

## B. GLOSSARY

**Adjustments Budgets** – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of a municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget. Examples include tariff policy, rates policy and credit control and debt policy.

**Budget Steering committee** – Committee established to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

**CPI** – Headline Consumer Price Index

**DMTN** – Domestic Medium Term Note

**DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

**DORb** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

**Executive Management Team** – A team consisting of the Municipal Manager and the Executive Directors.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to assist municipalities with the costs of free basic services.

**GFS** – Government Finance Statistics. An internationally recognized classification system that facilitates comparisons between municipalities.

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality.

**KPI** – Key Performance Indicators. Measures of service output and/or outcome.

**MAYCO** – Mayoral committee

**MDM B** – Motheo District Municipality

**MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.

**NT** – National Treasury

**Operating Expenditure** – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Portfolio Committee** – Section 79 of the Structures Act dictates that a municipal council may (a) establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and (b) appoint the members of such a committee from among its members. Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. This oversight function is further enhanced by the Portfolio Committee's responsibility of assessing and monitoring the performance of services delivery which inter alia includes ensuring that the annual budgets of the municipality's departments are spent wisely and that there is no wastage or corruption.

**SCM** - Supply Chain Management

**SDBIP** – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Vote** – One of the main segments into which a budget is divided, usually at directorate level