it reviewed budget implementation, and provide a copy or the URL of its report(s). If the answer is “c,” please specify the name of the committee and when it reviewed budget implementation

**88. In the past 12 months, did Section 79 Council Committees responsible for particular sectors examine actual revenue collection and expenditure for their specific sectors?**

- a. Yes, more than one Section 79 Council Committee responsible for a particular sector examined revenue collection and expenditure for their specific sectors on at least four occasions in the past 12 months and made their reports with findings and recommendations publicly available.
- b. Yes, more than one Section 79 Council Committee responsible for a particular sector examined revenue collection and expenditure for their specific sectors on one or more occasions (but less than four times) in the past 12 months and made their reports with findings and recommendations publicly available.
- c. Yes, more than one Section 79 Council Committee responsible for a particular sector examined revenue collection and expenditure for their specific sectors in the past 12 months but did not make their reports publicly available.
- d. No, only one Section 79 Council Committee or no Section 79 Council Committees responsible for a particular sector examined revenue collection and expenditure for their specific sectors in the past 12 months.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 88 is also about Council oversight of budget implementation through examining the Monthly Budget Statements, but refers to the Section 79 Council Committees for particular sectors.

To answer “a”, more than one Section 79 Council Committees responsible for a particular sector must have examined the Monthly Budget Statements at least four times during the course of the relevant budget year and published reports with findings and recommendations. Answer “b” applies where this occurred on one or more occasion(s) but less than four times. Choose “c” if such committees examined in-year implementation (without regard to frequency), but did not publish any report with findings and recommendations. Answer “d” applies where such Section 79 Council Committees did not examine in-year implementation or where only one such committee examined Monthly Budget Statements which suggest it is not common practice in the metro.

If the answer is “a” or “b,” please specify the name of the committees and when they reviewed budget implementation, and provide a copy or the URL of its report(s). If the answer is “c,” please specify the name of the committees and when they reviewed budget implementation. For purposes of responding to this question, provide this information for at least two committees.

## 4.5 Public Engagement in the Budget Implementation Phase

**89. In the past 12 months, when a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements for the adopted budget, were the meetings open to the public and did this committee pro-actively request input from the public?**

- a. Yes, the meetings where a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements for the adopted budget were open to the public, and the Committee requested the public to provide feedback on the implementation of the budget
- b. Yes, the meetings where a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements for the adopted budget were open to the public, but the public were not requested to provide feedback on the implementation of the budget.
- c. The meetings where a Section 79 Council Committee with budget or finance responsibilities examined the Monthly Budget Statements for the adopted budget were not open to the public, or such meetings did not take place.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 89 tests whether the public can attend the meetings on the Monthly Budget Statements tested in Question 87 and whether the Section 79 Council Committee with budget or finance responsibilities provides opportunities for the public to provide input. “Open to the public” means that any member of the public can attend the committee. Pro-actively request means the Committee made public an invitation to all members of the public (not just selected groups or persons) to provide verbal or written inputs to its deliberations.

An “a” answer applies if the meetings of the Section 79 Council Committee with budget or finance responsibilities to consider the Monthly Budget Statements were open to the public and the Committee invited the public beforehand to provide written or verbal input. A “b” answer applies if the meetings were open to the public, but the public was not invited beforehand to provide inputs. Answer “c” applies if the meetings were held but the public cannot attend, or no meetings were held (if the answer to question 87 was “d”).

**90. In the past 12 months, when Section 79 Council Committees responsible for particular sectors examined revenue collection and/or expenditure for their specific sectors, were the meetings open to the public and did these committees pro-actively request input from the public?**

- a. Yes, the meetings where Section 79 Council Committees responsible for particular sectors examined revenue collection and/or expenditure for their specific sectors were open to the public, and the Committees requested the public to provide feedback on the implementation of the budget
- b. Yes, the meetings where Section 79 Council Committees responsible for particular sectors examined revenue collection and/or expenditure for their specific sectors were open to the public, but the public were not requested to provide feedback on the implementation of the budget
- c. The meetings where Section 79 Council Committees responsible for particular sectors examined revenue collection and/or expenditure for their specific sectors were not open to the public, or such meetings did not take place.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 90 tests whether the public can attend the meetings on the Monthly Budget Statements tested in Question 87 and whether the Section 79 Council Committees with responsibility for particular sectors provide opportunities for the public to provide input. “Open to the public” means that any member of the public can attend the committee. Pro-actively request means the Committee made public an invitation to all members of the public (not just selected groups or persons to provide verbal or written inputs to its deliberations).

An “a” answer applies if the meetings of the Section 79 Council Committees with responsibility for particular sectors to consider the Monthly Budget Statements were open to the public and the Committees invited the public beforehand to provide written or verbal input. A “b” answer applies if the meetings were open to the public, but the public was not invited beforehand to provide inputs. Answer “c” applies if the meetings were held but the public cannot attend, or no meetings were held (if the answer to question 88 was “d”). For purposes of responding to this question, if more than one committee holds in-year reviews of the budget, use the committee that is best performing – that is, the one that examines in-year implementation the most times and that publishes a report.

**91. With reference to the meetings identified in Questions 87 and 88, did the metropolitan municipality provide comprehensive prior (at least five working days) information on the process of engagement, so that that the public could participate in an informed manner?**

**Comprehensive information must include at least three of the following elements:**

- Purpose

- **Scope**
- **Constraints**
- **Intended outcomes**

- a. Yes, comprehensive information was provided at least five working days prior to the public’s engagement in the budget formulation phase.
- b. Yes, comprehensive information was provided, but less than five working days prior to the public’s engagement in the budget formulation phase
- c. No, comprehensive information was not provided prior to the engagement.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 91 assesses whether the notices provided to the public on the meetings tested in Questions 87 and 88 complied with the GIFT principles of openness. 87. It addresses whether the Metro provides relevant information on the meeting and the process of the engagement beforehand, so that the public engage effectively. The question addresses whether the “rules of the public engagement” are clearly spelled out, in advance and in detail, so that those members of the public who want to engage know how to do so, in terms of when they can do so, what they are expected to provide input on, by when, to whom, etc. Specifically:

- Purpose refers to a brief explanation of why the public engagement is being undertaken, including the Metro’s objectives for its engagement with the public.
- Scope refers to what is within the subject matter of the engagement as well as what is outside the subject matter of the engagement. For example, the scope may include an engagement on actual capital expenditure and revenue only and excludes the operational budget.
- Constraints refers to whether there are there any explicit limitations on the engagement.
- Intended outcomes refers to what the Metro hopes to achieve as a result of the engagement. Examples of intended outcomes could be to improve the way in which specific expenditures are managed.

Answer “a” applies if information is provided on at least three of the elements for participation identified above for the opportunities provided in Questions 87 and 88, at least five days before the engagement. Answer “b” applies if information is provided on at least three of the elements, but less than five working days before the engagement. Answer “c” applies if less than three of the listed elements were provided, even if the information was provided five working days or more before the engagement or if the Council does not use public participation mechanisms during the budget implementation stage. If only one of the two participation opportunities identified in Questions 87 and 88 was conducted, please answer the question for this opportunity only.

**92. With reference to the meetings identified in Questions 87 and 88, did the metropolitan municipality publish the time and place for meetings where budget implementation would be discussed at least five working days in advance and where the information was easily accessible?**

- a. The time and meeting place were published online and posted on an appropriate notice board at least five working days in advance.
- b. The time and meeting place were published online and posted on an appropriate notice board but fewer than five working days in advance, or the information was only made available in one of the two ways.
- c. The time and meeting place were not published online nor posted on an appropriate notice board.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 92 asks whether sufficient information about the meetings covered in Questions 87 and 88 is published before the meetings. Answer “a” applies if the agenda, time and place of the meeting were both published online and posted on an appropriate notice board at least five working day before the meeting. Answer “b” applies if this information was published online and posted on an appropriate notice board but fewer than five working days before the meeting or if the information was made available at least five working days before the meeting but only made available in one of the two ways (either online or on the notice board). Answer “c” applies if the information provided does not meet the Metro OBI standard fully (of agenda, time and place of the meeting), is not published at all, or is published in a place where it is not easily accessible. If only one of the two assessed opportunities is provided, please answer the question for that opportunity.

**93. Are the metropolitan municipality’s Bid Adjudication Committee meetings open to the public and are the notice of the time, date and venue of the meeting and the agenda of the meeting, as well as the full set of documents to be discussed publicly available at least 5 working days before the meeting.**

- a. Yes, the Bid Adjudication Committee meetings are open to the public, and the notice of the time, date and venue, the agenda of the meeting, as well as the full set of documents to be discussed are publicly available at least 5 working days before the meeting.
- b. Yes, the Bid Adjudication Committee meetings are open to the public and the notice of the time, date and venue and the agenda of the meeting are publicly available at least 5 working days before the meeting, but the full set of documents to be discussed is not made available.
- c. Yes, the Bid Adjudication Committee meetings are open to the public and the notice of the time, date and venue is made publicly available at least 5 working days before the meeting, but the agenda and the full set of documents to be discussed are not made available.
- d. No, the Bid Adjudication Committee meetings are not open to the public.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 93 tests whether members of the public can attend the bid-adjudication committee meetings of the Metro. The bid adjudication committee is the committee that considers the report and recommendations of bid evaluation committees, and either, depending on its delegations, make a final award or a recommendation to the accounting officer to make a final award, or make another recommendation to the accounting officer on how to proceed with the relevant procurement (Regulation 29(1)(b)(ii) of the Municipal Supply Chain Management Regulations of 2005). The question tests whether the meetings are open to the public, and whether the public has enough information on the meeting to be well informed.

An “a” answer applies if the meetings are open to the public, and the notice of the time, date and venue, the agenda of the meeting, as well as the full set of documents to be discussed are publicly available at least 5 working days before the meeting. Open to the public means that any member of the public can attend. A “b” answer applies if the meetings are open, and information on the meeting (time, place, venue and agenda) is available at least 5 days before the time, but the full set of documentation is not provided. A “c” answer applies when the meetings are open, and some information on the meeting is available at least 5 days before the time, but the full set of documentation and the agenda is not provided. Answer “d” applies if the meetings are not open to the public at all.

**94. Does the Metropolitan Municipality provide a specific mechanism through which the public can provide feedback on the execution of individual procurement contracts?**

- a. Yes, the Metropolitan Municipality provides a specific mechanism through which the public can provide feedback on the execution of individual procurement contracts and then reports on how such public inputs were used to take remedial action.
- b. Yes, the Metropolitan Municipality provides a specific mechanism through which the public can provide feedback on the execution of individual procurement contracts but does not report on how such public inputs were used to take remedial action.
- c. No, the Metropolitan Municipality does not provide such a mechanism.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 94 asks whether the Metro provides a specific mechanism through which the public can provide feedback on the execution of individual procurement contracts. This can for example be a tender/contracts “hotline” or a section on the metro’s website which allows the public to provide feedback online. Answer “a” applies if the Administration provides both such a mechanism as well as subsequent reports on how public inputs were used to take remedial action. Answer “b” applies if such a mechanism is provided, but the Administration does not provide reports on how such inputs were used to take remedial action. Answer “c” applies when no such mechanism is provided.

## Section 5 Audit phase

The Audit phase comprises the processes undertaken by the Metropolitan Municipality and the Auditor General to close the Metro’s reporting on activities and its finances for the fiscal year. The phase produces two important accountability reports – published together -- that should be made public on time, to provide the public with assurance that the Metro had implemented the budget as planned in the MTREF, and undertaken the activities it had set out to do in the IDP and associated operational plans (the Annual Report); and on the soundness of the Metro’s financial management processes and the accuracy of its accounts (the Audit Report). This section tests the availability and comprehensiveness of these reports, and oversight processes and opportunities for contributions by members of the public in this phase.

### 5.1 Comprehensiveness of the Annual Report (inclusive of the Audit Report)

The Annual Report is a key accountability document. Annual Reports ought to cover all of the major items included in the budget, explaining differences between the original estimates (as amended by the legislature during the year) and the actual outcomes for expenditure, revenue, debt, and the macroeconomic assumptions. The reports should also review nonfinancial performance information and other important policy areas. Reports can also include a financial statement.

Section 121 (1) of the MFMA states that the purpose of the Annual Report is “to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates; to provide a report on the performance against the budget of the municipality or municipal entity for that financial year”. In addition, it must include “the annual financial statements of the municipality” and the “consolidated financial statements” if the municipality has sole control of municipal entity” (see [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)).

For the purposes of answering Questions 95 – 106 researchers should draw their answers from the Annual Report that is available to the public. In order to be considered publicly available by the Metro Open Budget Survey methodology, the Annual Report must be released to the public no later than seven months after the end of the financial year. Section 127 (2) of the MFMA states that the mayor “must, within seven months after the end of a financial year, table in the municipal Council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.” Section

127 (5) of the Act requires the accounting office of the municipality to “make public the annual report” ... “immediately” after it is tabled in the Council. If according to the Metro Open Budget Survey standards, the Annual Report is not considered publicly available, then all questions regarding the Annual Report should be marked “c”.

Many of the Annual Report questions ask whether information is provided that shows the actual outcome for the fiscal year as well as the original estimates. These original estimates refer to the estimates adopted by Council, including the original adopted budget estimate and the final adjusted budget estimate.

**95. When was the Annual Report made publicly available?**

- a. Within seven months after the end of the financial year.
- b. More than seven months after the end of the financial year
- c. The Annual Report was not made publicly available.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 95 asks whether the Annual Report is publicly available. In order to be considered publicly available by the Metro Open Budget Survey methodology, the Annual Report must be released to the public no later than seven months after the end of the financial year. Section 127 (2) of the MFMA states that the mayor “must, within seven months after the end of a financial year, table in the municipal Council the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control.” Section 127 (5) of the Act requires the accounting office of the municipality to “make public the annual report” ... “immediately” after it is tabled in the Council. (see [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)). For the 2019 Metro OBI, researchers should use the Annual Report for 2017/18. As set out in the reference table in Section 1 on page 18 this means that the Annual Report must have been available by midnight on 31 January 2019.

An “a” answer applies if the Annual Report was available by this time. A “b” answer applies if the Annual Report was published after this date and time. A “c” answer applies if the Report was not available online.

**96. Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for expenditures by vote, function and operating expenditure by type?**

- a. Yes, estimates of both the adopted levels and the actual outcome are presented for all expenditures by vote, function and operating

expenditure by type, along with a narrative discussion.

- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all expenditures by vote, function and operating expenditure by type, or a narrative discussion is not presented.
- c. No, estimates of both the adopted levels and the actual outcome for expenditures are not presented by vote, function or operating expenditure by type.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 96 asks whether the Annual Report includes estimates of both the enacted levels (including the adopted budget estimates and the final in-year changes adopted by the Council) and actual expenditures for the year, for expenditures by vote (operating and capital), function (operating and capital) and operating expenditure by type; and whether these estimates are accompanied by a narrative discussion.

To answer “a,” the Annual Report must present estimates of both the enacted levels and the actual outcome for all three expenditure classifications (capital and operating by vote and function, and operating by type), along with a narrative discussion. Answer “b” applies if some but not all expenditure is presented by all three classifications, i.e. if capital or operating expenditure does not add up to total capital or recurrent expenditure in any one classification. Answer “b” also applies if estimates and a narrative discussion are presented for one or two, but not all three classifications. Answer “b” also applies if all estimates are presented by vote, function and operating expenditure by type, but a narrative discussion is not included. Answer “c” applies if no estimates of adopted levels and actual outcomes are presented according to the expenditure classifications or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**97. Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for operating expenditures for individual votes by type?**

- a. Yes, estimates of both the adopted levels and the actual outcome are presented for all operating expenditures for votes by type, along with a narrative discussion.
- b. Yes, estimates of the both the adopted levels and the actual outcome are presented for some but not all operating expenditures for votes by type, or a narrative discussion is not presented.
- c. No, estimates of the adopted levels and the actual outcome for operating expenditures are not presented for votes by type

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 97 asks whether the Annual Report includes estimates of the enacted levels (including the final in-year changes adopted by the Council) and actual expenditures for the year for all operating expenditures for individual votes by type, and whether these estimates are accompanied by a narrative discussion. This is similar to Question 19 (asking whether this information is in the draft MTREF) and Question 79 (asking whether it is in the Monthly Statements).

To answer “a,” the Annual Report must present estimates of the adopted levels and the actual outcome for all operating expenditures for individual votes by type, along with a narrative discussion. Answer “b” applies if estimates of the enacted levels and the actual outcome are presented for only some of the operating expenditures for individual votes by type, or if all estimates are presented but a narrative discussion is not included. Answer “c” applies if no estimates of adopted levels and actual outcomes are presented for individual votes by type in the Annual Report or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**98. Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for expenditures by sub-vote and sub-function?**

- a. Yes, estimates of both the adopted levels and the actual outcome are presented for all expenditures by sub-vote and sub-function, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all expenditures by sub-vote and sub-function, or a narrative discussion is not presented.
- c. No, estimates of both the adopted levels and the actual outcome for expenditures are not presented by sub-vote or sub-function.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 98 asks whether the Annual Report includes estimates of both the enacted levels (including the final in-year changes adopted by the Council) and actual expenditures for the year for all operating and capital expenditures by sub-vote and by sub-function, and whether these estimates are accompanied by a narrative discussion.

To answer “a,” the Annual Report must present estimates of the adopted levels and the actual outcome for all operating and capital expenditures by sub-vote and by sub-function, along with a narrative discussion. Answer “b” applies if estimates are presented for only some operating and capital expenditures by sub-vote and sub-function or if all estimates are presented but only for only one of the classifications, or if all estimates are presented but a narrative discussion is not included. Answer “c” applies if no estimates of adopted levels and the actual outcome in expenditures by sub-vote and sub-function are presented in the Annual Report or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**99. Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual outcome for operating expenditures by item?**

- a. Yes, estimates of both the adopted levels and the actual outcome are presented for all operating expenditures by item, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all operating expenditures by item, or a narrative discussion is not presented.
- c. No, estimates of the adopted levels and the actual outcome for operating expenditures are not presented by item

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 99 asks whether the Annual Report includes estimates of both the enacted levels (including the final in-year changes adopted by the Council) and actual expenditures for the year for all operating expenditures by item, and whether these estimates are accompanied by a narrative discussion. Please see Question 22 for an explanation of what “by item” means.

To answer “a,” the Annual Report must present estimates of both the enacted levels and the actual outcome for all operating expenditures by item, along with a narrative discussion. Answer “b” applies if estimates are presented for only some operating expenditures by item, or if all estimates are presented but a narrative discussion is not included. Answer “c” applies if no estimates of adopted levels and actual outcomes for operating expenditures by item are presented in the Annual Report or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**100. Does the Annual Report present both the adopted levels (including in-year changes adopted by the Council) and the actual expenditure outcome for individual capital projects?**

- a. Yes, estimates of both the adopted levels and the actual expenditure outcome are presented for all individual capital projects, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual expenditure outcome are presented for some but not all individual capital

- projects, or a narrative discussion is not included.
- c. No, estimates of the adopted levels and the actual expenditure outcome for individual capital projects are not presented.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 100 asks whether the Annual Report includes estimates of both the enacted levels (including the final in-year changes adopted by the Council) and actual expenditures for the year for all individual capital projects, and whether these estimates are accompanied by a narrative discussion.

To answer “a,” the Annual Report must present estimates of both the enacted levels and the actual outcome for all individual capital projects, along with a narrative discussion. Answer “b” applies if estimates are presented for only some individual capital projects, or if all estimates are presented but a narrative discussion is not included. Answer “c” applies if no estimates of adopted levels and actual outcomes in expenditures on individual capital projects are presented in the Annual Report or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**101. Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of operating revenue?**

- a. Yes, estimates of both the adopted levels and the actual outcome for individual sources of operating revenue are presented, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all individual sources of operating revenue, or a narrative discussion is not included.
- c. No, estimates for adopted levels and the actual outcome are not presented for individual sources of operating revenue.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 101 asks if the Annual Report presents estimates of both the adopted levels (including the final in-year changes adopted by the Council) and actual outcomes for individual sources of operating revenue. Answer “a” applies if estimates of both the adopted levels and actual outcomes for all individual sources of operating revenue are presented along with a narrative discussion. Answer “b” applies if estimates are provided for

only some individual sources of revenue or a narrative discussion is not included. Answer “c” applies if no estimates of the adopted levels and the actual outcome are presented or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**102. Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of operating grant revenue?**

- a. Yes, estimates of both the adopted levels and the actual outcome for individual sources of operating grant revenue are presented, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all individual sources of operating grant revenue, or a narrative discussion is not included.
- c. No, estimates for adopted levels and the actual outcome are not presented for individual sources of operating grant revenue.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 102 asks if the Annual Report presents estimates of both the adopted levels and actual outcomes for individual sources of operating revenue. Answer “a” applies if estimates of both the adopted levels and actual outcomes for all individual sources of operating revenue are presented along with a narrative discussion. Answer “b” applies if estimates are provided for only some individual sources of revenue or a narrative discussion is not included. Answer “c” applies if no estimates of the adopted levels and the actual outcome are presented or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**103. Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of capital revenue?**

- a. Yes, estimates of both the adopted levels and the actual outcome for individual sources of capital revenue are presented, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all individual sources of capital revenue, or a narrative discussion is not included.
- c. No, estimates for adopted levels and the actual outcome are not presented for individual sources of capital revenue.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 103 asks if the Annual Report presents estimates of both the adopted levels and actual outcomes for individual sources of capital revenue. Answer “a” applies if estimates of both the adopted levels and actual outcomes for all individual sources of capital revenue are presented along with a narrative discussion. Answer “b” applies if estimates are provided for only some individual sources of revenue or a narrative discussion is not included. Answer “c” applies if no estimates of the adopted levels and the actual outcome are presented or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**104. Does the Annual Report present estimates of both the adopted levels and the actual outcome for individual sources of capital grant revenue?**

- a. Yes, estimates of both the adopted levels and the actual outcome for individual sources of capital grant revenue are presented, along with a narrative discussion.
- b. Yes, estimates of both the adopted levels and the actual outcome are presented for some but not all individual sources of capital grant revenue, or a narrative discussion is not included.
- c. No, estimates for adopted levels and the actual outcome are not presented for individual sources of capital grant revenue

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 104 asks if the Annual Report presents estimates of both the adopted levels and actual outcomes for individual sources of capital grant revenue. Answer “a” applies if estimates of both the adopted levels and actual outcomes for all individual sources of capital grant revenue are presented along with a narrative discussion. Answer “b” applies if estimates are provided for only some individual sources of capital grant revenue or a narrative discussion is not included. Answer “c” applies if no estimates of the adopted levels and the actual outcome are presented or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**105. Does the Annual Report present outcomes for service delivery performance targets assigned to service delivery indicators?**

- a. Yes, outcomes are presented for all service delivery performance targets assigned to all service delivery indicators.
- b. Yes, outcomes are presented for some but not all service delivery performance targets assigned to service delivery indicators.
- c. No, outcomes not presented for service delivery performance targets

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 105 asks whether the Metro reports publicly on the achievement of the service delivery targets it set out in the MTREF for the reporting year. Researchers should refer to a similar table in the 2017/18 MTREF to the table sourced for Question 50 **Error! Reference source not found.** for draft MTREF 2019/20, to find the service delivery indicators and relevant performance targets included in the draft MTREF or its supporting documentation.

Answer “a” applies if outcomes are presented for all targets and all indicators. Answer “b” applies if outcomes are only presented for some targets or some indicators. Answer “c” applies if no outcomes are presented for service delivery performance targets or if the Report was not published on time (the answer to Question 95 was “b” or “c”).

**106. Does the Metropolitan Municipality make available to the public a report on what steps it has taken or will take to address audit recommendations or findings that indicate a need for remedial action?**

- a. Yes, the Metropolitan Municipality reports publicly on what steps it has taken or will take to address audit findings.
- b. Yes, the Metropolitan Municipality reports publicly on what steps it has taken or will take to address some, but not all, audit findings.
- c. No, the Metropolitan Municipality does not report on steps it has taken or will take to address audit findings.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 106 asks whether the Administration reports to the public on the steps it has taken or will take to address audit recommendations made by Auditor-General, as well as the recommendations of the Municipal Public Accounts Committee. Section 121 of the MFMA requires the annual report of a Metro to include the Auditor-General’s audit report as well as “particulars of any corrective action taken or to be taken in response to issues raised in the audit reports” (see [http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20\(No.%2056%20of%202003\).pdf](http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Finance%20Management%20Act/Municipal%20Finance%20Management%20Act%20(No.%2056%20of%202003).pdf)). The ultimate purpose of audits is to verify that the accounts are accurate, and that the budget was executed in a manner consistent with existing law and to hold the government accountable for this execution and its future improvement. The extent to which audits achieve the latter depends on whether there is adequate and timely follow-up on the recommendations provided in the Auditor-General’s audit reports.

To answer "a," the Metro must report publicly on the steps it has taken or will take to address all audit findings, including the recommendations of the Municipal Public Accounts Committee in the Annual Report. A "b" response applies if the Metro reports in the Annual Report on the steps it has taken or will take to address some, but not all, audit findings. A "c" response applies if the Metro does not report at all on its steps to address audit findings or if the Report was not published on line (the answer to Question 95 was "b" or "c").

## 5.2 Role and Effectiveness of Oversight Institutions in the Audit Phase

The questions in this section are designed to assess the role and effectiveness of oversight institutions in the audit phase, and in particular the role of the relevant Metro's Council and Section 79 Council Committees. Section 79 of the Municipal Structures Act (117 of 1998) (<http://mfma.treasury.gov.za/MFMA/Legislation/Local%20Government%20-%20Municipal%20Structures%20Act/Local%20Government%20-%20Municipal%20Structures%20Act,%20No.%2017%20of%201998.pdf>) makes provision for a municipal Council to establish one or more committees necessary for the effective and efficient performance of its functions or exercise of its powers. In this section, as in other sections on oversight, any questions referring to a Council Committee, refers to formally constituted Section 79 Council Committees. It is important to distinguish a Committee of the Council (established in terms of Section 79 of the Municipal Structures Act) from a committee of the executive (established in terms of Section 80 of the Municipal Structures Act). So-called 'Section 79 Committees' are chaired by a non- executive Councillor and report to the Council. They are more suitable for oversight than so-called Section 80 Committees, which are chaired by a member of the executive and which report to the executive. Most of the Metros have a list of Section 79 Committees on line. For the Audit Phase a key Section 79 Committee is the Committee charged with oversight of the public accounts, referred to in most cases as the Municipal Public Accounts Committee. Because of its key role, questions are asked specially for this committee, relative to other Section 79 Committees and the full Council.

### 107. Did the Municipal Public Accounts Committee examine the Audit Report on the annual budget produced by the Auditor-General?

- a. Yes, the Municipal Public Accounts Committee examined the Audit Report on the annual budget within three months of its availability and its report with findings and recommendations is publicly available.
- b. Yes, the Municipal Public Accounts Committee examined the Audit Report on the annual budget within three months of its availability but its report with findings and recommendations is not publicly available.
- c. No, the Municipal Public Accounts Committee did not examine the Audit Report on the annual budget.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 107 asks whether the Municipal Public Accounts Committee (a Section 79 Committee) examined the Audit Report in timely manner so that remedial action can be applied as soon as possible. To answer “a,” the Municipal Public Accounts Committee must have examined the annual Audit Report within three months of it being released by the Auditor-General, and its report (or reports) with findings and recommendations must be publicly available. (Note that the three-month period should only take into account time when the Council is in session.)

Answer “b” applies when the committee examines it but its report with its findings and recommendations is not publicly available. Answer “b” would also apply if the Committee did examine the Audit Report and its findings and recommendations are publicly available, but they became available later than three months but within six months of the Audit Report becoming available. Answer “c” applies where the Municipal Public Accounts did not examine the annual Audit Report or if the Report was not published on line (the answer to Question 95 was “b” or “c”).

If the answer is “a”, please specify the name of the committee and when it reviewed the Audit Report, and provide a copy or the URL of its report(s). If the answer is “b”, please specify the name of the committee and when it reviewed budget implementation. In order to assess three months, the researcher must take the date of tabling and add two months to identify the target deadline month. If the date of tabling is not present in the target month’s days, the last day of the target month must be used (e.g. from 31 November to 28 February).

**108. Did the full Council consider the Annual Report within two months of its tabling?**

- a. Yes, the full Council considered the Annual Report within two months of its tabling.
- b. Yes, the full Council considered the Annual Report, but after two months of its tabling.
- c. No, the full Council did not consider the Annual Report.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 108 asks whether the Annual Report was formally considered by the Council timeously so that remedies could be implemented as soon as possible. In terms of section 129(1) of the MFMA the Council is required to consider the annual report within two months of its tabling. This question seeks to establish if this requirement was complied with. Answer “a” should be selected if the Council complied with the requirement while answer “b” is applicable if the Council considered the annual report but after two months of its tabling. Answer “c” should be selected if the Council did not consider the Annual Report at all.

**109. Was an Oversight Report on the Annual Report adopted by the Council within two months of the tabling of the Annual Report?**

- a. Yes, the Oversight Report, was adopted by Council within two months of the tabling of the Annual Report.
- b. Yes, the Oversight Report, was adopted by Council but after two months had passed since the tabling of the Annual Report.

- c. No, the Oversight Report was not adopted by Council.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 109 asks whether the Council adopted an oversight report on the Annual report within two months of its tabling as required by section 129(1) of the MFMA.

Answer “a” should be selected if the Council adopted an oversight report on the Annual report within two months of its tabling. Answer “b” applies if this was done but after two months after the tabling of the Annual report and answer “c” applies if the Council did not adopt the oversight report at all.

**110. Did the Oversight Report on the Annual Report include comments as well as a statement from the Council?**

- a. Yes, the Oversight Report, included a statement whether the Council has approved the annual report with or without reservations; has rejected the annual report; or has referred the annual report back for revision, as well as comments on the Annual report.
- b. Yes, the Oversight Report included either a statement whether the Council has approved the annual report with or without reservations; has rejected the annual report; or has referred the annual report back for revision, or comments on the Annual Report but not both the statement and comments.
- c. An oversight report was not adopted by the Council.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 110 asks whether the Council produced an oversight report on the Annual report within two months of its tabling as required by section 129(1) of the MFMA. Section 129(1) requires that the report includes comments on the Annual report as well as a statement whether the council:

- has approved the annual report with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

Answer “a” should be selected if the Council complied fully with the requirement. Answer “b” is applicable if the Council included either the statement or comments in the Oversight Report but not both, while answer “c” applies if the Oversight Report was not adopted by Council (if the answer to question 109 is “c”).

**111. Was the Oversight Report made public within seven days of its adoption?**

- a. Yes, the Oversight Report was published within seven days of its adoption.
- b. Yes, the Oversight Report was published but more than seven days after its adoption.
- c. No, the Oversight Report was never published.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 111 asks whether the oversight report referred to in Question 109 was made public on time. Section 129(2) of the MFMA requires that the oversight report is made public within seven days of its adoption by Council. This question seeks to establish the extent to which this requirement was complied with. Option ‘A’ applies if the oversight report was published within seven days of its adoption. Answer “b” applies if it was published but later than seven days after its adoption. Answer “c” applies if the Oversight Report was not published on line at all. In order to answer this question, the researchers must count seven calendar days from the day of adoption, starting with the day after the adoption as day one. Please provide the Report or the URL of the report in the comment section.

**112. Did the Municipal Manager, participate and attend all Council meetings during which the Annual Report was discussed?**

- a. Yes, the Municipal Manager, attended and participated in all the Council meetings during which the Annual Report was discussed.
- b. Yes, the Municipal Manager, attended and participated in some but not all the Council meetings during which the Annual Report was discussed,
- c. No, the Municipal Manager did not attend any Council meetings during which the Annual Report was discussed or attended but did not participate.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 112 asks whether the Municipal Manager, was present in the Council meeting(s) during which the annual report was discussed. Section 129(2) of the MFMA requires that the Municipal Manager attends the meetings. Evidence of the participation of the Municipal Manager can be gathered by scrutinising the minutes of these meetings. Participated means that the Municipal Manager was allowed the opportunity to respond to questions from the Council.

Answer “a” should be selected if the Municipal Manager participated (was present and responded to questions) in the Council meetings. Answer “b” should be selected if the Municipal Manager participated in only some Council meetings on the Annual Report. Answer “c” applies if the Municipal Manager did not attend any meetings at which the Annual Report was discussed, or attended but did not participate. The researcher should indicate the source of the information e.g. minutes of the Council or/and Committee meeting.

**113. After the Annual Report was tabled in Council, did a Section 79 Committee (other than the Municipal Public Accounts Committee) deliberate on the Annual Report?**

- a. Yes, a Section 79 Committee (other than the Municipal Public Accounts Committee) deliberated on the Annual Report and made one or more recommendations to the Council after actively engaging with the Annual Report.
- b. Yes, a Section 79 Committee (other than the Municipal Public Accounts Committee) deliberated on the Annual Report but did not make any recommendations to the Council.
- c. No, there was no Section 79 Committee (other than the Municipal Public Accounts Committee) that deliberated on the Annual Report.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 113 asks if a Committee or Committees of the Council charged with oversight – other than the Municipal Public Accounts Committee – exercised its oversight role over the annual report. In this context, consideration of the Annual Report goes beyond the mere reading or tabling of the Report to an interrogation of its contents. The idea is to ensure that the Council does not merely rubber stamp important documents such as the Annual Report but actually exercises effective oversight. In order for the Council to exercise oversight of the delivery of the Metro against the IDP and MTREF the deliberations of the Council is therefore best supported if Section 79 Committees other than the Municipal Public Accounts Committee consider the Annual Report as it relates to their portfolios.

In answering this question, as for other Section 79 Committee questions, it is important to distinguish a Committee of the Council (established in terms of Section 79 of the Municipal Structures Act) from a committee of the executive (established in terms of Section 80 of the Municipal Structures Act). So-

called 'Section 79 Committees' are chaired by a non- executive Councillor and report to the Council. They are more suitable for oversight than so-called Section 80 Committees, which are chaired by a member of the executive and which report to the executive. Most of the Metros have a list of Section 79 Committees on line. If not, researchers should establish which committees are Section 79 Committees through interviews, and provide the list in the comments for this question. The evidence of the engagement of a Section 79 Committee (or Committees) with the report(s) can be found in the minutes of the relevant Committee meeting(s) or in the report(s) to the Council.

Answer "a" should be selected if the Committee interrogated the Annual Report, actively engaged and some made a recommendation to the Council

Answer "b" should be selected if the Committee considered the Annual Report but there is no evidence of any active engagement and/or recommendation to the Council pertaining to the Annual Report.

Answer "c" should be selected when no Section 79 Council Committee other than the Public Accounts Committee met to consider the Annual Report. If more than one Section 79 Committee met to discuss the Annual report, at least one of these committees should score and "a" or "b" for the questionnaire to be scored as such. Please provide the details of which Committees met when, and the URL or a copy of the Report in the Comments Section.

**114. Did the Municipal Manager, and/or relevant Section 56 managers and/or relevant Members of the Mayoral Committee attend and participate in Section 79 Council Committee meetings (other than the Municipal Public Accounts Committee meetings) during which the Annual Report was discussed?**

- a. Yes, the Municipal Manager and/or relevant Section 56 managers and/or relevant Members of the Mayoral Committee attended and participated in all the Section 79 Council Committee meetings (other than the Municipal Public Accounts Committee meetings) during which the Annual Report was discussed.
- b. Yes, the Municipal Manager and/or relevant Section 56 managers and/or relevant Members of the Mayoral Committee attended and participated in some but not all the Section 79 Council Committee meetings (other than the Municipal Public Accounts Committee meetings) during which the Annual Report was discussed.
- c. No, neither the Municipal Manager, relevant Section 56 managers nor relevant Members of the Mayoral Committee Section 79 Council Committee meetings (other than the Municipal Public Accounts Committee meetings) during which the Annual Report was discussed.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 114 asks whether the Municipal Manager, relevant Section 56 managers and/or the relevant Members of the Mayoral Committee were present in the Section 79 Council Committee meeting(s) identified in Question 113 during which the Annual Report was discussed. Evidence of the

participation by any of these persons can be gathered by scrutinising the minutes of these meetings. Participated means that the relevant persons were allowed the opportunity to respond to questions from the Council. Section 56 managers refer to managers appointed for specific sectors in line with Section 56 of the Municipal Systems Act.

Answer “a” should be selected if the Municipal Manager, and/or relevant Section 56 managers and/or the relevant Members of the Mayoral Committee participated (was present and responded to questions) in the Section 79 Council Committee meetings identified in Question 113. Answer “b” should be selected if the Municipal Manager, and/or relevant Section 56 managers and/or the relevant Members of the Mayoral Committee participated in only some of these Section 79 Council Committee meetings on the Annual Report. Answer “c” applies if none of these persons attended any meetings at which the Annual Report was discussed, or attended meetings but did not participate. If more than one Section 79 Council Committee discussed the Annual Report, at least one of these committees should score an “a” or “b” for the questionnaire to be scored as such. The researcher should indicate the source of the information e.g. minutes of the Council or/and committee meetings.

### 5.3 Public Engagement in the Audit Phase

#### 115. Did the metropolitan municipality invite the public to comment on the Annual Report immediately after its tabling?

- a. Yes, the metropolitan municipality invited the public to comment on the Annual Report immediately after its tabling.
- b. Yes, the metropolitan municipality invited the public to comment on the Annual Report, but not immediately after its tabling.
- c. No, the metropolitan municipality did not invite the public to comment on the Annual Report.

**Answer:**

**Sources:**

**Comments:**

**Government Reviewer:**

**Peer Reviewer:**

**Guidelines:** Question 115 asks whether the Metro invites the public to comment on the Annual Report immediately after its tabling. The researcher must present evidence to support that public invites were extended publicly. In order to qualify, the invite must be publicised, i.e. must be published on the Metro’s website or in a newspaper. Evidence of radio invites will also count if the researcher can provide evidence that these were made, e.g. correspondence about radio interviews, a transcript of the interview or evidence of advertising booked. The invite must specify how members of the public can provide input. The invite may be to hearings in which the public can participate, for written submissions or for text messages, tiplines or other forms of instant feedback.

Answer “a” applies if the Metro immediately asked for public comment. For purposes of the Survey, immediately means within 2 working days of the Annual Report being tabled. In other words, if the report for 2017/18 was tabled on the 15<sup>th</sup> of January 2019, the invite must have been published by

midnight on 17 January 2019. If the report was tabled on the 11<sup>th</sup> of January 2019, the invite must have been published by midnight on 15 January. Answer “b” applies if the public was invited to comment, but later than 2 working days after the tabling of the Annual Report. Answer “c” applies if the public was not invited to comment.

## Appendix 1: Definition of key terms used

**Adjusted Budget:** The Adjusted Budget includes any amendments to the original Adopted (Annual) budget approved by Council during the fiscal year. Under normal circumstances a Metro would have only one Adjustment Budget approved to incorporate changes after six months of implementation. In extraordinary circumstances, such as when a supplementary (or additional) budgets are required before the normal Adjustment Budget time, more than one set of amendments would be incorporated into the Adjusted Budget. Section 27 of the Municipal Finance Management Act provides a list of circumstances under which the original adopted budget can be revised.

**Adopted Budget:** The Adopted Budget is the approved Annual Budget for the each of the outer two years. In the survey we distinguish between the draft MTREF (the draft budget), the Adopted Budget and the Adjusted Budget. The Adopted Budget is the original approved budget by the Council for the first year of the draft MTREF (or the Budget Year). The Municipal Finance Management Act requires this budget to be approved before the start of the fiscal year (Section 24 (1)).

**Allocation:** Allocation is the amount specified in a budget for the vote, functional and type classifications used, or for other categories or units in the budget, such as capital projects. An allocation is an indication of how much money will be spent on that category over the budget period. An allocation is not equal to an appropriation, as not all allocations in a budget are appropriated.

**Annual Budget:** the Annual Budget is the appropriated or adopted budget for the first year of the MTREF.

**Annual Report:** The Annual Report is the report submitted to the Council and published by municipalities after the end of the fiscal year, to report on Metro's activities and performance against the budget for the fiscal year. It is required by the Municipal Finance Management Act Section 121, which specifies the required content of the report, including that it must contain the Audit report for the fiscal year.

**Appropriation:** An appropriation is a specific type of allocation, namely an allocation that has been approved by the legislature (the council in the case of municipalities) as a limit on expenditure against the expenditure category. The Municipal Finance Management Act Section 15 sets appropriations as the allocations to votes in the approved budgets of municipalities. In addition Municipalities can make specific appropriations to ringfence expenditures within a vote.

**Asset class and asset sub-class** refers to the classification of individual capital projects by the type of asset a capital project is delivering. If infrastructure is the asset class, electrical infrastructure will be the sub-asset class. Please refer to any of the SA34 tables in Schedule 1 for lists of asset sub-classes.

**Audit phase:** The audit phase occurs after the end of the fiscal year and refers to the processes and key documents of ex post reporting, audit and oversight by the council.

**Audit Report:** The Audit Report is the report submitted by the Auditor General of South Africa to the Council of the municipality after the end of the fiscal year. The Audit Report is published by the municipality as part of its Annual Report. In South Africa this report has both aspects of assurance on the accuracy of the accounts of the municipality (the financial audit) and assurance that the budget was implemented in accordance with the applicable administrative laws and regulations (the regulatory audit). In addition to these two audits, the municipalities performance measure results are also audited, to provide assurance to the Council and the public on their accuracy. This is done in accordance with the Municipal Systems Act section 45(b).

**Bid Adjudication Committee:** Municipalities are required to use three types of committees in their procurement processes. Bid specification committees are set up to specify the parameters of the tender. Budget evaluation committees evaluate the bids that are submitted for tenders. The bid adjudication committee is the committee that considers the report and recommendations of bid evaluation committees, and either, depending on its delegations, make a final award or a recommendation to the accounting officer to make a final award, or make another recommendation to the accounting officer on how to proceed with the relevant procurement (Regulation 29(1)(b)(ii) of the Municipal Supply Chain Management Regulations of 2005).

**Budget approval:** Budget approval is the second phase of the budget cycle, and refers to the period after the final draft MTREF has been tabled in the municipal council, up to the point when it is adopted or approved by the council.

**Budget cycle:** The budget cycle refers to the cycle of processes through which municipalities plan/prepare budgets before the start of the fiscal year; municipal councils approve budgets; municipalities implement and report on budgets in-year; and report, audit and review budgets after the end of the fiscal year, feeding into a new cycle.

**Budget formulation process:** The budget formulation process is the starting point of a new budget cycle, and refers to the period and processes up to the tabling of the final draft MTREF in the municipal council for approval.

**Budget implementation:** Budget implementation occurs during the fiscal year and comprises the processes and reports associated with raising revenue and spending money in accordance with the adopted budget. It starts on the first day of the fiscal year and ends on the final day of the fiscal year.

**Budget policy:** Budget policy can be read to refer to the priorities and decisions taken on the distribution of the budget across different purposes, functions and types of expenditure, linked to the policy priorities of the government. Fiscal policy in contrast can be read to refer to the priorities and decisions taken on revenue, expenditure and borrowing/debt aggregates. The terms are however often used interchangeably.

**Budget year (BY):** The Budget Year (BY) in the Metro OBI questionnaire is the fiscal or financial year for which a budget is being prepared. The term is particularly relevant to the assessment of the draft MTREF where it is used to anchor references to the array of fiscal years for which information should be provided. It is the first year of the three forward budget information years in the document. The second year (or the first of the two outer years) then become B+1, and the third year (or the second of the two outer years B+2). The current year relative to the year in which the budget was planned, is the year before the budget year, and is therefore BY-1. For Budget 2019/20 to 2021/22 – the Budget relevant to the pre-Budget Statement, draft MTREF, Citizens Budget of

the Draft MTREF, the Adopted Budget and Citizens Budget of the Adopted Budget assessed in Metro OBI 2019 – the corresponding fiscal years for each of the Metro OBI years are set out in the table below.

| Metro OBI year code | BY-1    | BY      | BY+1    | BY+2    |
|---------------------|---------|---------|---------|---------|
| Actual Fiscal Year  | 2018/19 | 2019/20 | 2020/21 | 2021/22 |

**Capital assets, expenditure, revenue and the capital budget:** Generally capital in public accounting refers to assets that have a life of more than one year. Capital assets are the municipalities net fixed assets, including machinery, buildings and so on. Capital revenue is revenue that is earmarked for capital expenditure. Capital expenditure is expenditure on the acquisition, upgrading and major maintenance of assets lasting more than one year. The capital budget is aggregate capital expenditure.

**Capital grant revenue:** A grant is a sum of money given to a municipality, often for particular purposes. These inflows are called grant revenue. Metros receive grants from National Government that are earmarked for a specific purpose. When the revenue is for operational purposes, it is called an operational grant. When revenue is for capital purposes, it is called a capital grant.

**Citizens Budget:** A Citizens Budget is a type of popular presentation of budget information that can take many forms, but its distinguishing feature is that it is designed to reach and be understood by as large a segment of the population as possible. A Citizens Budget is a simplified summary of the budget designed to facilitate discussion: they are typically written in accessible language and incorporate visual elements to help non-specialist readers understand the information. Please see <https://www.internationalbudget.org/open-budget-survey/resources-for-governments/citizens-budgets/> for examples of Citizens Budgets.

**Contingent Liabilities:** Contingent liabilities are liabilities for which the budgetary impact is dependent on future events which may or may not occur. Contingent liabilities can arise from explicit contractual liabilities, such as government loan guarantees, government insurance programmes, and legal claims against the government. Contingent liabilities can also be implicit and these are obligations arising from expectations about the role of the state, such as providing natural disaster relief to citizens.

**Contracted Services:** Contracted Services is one of the types of operating expenditure in the ‘type’ classification. It refers to expenditure on contracts that the Metro has issued to service provider for the provision of services on its behalf. Contracted services are broken down by types of service, for example cleaning services; chemical toilets; meter reading; etc. The National Treasury does not prescribe how contracted services should be broken down, as it would be driven by the kinds of services different municipalities contract out. Other types of operating expenditure are employee expenditures, depreciation and asset impairments; bulk purchases and other expenditures by type.

**Current assets:** Current assets can easily be converted into cash, e.g. call investment deposits as a type of current asset, while non-current assets are longer term investments, including property and equipment as types of non-current assets.

**Current liabilities:** Current liabilities refer to money owed by the municipality that has to be repaid within 12 months. Current liabilities is in contrast to non-current liabilities that refer to the long-term debt of the municipality.

**Current year (BY-1):** The fiscal year before the budget year in budget tables that present a time series of budget data against a classification or sub-classification. Note that the current year is defined relative to the document/budget table rather than the year in which the researcher is assessing. The budget year is the anchor year of the series, and is the year for which the budget will be approved. For the MTREFs 2019/20 to 2021/22 the budget year is 2019/20 and therefore the current year is 2018/19.

**Expenditure in Arrears:** Expenditure in arrears is the accrued amount of debt that is overdue. For the purposes of the Metro OBI this is taken to be all outstanding debt that is past due date (more than 30 days outstanding) at a point in time. For example, expenditure in arrears in the Monthly Budget Statement for May 2018/19 would present the accumulated amount outstanding past due date on 31 May 2019. The tables may break up the accumulated amount by providing the total amount at the beginning of the period (outstanding on 28 February 2019 in our example) the net amount added during the period, and the balance at the end of the period.

**Financial / fiscal year:** The financial or fiscal year is the year as reckoned for budget and accounting purposes. The South African Municipal Financial or Fiscal Year starts on 1 July and ends on 30 June.

**Financial Statements:** Financial Statements are the statement of the financial position of the municipality at any point in time, but usually refers to the Statements submitted to the Auditor General for auditing after the end of the financial year, on the financial position of the municipality at the end of the fiscal year. The required content is set out in the Municipal Finance Management Act, and includes statements on the financial position, financial performance, and cash flow of the municipality, plus any other statements that may be prescribed and the notes to the statements.

**Fiscal:** Fiscal is a term used to refer to public finance and taxes. In public financial management it is often used specifically to refer to higher level policy issues, estimates and outcomes, e.g. the fiscal framework refers to the framework of aggregate revenue, expenditure and the resulting fiscal balance, with available expenditure being determined by how much new borrowing can be afforded to supplement revenue, given existing debt.

**Function and functional classification:** A function is a government purpose, such as education, health and transport. The functional classification organises government activities according to their purposes, so that comparisons can be made over time and across governments even when unique administrative and other classifications change. In South Africa the functional classification of local government activities is prescribed by the National Treasury and include functions such as “community and public safety”, “economic and environmental service” and “trading services”.

**Grant:** A grant is a sum of money given to a municipality, often for particular purposes. These inflows are called grant revenue. Metros receive grants from National Government that are earmarked for a specific purpose. When the revenue is for operational purposes, it is called an operational grant. When revenue is for capital purposes, it is called a capital grant.

**In-year:** In-year means occurring during the fiscal year. For example in-year reports refer to the reports produced by the municipality on its budget and service delivery performance during the fiscal year.

**Irregular expenditure:** Irregular expenditure is expenditure that is made in contravention of the stipulations of the Municipal Finance Management Act, the Municipal Systems Act, the Public Office Bearers Act or the supply chain management policies of the Municipality, and that has not been condoned by the National Treasury. Irregular expenditure does not include unauthorised expenditure.

**Item:** Item is the sub-category of the “type” classification, and is used only for operational expenditure. If the type of expenditure is “Employee related costs”, the items will be “Basic salaries and wages”, Pension and UIF Contributions”. Items for some types of expenditure are prescribed by the National Treasury and are common across municipalities.

**Medium Term Revenue and Expenditure Framework (MTREF):** The Medium Term Revenue and Expenditure Framework is the Metro’s budget estimates for the next three years (medium-term). It allows annual rolling revenue and expenditure planning, that links the medium term expenditure priorities to the hard budget constraints of the metro.

**Monthly Budget Statements:** Monthly Budget Statements are the summary reports on the state of the municipality’s budget presented to the Municipal Council. The reports presenting actual expenditure, revenue and borrowing, amongst other, for the month just completed and aggregate expenditure, revenue and borrowing for the year to date. The Monthly Budget Statements are required in terms of the Municipal Finance Management Act Section 71 and are sometimes called Section 71 Reports. The Act stipulates that statements on the state of the budget must be accompanied when necessary by explanations for any material variance between budgeted and actual expenditure, the remedial actions to be taken. It also requires that a projection for expenditure for the remainder of the year is presented on the information required, including on revenue, expenditure and borrowing.

**Multi- year:** Multi-year refers to providing a series of data for more than one year, or planning revenue, expenditure and borrowing (and other budgetary categories) for more than one year. It is most often used to refer to having a multi-year forward horizon in the budget, i.e. the proposed or approved appropriations for the budget year, plus forecasts for the subsequent two years.

**Municipal Entity** is a private company, a service utility or a multi-jurisdictional service utility owned by the municipality.

**Municipal Manager** is the person appointed in terms of the Municipal Structures Act Section 82 as the head of the municipality’s administration and the accounting officer.

**Municipal tariff** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff

**Municipal tax** means property rates or other taxes, levies or duties that a municipality may impose

**Municipal Public Accounts Committee (MPAC):** The Municipal Public Accounts Committee is established in terms of Section 79 of the Municipal Structures Act to hold the municipal executive and administration accountable for the use of the municipality's resources. All municipalities in South Africa have MPACs by agreement. COGTA and the National Treasury provided Guidelines for MPACs in 2011 (<http://www.salga.org.za/event/mmf/Documents/Guide%20and%20Toolkit%20for%20Municipal%20Public%20Accounts%20Committees.pdf>), which sets out the primary functions as: consider and evaluate the content of the annual report and to make recommendations to the Council; track the implementation of past recommendations; examine the financial statements and audit reports of the municipality and municipal entities; promote good governance, transparency and accountability on the use of municipal resources; recommend any investigation in its area of responsibility, and perform any other functions assigned to it through a resolution of the Council within its area of responsibility.

**Non-current assets:** Non-current assets are longer term investments, including property and equipment as types of non-current assets, current assets can easily be converted into cash, e.g. call investment deposits as a type of current asset.

**Non-current liabilities:** Non-current liabilities are used in contrast with current liabilities, and refers to money owed by the municipality that can be repaid over a longer period than a year.

**Operating expenditure:** Operating expenditure refers to all the expenditures on ongoing activities to fulfil the functions of the metro. It includes expenditure to run the administration of the municipality and to provide the services of the municipality, such as on salaries, travel and transport, office expenses, and materials and supplies. It is distinct from capital expenditure which is the expenditure to produce any asset that lasts for more than one year, used in the administration and services of the municipality.

**Operational grant revenue:** A grant is a sum of money given to a municipality, often for particular purposes. These inflows are called grant revenue. Metros receive grants from National Government that are earmarked for a specific purpose. When the revenue is for operational purposes, it is called an operational grant. When revenue is for capital purposes, it is called a capital grant.

**Oversight Institutions:** The oversight institutions are the structures of the metro that have been mandated with oversight functions. Specifically, it refers to the Council and Section 79 Committees of the Council, that has the duty of approving raising and spending resources on behalf of the metro's residents, of overseeing whether revenue was raised and used as approved, and of overseeing the performance of the metro.

**Oversight Report:** An oversight report is the report produced by the Council of a municipality that provides its comments and matters it wishes to raise on the Annual Report of the municipality. It is produced in terms of Section 129 of the Municipal Finance Management Act, which requires that it should include a formal statement on whether the Annual Report is accepted, rejected or referred back to the Mayor, and that it is published.

**Overspending:** Overspending occurs when a municipality spends more than what was allocated to a classification category. Overspending is equal to unauthorised expenditure when the overspending is against an approved amount for a vote, or a specific appropriation within a vote. The Municipal Finance Management Act provides for circumstances under which overspending against an appropriation can be authorised.

**Pre-Budget Statement:** The Pre-Budget Statement, sometimes referred to as the Pre-Budget Report, presents the metro's policy priorities, and revenue and expenditure plans for the forthcoming budget year and encourages debate on the budget in advance of the presentation of the more detailed draft MTREF. The Pre-Budget Statement reflects the culmination of the strategic planning phase of the budget process, in which the Administration broadly aligns its policy goals with the resources available under the budget's fiscal framework — the total amount of expenditure, revenue, and debt for the upcoming budget year. This process establishes the parameters of the budget proposal before detailed program funding decisions are made. By laying out the budget's broad parameters, the statement can help create appropriate expectations for the draft MTREF.

**Publicly available:** In normal language use publicly available means that information can be accessed by the public. In the Metro OBI however, publicly available has the specific meaning of being available where all citizens can access the information free of charge. For documents, publicly available therefore means specifically that the document is available on the municipality's website. For information such as public notices on participation opportunities, the OBI will also accept proof of open distribution through other means, e.g. radio announcements or newspaper articles.

**Revenue:** Revenue refers to the income streams of a municipality. This includes property rates, charges for services, licenses and permits, payments for agency services, rents, fines and penalties, interest and dividends received, transfers from other spheres of government or other municipalities and subsidies, amongst other.

**Section 56 Manager:** A Section 56 Manager is appointed in terms of Section 56 of the Municipal Systems Act and is a manager appointed by the Municipal Manager and directly accountable to the Municipal Manager. Across municipalities Section 56 Managers usually include a manager in charge of corporate services; infrastructure services; roads and transport; local economic development etc.

**Section 79 Committees:** These are municipal council committees, appointed in terms of section 79 of the Municipal Structures Act. Section 79 Committees are headed by a 'non-executive councillor', i.e. a councillor who is not on the municipal executive. In that sense, they are similar to parliamentary committees. These section 79 committees are different from committees established in terms of section 80 of the Municipal Structures Act. **Section 80 Committees** report to the executive and are chaired by a member of the municipal executive. They thus lean much more towards the municipal executive.

**Sub-function:** A sub-function is a sub-category of the functional revenue and expenditure classification. Functional classification is the categorisation of revenue and expenditure according to the purposes of a municipality. The function and sub-functions of municipalities are standardised across government. So the community and public safety function breaks out into community and social services; sport and recreation, public safety; housing and health.

**Sub-vote:** Sub-votes are the break downs of the main segments into which a budget of a municipality is divided for the appropriation of money to different departments or functional areas of the municipality. Sub-votes are usually the sub-units or divisions within the department.

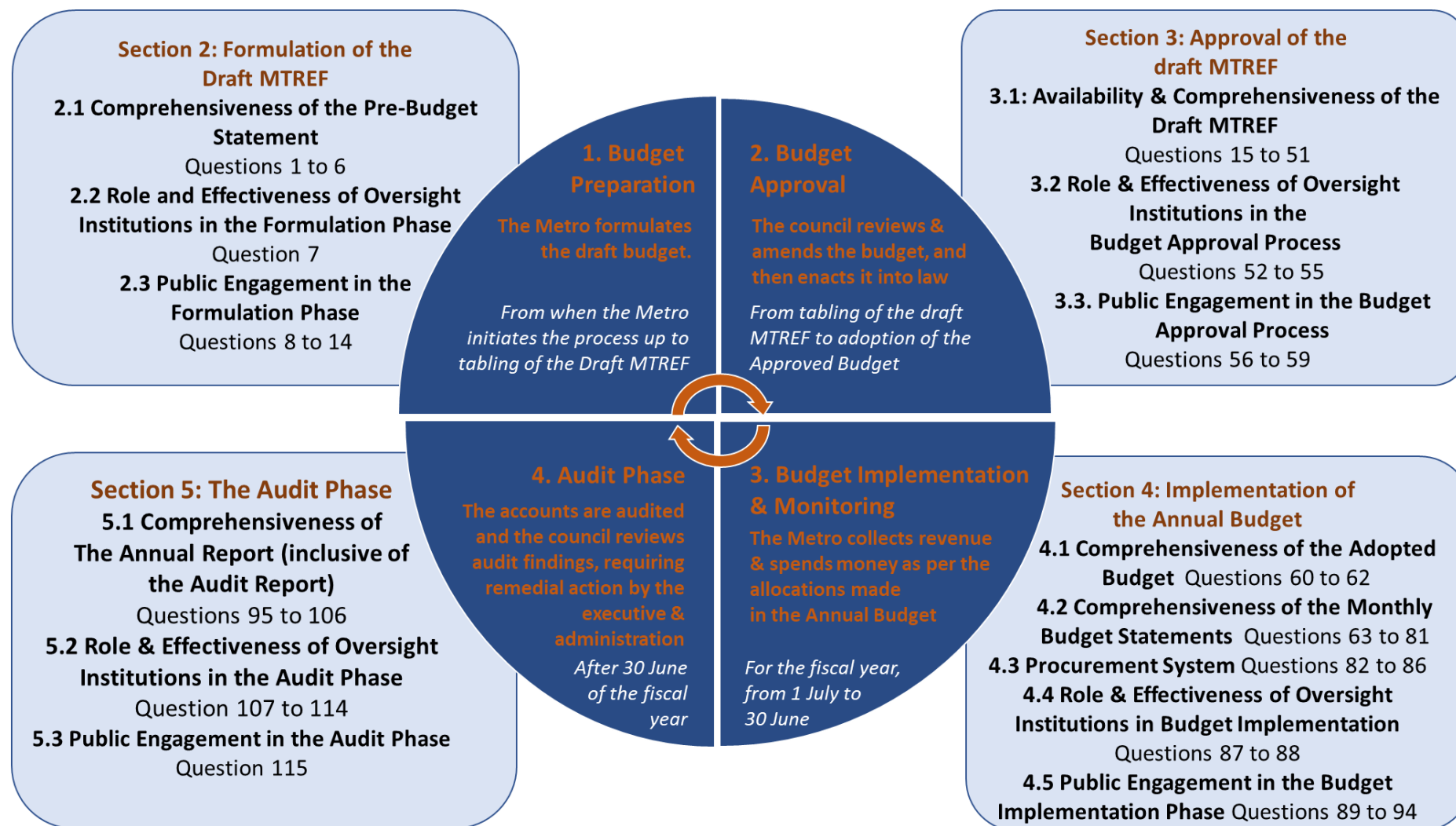
**Tax expenditures:** Tax expenditures arise as a result of exceptions or other preferences in the tax code provided for specified entities, individuals, or activities. For Metropolitan municipalities in South Africa tax expenditures refer to exemptions on charges and tariffs granted to companies or individuals. Tax expenditures are called tax *expenditures*, because they often have the same impact on public policy and budgets as providing direct subsidies, benefits, or goods and services. For example, assisting the elderly through exemptions from municipal tariffs, may be structured as municipal programmes to assist the elderly, as it still constitutes a cost in terms of foregone revenues.

**Transfers:** Transfers refer to the revenue received or transferred to another sphere of government. These revenues are not raised by the municipality itself, but are transferred from another municipality to fulfil a function on behalf of that municipality, or from national or provincial government.

**Type:** Expenditure by type organises municipal expenditures by the type of input that is purchased. Types of operating expenditure are employee expenditures, depreciation and asset impairments; bulk purchases; contracted services and other expenditures by type.

**Vote:** A vote is one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality, which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. Votes are not standardised across municipalities, but are unique to how each municipality is structured.

## Appendix 2: Map of the budget process and the structure of the Metro Open Budget Questionnaire



### Appendix 3: Structure of a metro budget

