

Kannaland Municipality



Mid-Year Budget and Performance Assessment

2017 /18

December 2017

In-Year Report of Kannaland Municipality

Prepared in terms of Section 72 of the Local Government: Municipal Finance Management Act (56/2003):
Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009.

Contents

1. GLOSSARY.....	- 2 -
2. LEGISLATIVE FRAMEWORK	- 4 -
3. IN-YEAR REPORT.....	- 5 -
3.1 MAYOR'S REPORT	- 5 -
3.2 EXECUTIVE SUMMARY	- 5 -
3.3 IN-YEAR BUDGET STATEMENT TABLES	- 8 -
4. SUPPORTING DOCUMENTATION	- 10 -
4.1 Debtors' analysis	- 10 -
4.2 Creditors' analysis	- 11 -
4.3 Investment portfolio analysis	- 12 -
4.4 Allocation and grant receipts and expenditure	- 12 -
4.5 Expenditure on councillor allowances and employee benefits	- 14 -
4.6 Capital programme performance	- 15 -
4.7 Material variances to the SDBIP	- 15 -
4.8 Long term debt.....	- 16 -
4.9 MFMA Implementation	- 15 -
4.10 Service Delivery Performance Analysis.....	- 22 -
Addendum A: Municipal Manager's Quality Certification	- 27 -
Addendum B: Top Layer SDBIP 2017-18	- 28 -

1. GLOSSARY

Adjustments budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and Quarterly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, is spending without, or in excess of, an approved budget.

Virement - A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - 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 and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

2. LEGISLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act (56/2003):

Mid-year budget and performance assessment Section 72.

- (1)** The accounting officer of a municipality must by 25 January of each year—
- (a) assess the performance of the municipality during the first half of the financial year, taking into account—
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to—
 - (i) the mayor of the municipality;
 - (ii) the National Treasury; and
 - (iii) the relevant provincial treasury.
- (2)** The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3)** The accounting officer must, as part of the review—
- (a) make recommendations as to whether an adjustments budget is necessary; and
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Municipal budget and reporting regulations (MBRR)

3. IN-YEAR REPORT

3.1 MAYOR'S REPORT

The purpose of this report is for the mayor to advise council on the performance of Kannaland Municipality against the approved budget, monitor against the service delivery budget implementation plan (SDBIP) and take corrective action if necessary.

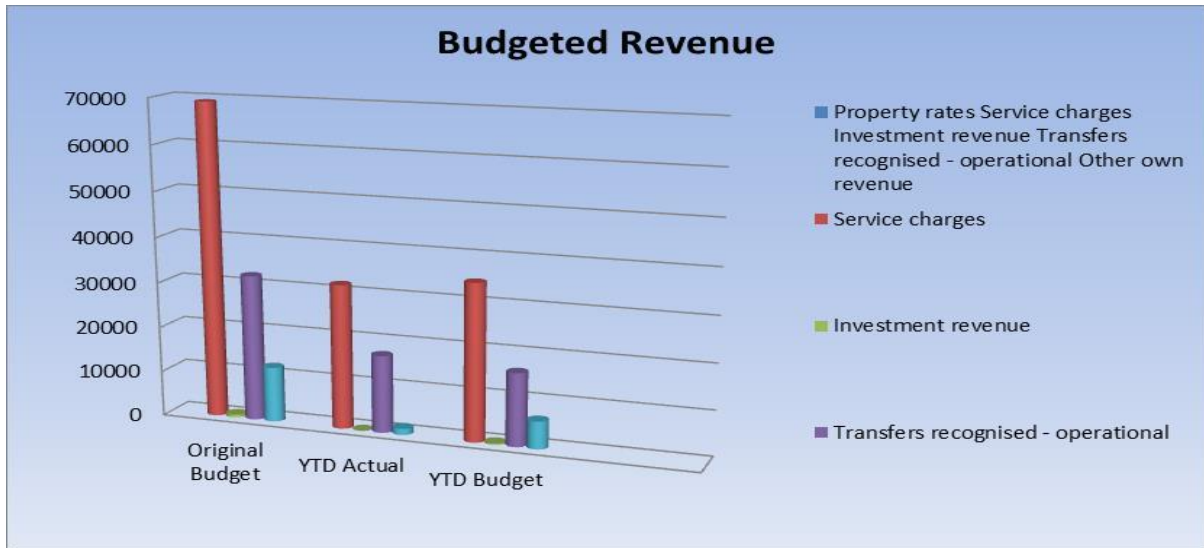
mSCOA implementation can be regarded as one of the biggest threats to the implementation and monitoring of the budget. It is just not within the financial means of Kannaland Municipality to address all mSCOA problems timeously and this also have an adverse effect on meeting legislative timelines with not all reports being system generated and a lot of manual intervention is needed. This is also having a negative impact on the implementation of the financial recovery plan as not all reconciliations can be done and the implementation of internal controls is being delayed.

Cash flow has and will for the foreseeable future be a problem but in the short term Kannaland has done well to meet the most pressing commitments. The Eskom arrears have been settled and this will free up some cash to address other long outstanding creditors. Kannaland Municipality inevitably incur too much fruitless and wasteful expenditure in the form of interest and penalties due to short term debt that has been long outstanding .

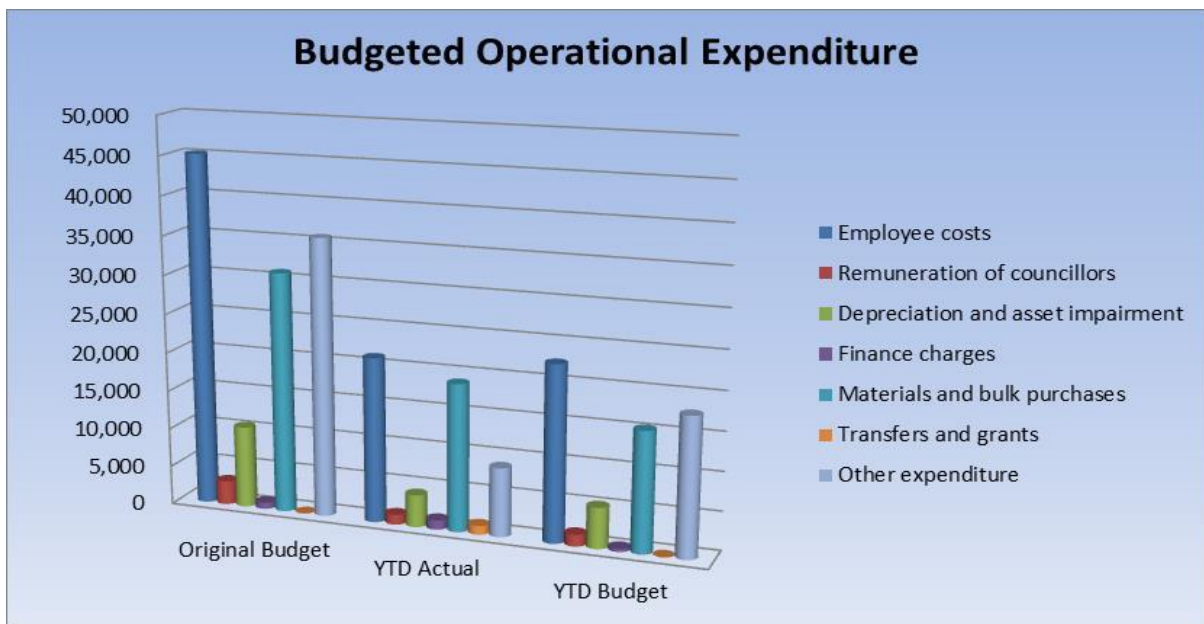
3.2 EXECUTIVE SUMMARY

Kannaland Municipality arrived at the mid-year mark of the 2017/18 financial year with some objectives met and others not realising. Budget control has been severely hampered with the implementation of mSCOA that has been very problematic. Design errors and parameter related problems caused a lot of misallocations and transactions not being recognised if not for human intervention.

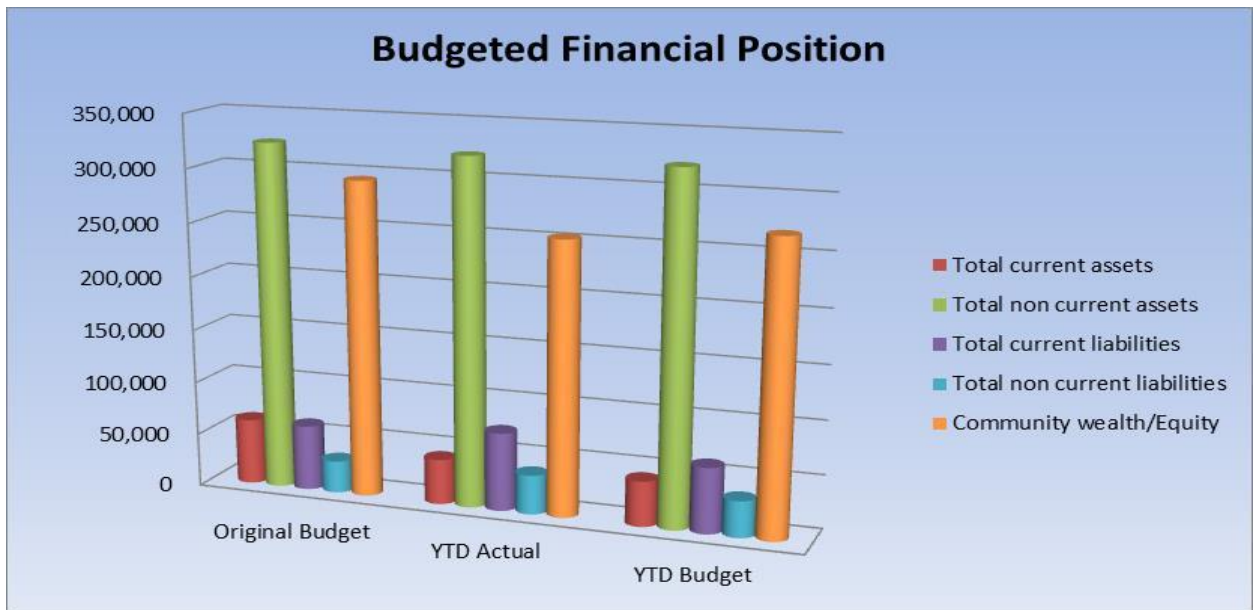
Revenue did come in line with the budget with no unexpected problems. It is however of the utmost importance that the faulty water meters be replaced as a matter of urgency. It should be noted that a straight line approached was followed within the budget and seasonal patterns were ignored. The chart below indicates the entities performance against the revenue budget.



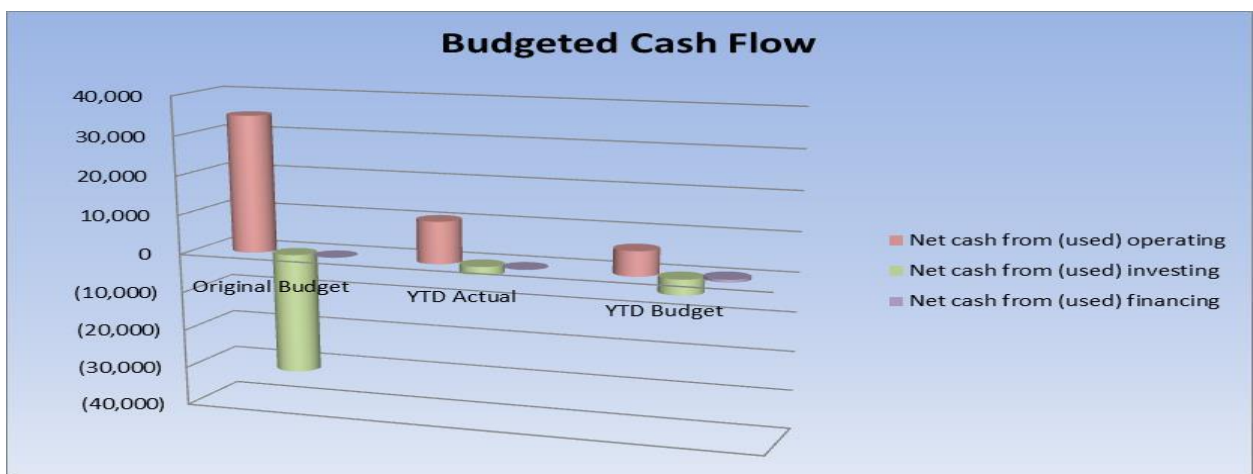
Expenditure is not completely aligned with the budget as expenditure was only incurred according to revenue and the collection thereof. Once again the straight line budget approach did not consider seasonal patterns especially with the time of use electricity pricing structure. Finance charges are also completely out of line with the budget due to the cost of capital and various variables not being considered in the budgeting process. The chart below indicates the entities performance against the expenditure budget.



The chart below indicates the entities performance against the budgeted Financial Position, which is very much in line in considering the YTD budget. The only big variance is the current liabilities, which is caused by the unspent component of unbudgeted conditional grants received, mainly for drought relief.



The chart below indicates the entities performance against the budgeted cash flow.



3.3 IN-YEAR BUDGET STATEMENT TABLES

Statement of Financial Position

Western Cape: Kannaland(WC041) - Table C1 Schedule Monthly Budget Statement

Description	2016/17 Audited Outcome	Budget year Original Budget	Adjusted Budget	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Financial position											
Total current assets	22,781	61,592	61,592	44,298	42,239	42,239	42,239	42,187	53	0.13%	61,592
Total non current assets	319,651	324,130	324,130	322,573	321,717	321,717	321,717	321,891	(174)	-0.05%	324,130
Total current liabilities	61,183	61,055	61,055	76,186	73,324	73,324	73,324	61,119	12,205	19.97%	61,055
Total non current liabilities	37,709	30,103	30,103	37,612	36,745	36,745	33,906	33,906	2,839	8.37%	30,103
Community wealth/Equity	243,541	294,564	294,564	253,073	253,887	253,887	253,887	269,053	(15,166)	-5.64%	294,564

The Statement of Financial Position is very much in line compare to the budget. The only significant exception is the 19.97% deviation on the current liabilities. This variance is mainly due to the outstanding amount of unspent grants that could not have been foreseen due to allocations that were made by the provincial treasury after the approval of the budget and will have to be included in the adjustment budget.

Statement of Financial Performance

Western Cape: Kannaland(WC041) - Table C1 Schedule Monthly Budget Statement

Description	2016/17 Audited Outcome	Budget year Original Budget	Adjusted Budget	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Financial Performance											
Property rates	14,900	15,956	15,956	7,381	1,284	3,186	10,567	7,978	2,589	32.45%	15,956
Service charges	65,141	69,258	69,258	16,383	5,142	15,520	31,903	34,629	(2,726)	-7.9%	69,258
Investment revenue	845	600	600	0	0	0	0	300	(300)	-100.0%	600
Transfers recognised - operational	24,805	32,310	32,310	8,927	2,981	8,206	17,133	16,155	978	6.1%	32,310
Other own revenue	21,587	12,213	12,213	692	218	709	1,401	6,107	(4,705)	-77.1%	12,213
Total Revenue (excl. capital transfers and contributions)	127,278	130,337	130,337	33,383	9,625	27,621	61,004	65,169	(4,165)	-6.4%	130,337
Employee costs	47,710	45,190	45,190	10,806	3,111	10,433	21,239	22,595	(1,356)	-6.00%	45,190
Remuneration of councillors	2,613	3,056	3,056	692	205	589	1,281	1,528	(247)	-16.15%	3,056
Depreciation and asset impairment	12,650	10,549	10,549	61	1,977	4,101	4,162	5,275	(1,112)	-21.09%	10,549
Finance charges	4,077	800	800	137	0	1,069	1,206	400	806	201.50%	800
Materials and bulk purchases	28,685	30,964	30,964	10,401	2,826	8,575	18,976	15,482	3,494	22.57%	30,964
Transfers and grants	0	0	0	625	182	511	1,136	0	1,136	0.00%	0
Other expenditure	64,458	35,752	35,752	1,129	5,367	7,758	8,887	17,876	(8,989)	-50.29%	35,752
Total Expenditure	160,193	126,311	126,311	23,851	13,669	33,037	56,888	63,156	(6,267)	-9.9%	126,311
Surplus/(Deficit)	(32,915)	4,026	4,026	9,532	(4,044)	(5,416)	4,116	2,013	2,103	104%	4,026
Transfers recognised - capital	43,231	30,801	30,801	0	3,117	7,117	7,117	15,401	(8,283)	-53.8%	30,801
Contributions recognised - capital and contributed assets	0	0	0	0	0	0	0	0	0	.00%	0
Surplus/(Deficit) after capital transfers and contributions	10,316	34,827	34,827	9,532	(927)	1,701	11,233	17,414	(6,181)	-35%	34,827
Share of surplus/ (deficit) of associate	0	0	0	0	0	0	0	0	0	0%	0
Surplus/(Deficit) for the year	10,316	34,827	34,827	9,532	(927)	1,701	11,233	17,414	(6,181)	-35%	34,827

The Statement of Financial Performance indicates various significant variances. Property rates differ with the year to date budget due to the fact that the billing that is based on an annual amount,

was not considered within the monthly budget split but only property rates billed on an equal monthly basis. Seasonal flow of revenue was ignored within the budget and if that is considered with the faulty water meter issue, it would explain the revenue from service charges not realising. Other revenue, differ due to not enough provision was made for the debt impairment and traffic fines not realising. Interest not being charged after the writing off of long outstanding debtors, also add to the shortfall in revenue.

Employee costs incurred is less than the budgeted amount due to 58 contract workers that were let go, with the saving on councillors being due to the fact that there was budgeted for a permanent deputy mayor and Kannaland Municipality's deputy mayor is a part-time deputy mayor. The budget just do not make enough provision for the high cost of capital, therefore the difference in finance charges with other expenditure being kept low to account for the losses in revenue.

Statement of Cash Flows

Western Cape: Kannaland(WC041) - Table C1 Schedule Monthly Budget Statement

Description	2016/17 Audited Outcome	Budget year Original Budget	Adjusted Budget	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Cash flows											
Net cash from (used) operating	22,295	34,825	34,825	2,514	10,692	10,692	10,692	6,265	4,427	70.66%	34,825
Net cash from (used) investing	(22,882)	(30,800)	(30,800)	(1,233)	(2,143)	(2,143)	(2,143)	(3,959)	1,816	-45.88%	(30,800)
Net cash from (used) financing	(1,408)	0	0	3,820	(60)	(60)	(60)	704	(764)	-108.52%	0
Cash/cash equivalents at the year end	277	4,025	4,025	5,378	13,504	13,504	13,504	3,287	3,338	101.55%	4,025

The variance is mainly due to grants received that could not have been foreseen due to allocations that were made by the provincial treasury after the approval of the budget and will have to be included in the adjustment budget.

Statement of Capital Expenditure

Western Cape: Kannaland(WC041) - Table C1 Schedule Monthly Budget Statement

Description	2016/17 Audited Outcome	Budget year Original Budget	Adjusted Budget	Q1 Sept Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Capital expenditure and funds sources											
Capital expenditure	24,616	30,801	30,801	1,233	0	1,684	2,917	12,834	(9,917)	(77.27)	30,801
Transfers recognised - capital	24,488	30,801	30,801	1,233	2,143	3,828	5,061	15,401	(10,340)	-67.1%	30,801
Public contributions and donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	128	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	24,616	30,801	30,801	1,233	0	1,684	2,917	12,834	(9,917)	(77.27)	30,801

The variance within the budget spending of capital expenditure is mainly due to a straight line approach in budgeting that did not consider project progress and timing of expenses to be incurred.

4. SUPPORTING DOCUMENTATION

4.1 Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	Budget Year 2017/18									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1,611	461	529	415	412	–	2,043	5,316	10,788	8,187
Trade and Other Receivables from Exchange Transactions - Electricity	2,846	99	78	66	48	–	213	1,101	4,451	1,428
Receivables from Non-exchange Transactions - Property Rates	1,146	345	319	1,433	269	0	2,504	9,114	15,130	13,320
Receivables from Exchange Transactions - Waste Water Management	456	237	245	249	246	–	1,484	4,100	7,016	6,079
Receivables from Exchange Transactions - Waste Management	774	339	349	349	334	–	1,540	4,206	7,891	6,429
Receivables from Exchange Transactions - Property Rental Debtors	4	2	2	1	1	–	3	31	44	37
Interest on Arrear Debtor Accounts	18	19	20	27	34	0	1,546	7,344	9,007	8,950
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–	–
Other	(88)	114	110	106	100	1	101	980	1,424	1,287
Total By Income Source	6,766	1,616	1,652	2,646	1,446	1	9,433	32,191	55,752	45,717
2016/17 - totals only									–	–
Debtors Age Analysis By Customer Group										
Organs of State	198	50	58	326	18	0	30	360	1,040	734
Commercial	3,840	78	65	130	53	–	320	940	5,425	1,442
Households	2,849	1,288	1,363	1,405	1,216	1	8,066	25,895	42,082	36,583
Other	(121)	201	167	785	159	–	1,018	4,996	7,205	6,958
Total By Customer Group	6,766	1,616	1,652	2,646	1,446	1	9,433	32,191	55,752	45,717

- The total outstanding debtors as at 31 December 2017 amount to R55.75 million.
- R32.2 million of the outstanding debtors are older than 1 year.
- R45.72 million of the outstanding debtors are outstanding for more than 90 days and are less likely to be collected.
-

The biggest concern regarding the collection of debt in Kannaland is the ability to collect water, refuse and sewerage in areas which are not being supplied by municipal electricity. Electricity is the most effective credit collection tool and has by far the best collection rate that is in excess of 97%.

4.2 Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2017/18								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	2,897	–	–	–	–	–	1,852	–	4,749
Bulk Water	0200	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	66	3,344	6,145	9,555
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	413	168	528	155	356	549	3,226	4,599	9,994
Auditor General	0800	3,290	331	110	116	34	51	84	4,908	8,923
Other	0900	383	174	314	141	256	497	2,216	4,391	8,371
Total By Customer Type	1000	7,043	674	952	412	646	1,162	10,722	20,043	41,653

- The total outstanding creditors as at 31 December 2017 amount to R41.7 million.
- R20 million of the outstanding creditors are outstanding for more than a year.
- The biggest outstanding creditors are the Auditor General (R8.9 million) and SARS (R9.55 million).
- Eskom arrears were settled with only R1.85 million in arrears as at 31 December 2017.
- SARS (PAYE) arrears were reduced from R13.3 million in August to R9.55 million as at 31 December 2017.

Outstanding trade creditors are problematic as it has a negative influence on service delivery as well as the ability of Kannaland Municipality to adhere to Supply Chain Management Regulations at all times. Creditors are being owed money for extended periods of time and are not willing to provide quotes or take part in competitive bidding processes.

4.3 Investment portfolio analysis

Kannaland Municipality does not have any investments.

4.4 Allocation and grant receipts and expenditure

The total amount of unspent conditional grants are standing at R24,198,988.00 as at 31 December 2017. This amount will be reduced however with some allocation changes that need to be done. Misallocations were caused by mSCOA duplicate uKeys and some transactions are still in error batches that need to be cleared. The effect however would not be significant and conditional grants remain not cash backed that were reduced minimally from R10,279,189 on 30 June 2017 to R10,138,605 on 31 December 2017. The before mentioned fact, make it really difficult to spend unspent rollovers and Kannaland Municipality can also not afford to repay any rollovers. All grant expenditure for this particular financial year however is on track to be spent within the conditional timelines and the cash is available to pay for expenditure incurred.

R24,198,988 unspent conditional grants are made up out of the following:

- National Grants : R 12,270,072.43
- Provincial Grants : R 11,772,034.57
- Other Grants : R 156,881.00

The national grants are generally intended to address infrastructure backlogs while provincial grants are aimed to support operationally, especially under the circumstances with Kannaland Municipality being under a financial recovery plan.

Find below a detailed table indicating unspent grant opening balances, the split between operational and capital expenditure, the VAT revenue to be recognised from the transactions and the closing balance that indicates the total unspent grants for the first six months of the financial year.

APPENDIX B - Unaudited KANNALAND MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003						
Grant Description	Balance 1 JULY 2017	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants Recognised	Balance 31 December 2017
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS						
	R	R	R	R	R	R
<u>National Government Grants</u>						
Equitable Share	-	17,392,000.00	17,392,000.00	-	-	-
Local Government Financial Management Grant	147,990.00	2,145,000.00	1,401,732.46	-	196,242.54	695,015.00
DME Side Demand Management Meters	-	-	-	-	-	-
National Integrated Electrical Grant	1,968,907.15	8,000,000.00	-	2,549,971.46	597,031.50	6,821,904.19
Municipal Infrastructure Grant	(0.00)	8,688,000.00	309,624.68	3,421,563.23	479,018.85	4,477,793.23
Municipal Systems Improvement Grant	(0.00)	-	-	-	-	(0.00)
DBSA Recovery Plan	-	-	-	-	-	-
EPWP (Expanded Public Works Programme) Grant	-	700,000.00	424,640.00	-	-	275,360.00
Zoar Streets	180,453.00	-	-	-	-	-
Total National Government Grants	2,297,350.15	36,925,000.00	19,527,997.14	5,971,534.69	1,272,292.90	12,270,072.43
<u>Provincial Government Grants</u>						
Library Grant	578,575.76	1,320,000.00	894,189.85	-	-	1,004,385.91
Organisational Grant	48,265.08	-	-	-	-	48,265.08
Van Wyksdorp Pit Latrines	167,299.00	-	-	-	-	167,299.00
Upgrading Pumpstation	71,945.94	-	-	-	-	71,945.94
FMSG	-	2,090,000.00	-	-	-	2,090,000.00
HR Project	250,000.00	-	-	-	-	250,000.00
Flood Damage	447,890.00	-	-	-	-	447,890.00
CDW grant	(0.06)	111,000.00	13,717.45	-	-	97,282.49
IDC	1,650,000.00	-	-	-	-	1,650,000.00
Local Government Fin. Man. Support Grant	-	1,300,000.00	951,754.39	-	98,245.61	250,000.00
Nissanville Paving	100,238.00	-	-	-	-	100,238.00
Calitzdorp Housing	0.40	-	-	-	-	0.40
WC Financial Management Capacity Building	150,000.00	-	30,000.00	-	-	120,000.00
Disaster - Zoar	522,298.10	-	204,058.27	-	-	318,239.83
Upgrading Sports Facilities Calitzdorp	250,000.00	-	-	-	-	250,000.00
CFO Appointment	6,017.71	-	-	-	-	6,017.71
Droogte Hulp (Water grant)	-	3,800,000.00	-	76,061.09	10,648.55	3,713,290.36
SDBIP	238,657.00	-	-	-	-	238,657.00
Revenue Enhancement	200,000.00	-	-	-	-	200,000.00
Kent water meter fondse	-	-	-	46,330.40	6,486.26	(52,816.66)
DWAF -RBIG	319,437.91	-	-	-	-	319,437.91
Taxi Ranks	306,463.00	-	-	-	-	306,463.00
IDP	175,438.60	-	-	-	-	175,438.60
Total Provincial Government Grants	5,482,526.44	8,621,000.00	2,093,719.95	122,391.49	115,380.42	11,772,034.57
<u>District Municipality Grants</u>						
Ladismith Water Project	128,118.00	-	-	-	-	128,118.00
Total District Municipality Grants	128,118.00	-	-	-	-	128,118.00
<u>Other Grant Providers</u>						
Drought relief	-	-	-	-	-	-
Umsobomwu Project	28,763.00	-	-	-	-	28,763.00
Total Other Grant Providers	28,763.00	-	-	-	-	28,763.00
Total	7,936,757.59	45,546,000.00	21,621,717.09	6,093,926.18	1,387,673.32	24,198,988.00
Total Grants						24,198,988.00

4.5 Expenditure on councillor allowances and employee benefits

The total expenditure on employee and councillor related cost amounted to R23.2 million. Kannaland Municipality does have a lot of critical vacancies that does influence the organisation negatively. The before mentioned issue contributed to 5.7% , expressed as a percentage to total employee related costs, that is being spent on overtime. This is slightly above the industry norm of 5%. Vacancies within the financial department add to risk with separation of duties becoming a problem. Please see below the detail of organisational allowances and benefits.

DESCRIPTION	COUNCIL	SECTION 57	ADMINISTRATIVE / FINANCIAL / CORPORATE	TECHNICAL	RETIRED EMPLOYEES
NORMAL TIME - MAANDELIKSE SALARIS	1,055,103.15	881,952.81	7,837,913.35	2,884,759.42	-
NORMAL TIME - URE NIE GEWERK	-	-	(19,428.10)	(8,124.26)	-
OVERTIME - Hours/Ure @ 1.5	-	-	145,038.58	224,515.91	-
OVERTIME - Hours/Ure @ 2.0	-	-	97,531.48	142,863.79	-
ANNUAL BONUS - NOVEMBER	-	-	85,979.50	-	-
SUBSIDIES - BEHUISING	-	-	42,644.00	42,287.00	-
STANDBY - 15% STANDBY RATE	-	-	183,113.65	413,317.91	-
BARGAINING COUNCIL - BARGAINING COUNCIL	-	82.50	4,346.25	2,277.81	-
PENSION - CAPE JOINT RETIREMENT FUND	-	22,547.98	1,170,287.86	421,611.13	-
MEDICAL AID - SAMWUMED Option B	15,284.28	-	107,589.66	133,873.15	-
LEVIES - SKILLS DEVELOPMENT LEVY	-	10,941.58	151,124.33	55,005.75	-
SUNDRY PAYMENT (TAXABLE) - HUUR	-	-	12,000.00	3,000.00	-
GROUP LIFE - SANLAM	-	15,729.27	12,856.59	5,779.50	-
TRAVEL ALLOWANCES - CAR ALLOWANCE	-	64,102.96	690,964.82	116,235.48	-
MEDICAL AID - LA HEALTH - ACTIVE	16,628.52	4,523.76	210,822.76	-	-
SUNDRY PAYMENT (TAXABLE) - WAARNEMING	-	-	320,854.52	90,846.94	-
BACKPAY - BACKPAY	-	54,145.17	45,085.31	14,153.14	-
PENSION - SAMWU VOORSORGFONDS (9%)	-	-	188,928.24	99,318.30	-
MEDICAL AID - LA HEALTH - KEYPLUS	-	-	13,764.00	3,819.24	-
TRAVEL ALLOWANCES - ESS VOER SKEMA	-	-	222,998.40	84,465.48	-
TELEPHONE ALLOWANCE - Cellphone Allowance	50,736.00	18,840.00	15,200.00	5,400.00	-
MEDICAL AID - LA HEALTH - CORE	13,429.62	-	-	-	-
NORMAL TIME - CASUAL FIX RATE	-	-	3,465,803.49	537,667.62	-
MEDICAL AID - LA HEALTH - FOCUS	-	-	64,029.60	26,679.02	-
MEDICAL AID - BONITAS BONSAVE	-	-	18,795.84	-	-
MEDICAL AID - KEYHEALTH ORIGINAL	-	-	3,637.20	-	-
MEDICAL AID - HOSMED VALUEPLAN	-	-	23,226.00	31,718.16	-
MEDICAL AID - BONITAS STD	-	-	-	11,116.56	-
MEDICAL AID - SAMWUMED Option A	-	-	12,186.30	-	-
TRAVEL ALLOWANCES - VERVOERTOELAAG RAADSLEDE	130,695.24	-	-	-	-
MEDICAL AID - HOSMED PLUSPLAN	-	-	15,484.00	-	-
NORMAL TIME - MEDICAL AID ADVANCE PENS	-	-	-	-	111,075.20
MEDICAL AID - LA HEALTH - ACTIVE (PENS)	-	-	-	-	112,266.00
MEDICAL AID - LA FOCUS - PENSIONERS	-	-	-	-	45,318.00
MEDICAL AID - SAMWU OPTION B - PENSIONERS	-	-	-	-	18,071.20
MEDICAL AID - BONITAS STD PENS	-	-	-	-	12,591.60
MEDICAL AID - BONITAS PRIM	-	-	11,340.00	-	12,344.40
MEDICAL AID - LA HEALTH - CORE (PENS)	-	-	-	-	18,639.60
SUNDRY PAYMENT (TAXABLE) - BEHUISING	-	-	4,200.00	-	-
MEDICAL AID - KEYHEALTH SILVER	-	-	(170.85)	8,240.22	-
	R 1,281,876.81	R 1,072,866.03	R 15,158,146.78	R 5,350,827.27	R 330,306.00

SALARIES OPERATIONAL	R	10,695,120.41	TOTAL	R 23,194,022.89
OVERTIME	R	609,949.76		
OVERTIME %		5.70%		

4.6 Capital programme performance

The capital budget is made out of the following projects:

- National Integrated Electrical Grant National Grant : R 8,000,000
Expenditure to date R 3,147,002.96
Expenditure is standing at 39.4% and the project, Electrification of Ladismith (Substation / Electrification of informal settlement), is on schedule to be completed within this financial year. The new transformer will be delivered before the end of January 2018.
- Municipal Infrastructure Grant National Grant : R 9,851,500
Expenditure to date R 4,210,206.77
Expenditure is standing at 42.7% and the projects, Upgrading of Calitzdorp Sportsfield and Zoar Roads, are on schedule to be completed within this financial year.

The following two projects do form part of the capital budget but is not going to realise this financial year.

- Kannaland Dam Relocation National Grant : R 7,949,000
- Regional Bulk Infrastructure National Grant : R 5,000,000

Kannaland Municipality applied for a waiver on the capital contribution that is required for the Swartberg Dam and Ladismith Waste Water Treatment Works projects. The waiver was declined and additional motivational evidence is needed to reconsider the decision made by National Treasury.

4.7 Material variances to the SDBIP

See attached SDBIP performance report.

4.8 Long term debt

Municipality Loan Reference No	Start Date (ccyy/mm/dd)	Planned End Date (ccyy/mm/dd)	Debt raised at the Inception (Rand)	Loan Type	Loan Raised for	Loan Source	Loan Institution	% Interest Rate (2 dec) Per Annum	Paid This Quarter (Rand)	at Begin of Quarter (Rand)	or redeemed This Quarter (Rand)	Accrued This Quarter (Rand)	at End of Quarter (Rand)
25885	2008/04/30	2023/04/30	11,587,527	LT - Long-Term Loans (07)	Consolidation of Existing Borrowing (03)	Development Bank of SA (03)	DBSA	12.52	83,092.04	2,686,842.02	96,907.96		2,589,934.06

- The total outstanding long term debt of Kannaland Municipality amounts to R2,589,934 as at 31 December 2017.
- A monthly instalment of R60,000 at an interest rate of 12.52% / annum is being paid.

In order to take up long term debt, Kannaland Municipality would need the approval of the MEC. This has been refused in the past due to the troublesome financial past of Kannaland Municipality. It would however substantially lower the cost of capital and reduce fruitless and wasteful expenditure in the form of interest and penalties if allowed.

4.9 MFMA Implementation

NATIONAL TREASURY QUARTERLY MFMA IMPLEMENTATION AND MONITORING CHECKLIST IMPLEMENTATION PRIORITIES

1. Change Muncde to your own municipal code (e.g.: GT411), Year End (ccyy) to Financial Year End (e.g.: 2007 for year 2006/2007 and Quarter (Qn) to Quarter End (e.g.: Q1 for Quarter 1)
2. Enter Date if No to response (ccyy/mm/dd)
3. To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S
4. In-built macro will save file as: Muncde_MFM1_ccyy_Qn.xls (e.g. GT411_MFM1_2006_Q1.xls)
5. E-mail completed returns to: lgdatabase@treasury.gov.za



MunCde	Municipality Name	Financial Year End	Quarter
WC041	Kannaland	2018	Q2 Oct-Dec
Ref	Question	Council Use Only	
		Response	Date (if applicable)
1 PREPARING AN IMPLEMENTATION PLAN			
<p>All municipalities are required to prepare an MFMA implementation plan that focuses on what the municipality intends to implement and achieve over the next few years. The plan should contain a list of activities together with target (and actual) dates, with provision to show ongoing (possibly monthly) progress with comments and a responsible councillor / official for each activity.</p> <p>A copy of the MFMA Implementation Plan (Circular 7) must be submitted to the National Treasury by October each year as well as each time it is updated. Note that the MFMA Implementation Plan should include implementation issues to align implementation with amendments to the Municipal Systems Act.</p>			
1.1	Is an MFMA implementation plan prepared that contains realistic and achievable activities together with target dates, responsible councillors or officials and provision to record ongoing progress to meet targeted implementation? (If not, please download the implementation plan template from the NT website).	Yes	
2 ALLOCATING APPROPRIATE RESPONSIBILITIES UNDER THE MFMA TO THE ACCOUNTING OFFICER			
<p>The accounting officer of the municipality (municipal manager) must take on the responsibilities assigned to the position under the MFMA. A full list of these responsibilities is provided in Chapter 8 of the MFMA and throughout the legislation.</p>			
2.1	Has council appointed a person to assume the duties of the municipal manager?	Yes	
2.2	Has a report to the <u>current council</u> been tabled that creates an awareness of the roles and responsibilities of the municipal manager as the accounting officer of the municipality who must exercise the powers and functions of this position in terms of the MFMA, and to provide guidance and advice to council and officials? (s 60).	Yes	
2.3	Are the appropriate systems in place to allow the municipal manager to take responsibility for managing the financial administration of the municipality to ensure compliance with the MFMA. (s 62)	Yes	

2.4	Are the appropriate systems in place to allow the municipal manager to take full responsibility for managing the municipality's assets, liabilities, revenue and expenditure? (s 63, s 64, s 65)	Yes	
2.5	Does the municipal manager ensure that expenditure on staff benefits is reported to council on a regular basis? (s 66) If so, how often is this expenditure reported ie: monthly, quarterly, six-monthly , annually or other?	Qrt	
2.6	Does the municipal manager assist the mayor in carrying out his or her responsibilities under the MFMA? (s 68)	Yes	
2.7	Is the municipal manager provided with the appropriate autonomy and flexibility to implement the budget? (s 69)	Yes	
3 ESTABLISHING A TOP (SENIOR) MANAGEMENT TEAM			
The municipal manager is required to formally establish and maintain a top management team, to include all those senior managers who are responsible for a vote or the budget of a vote. Detail of top management is provided in section 77 of the MFMA. All councils should comply with the provisions of the Municipal Systems Act (as amended) and its regulations in relation to annual staff performance agreements.			
3.1	Has council appointed a person to assume the duties of the Chief Financial Officer (CFO)? (s 77, 80, 81)	Yes	
3.2	Has council appointed persons to assume the duties of other senior managers ie: to form top (or senior) management, with appropriate responsibilities and delegations? (s 77, 78)	Yes	
3.3	Is the CFO able to effectively assist the municipal manager in carrying out his or her duties with respect to financial management generally, in providing financial advice to senior managers and undertaking specific financial management duties? (s 81)	Yes	
3.4	Are other senior managers able to exercise the appropriate financial management responsibilities as required by legislation? (s 78)	Yes	
3.5	Does an appropriate system of delegations exist, that maximises administrative and operational efficiency and provides adequate checks and balances in financial administration within the municipality, within the confines of the MFMA in terms of limits to delegations? (s 79)	Yes	
3.6	Has a report to the <u>current council</u> been tabled that creates an awareness of and endorses the roles and responsibilities of the top (or senior) management team within the municipality? (s 77)	Yes	
3.7	Does council comply with the provisions of the MFMA and the Municipal Systems Act (as amended) and its regulations in relation to the establishment and review of annual staff performance agreements? (MFMA s 53 and Municipal Systems Act s 57)	Yes	

4 IMPLEMENTING APPROPRIATE CONTROLS OVER MUNICIPAL BANK ACCOUNTS AND CASH MANAGEMENT			
Municipalities must establish controls over their bank accounts, cash management and investments. Further details of these requirements are provided in Chapter 3 of the MFMA.			
4.1	Does the municipality maintain at least one bank account, designated the primary bank account which receives all allocations (including those for a municipal entity), income from investments and money collected by an entity on behalf of the municipality? (s 8)	Yes	
4.2	During the quarter under review has there been any changes to the details of the primary bank account of the municipality and were such changes reported to the National Treasury and Auditor-General? (s 8(5))	No changes	
4.3	During the quarter under review did the municipality open any new bank accounts and were these reported to the Provincial Treasury and Auditor-General? (s 9)	No changes	
4.4	Does the municipal manager administer all bank accounts and is the municipal manager accountable to council for this? (s 10)	Yes	
4.5	Is an appropriate system of delegation in place in instances where the municipal manager has delegated the administration of a bank account to another officer (or the CFO)? Note limitation on delegations with respect to enforcement of sections 7, 8 and 11 that may only be delegated to the CFO (s 10).	Yes	
5 MEETING OF FINANCIAL COMMITMENTS			
Municipal managers must ensure that they take the appropriate steps to implement effective systems of expenditure control, and meet their financial commitments to other parties promptly and in accordance with the Act.			
5.1	Does the municipality operate and maintain an effective system of expenditure control that includes procedures for approval, authorisation, withdrawal and payment of all funds? (s 65(2)(a))	Yes	
5.2	Is the municipal manager able to confirm that all moneys owing by the municipality are paid within 30 days of receiving the relevant invoice or statement? (s 65(2)(e))	No	6/30/2019
5.3	Does the municipality promptly meet all financial commitments toward other municipalities, national and provincial organs of state? (s 37(1)(c))	No	6/30/2018
5.4	Is the municipality currently party to any formal dispute concerning non-payment of monies owing between the municipality and another organ of state? (s 65(2)(g)). Note: formal disputes between organs of state are discussed in s 44 and Circular 21.	No	
6 REPORTING REVENUE AND EXPENDITURE			
Municipal managers must take steps to put systems in place that ensure that they report on the implementation of the current budget by submitting monthly reports to the mayor and quarterly reports to the council on revenue collected and total spending. Further detail on reporting is contained in sections 71 and 72 of the MFMA.			
The municipality must monthly report on the implementation of the current budget to the National Treasury and to the relevant Provincial Treasury.			
6.1	Has the municipal manager submitted monthly budget statements to the mayor, National Treasury and the Provincial Treasury for each of the months of this quarter? (s 71)	No	1/25/2018
6.2	Has the municipal manager submitted a quarterly budget statement to council, reflecting expenditure incurred and income collected? (s 71)	Yes	

7 SUPPLY CHAIN MANAGEMENT (SCM)			
All municipalities must adopt and implement a supply chain management (SCM) policy in accordance with the Municipal Supply Chain Management Regulations and consistent with the "model policy" provided in MFMA Circular No 22.			
7.1	Has council adopted a supply chain management policy that complies with the Supply Chain Management Regulations? (SCM Regulations 2 & 3, Circular No 22) ?	Yes	
7.2	Has council delegated SCM powers and duties to the municipal manager as required in SCM Regulation 4?	Yes	
7.3	Does the municipal manager report at least quarterly to the mayor and at least annually to council on implementation of the supply chain management policy? (SCM Regulation 6)	Yes	
7.4	Has the municipal manager submitted monthly reports on contracts awarded above R100 000 to National Treasury for each of the months of this quarter? (Circular No 34)	Yes	
7.5	If a tender other than one recommended in the normal course of implementing the SCM policy was approved during this quarter, has the municipal manager reported the approval of tenders not recommended and the reasons for deviating from such recommendation to the National Treasury, provincial treasury and Auditor-General? (s 114)	No s 114 instances	
7.6	If there has been any deviation from or breach of the SCM policy during this quarter, has the municipal manager reported the reasons for such deviation from or ratification of minor breaches of procurement processes to council during this quarter? (SCM Regulations 36)	Yes	

8 IMPLEMENTING REFORMS IN RELATION TO MUNICIPAL ENTITIES AND LONG-TERM CONTRACTS			
Municipalities must ensure compliance with the MFMA and Municipal Systems Act (as amended) where relevant, for any new undertaking relating to a municipal entity, Public-Private Partnership (PPP), long-term contract (LTC) or any borrowings.			
8.1	Has the municipal manager submitted to the National Treasury the Municipal Entity Return Form, for this quarter? (See "Municipal Entity Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	
8.2	Has the municipal manager submitted to the National Treasury the Long Term Contract Return Form, for this quarter? (See "Long Term Contract Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	

9 COMPLETING FINANCIAL STATEMENTS AND ADVISING NATIONAL TREASURY		
The municipal manager must ensure that financial statements are promptly prepared and submitted to the Auditor-General for audit by 31 August each year. In the case of a parent municipality, the municipal manager must ensure that consolidated financial statements (including all municipal entities) are promptly prepared and submitted to the Auditor-General by 30 September each year (s 126). Also refer MFMA Circular No. 36.		
9.1	Have the 2016/2017 annual financial statements of the municipality been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	Yes 10/6/2017
9.2	Have the 2016/2017 annual financial statements of the municipality been prepared in compliance with the prescribed accounting framework? > If Yes also indicate in the space provided for date the format (framework) of the annual financial statements.	Yes GRAP
9.3	In the case of a parent municipality, have the consolidated 2016/2017 annual financial statements of the municipality and all its entities been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	No entities
9.4	If the accounting officer did not submit either the 2016/2017 annual financial statements and/or the 2016/2017 consolidated annual financial statements (including all municipal entities) to the Auditor-General for audit on time, (a) did the mayor table a written explanation in council setting out the reasons for the failure and (b) did the municipal council investigate the matter and take the appropriate steps as required by section 133(1)(c)	3. Yes to both (a) & (b)
10 COMPLETING AND TABLING ANNUAL REPORT		
The municipal manager must ensure that the annual report of the municipality and the annual reports of all of its municipal entity(s) have been tabled in council by 31 January each year. Refer NT Circulars No 11 and 18.		
10.1	Are the appropriate management systems in place to ensure that the annual report of the municipality and the annual reports of all its municipal entity(s) will be tabled in council by 31 January each year? (s 121 & 127)	Yes
10.2	Have the 2016/2017 annual report of the municipality and the 2016/2017 annual reports of all of its entities been tabled in council by 31 January?	No 1/31/2018

11 COMPLYING WITH PROVISIONS FOR TENDER COMMITTEES, BOARDS OF MUNICIPAL ENTITIES AND IN RELATION TO FORBIDDEN ACTIVITIES			
Municipalities must ensure that there is no councillor that serves on a bid or tender committee or on any board of an entity. Municipalities must also ensure that the composition of all boards of entities comply with the Municipal Systems Act (as amended). Boards of an entity should consist of at least one-third non-executive directors and a non-executive chairperson.			
Municipalities must also ensure that councillors do not engage in any forbidden activities prohibited under section 164 of the MFMA. Refer MFMA Circular No 8 - Forbidden loans - Oct 2004.			
11.1	Does council comply with s 117 which precludes councillors from serving on a bid or tender committee? (s 117)	Yes	
11.2	Does council comply with s 118 which precludes undue interference from any person in relation to the municipal tender process? (s 118)	Yes	
11.3	Does council comply with s 93F of the amended Municipal Systems Act which precludes any councillor of any municipality or official of the municipality, or member of the National Assembly or a provincial legislature or permanent delegate to the NCOP from serving on boards of a municipal entity? (Municipal Systems Act, as amended s 93F)	NA	
11.4	Does council comply with s 103 which precludes improper interference by any councillor in relation to the financial affairs or responsibilities of the board of directors of a municipal entity? (s 103)	NA	
11.5	Does council comply with s 164 which precludes loans to councillors or officials of the municipality, directors or officials of a municipal entity or members of the public? (s 164)	Yes	
12 COMPLYING WITH PROVISIONS FOR INTERNAL AUDIT AND AUDIT COMMITTEES			
The municipality and each of its municipal entity(s) must have an internal audit unit and an audit committee. (Refer s165 and 166).			
12.1	Does the municipality have an internal audit (IA) unit (s 165) and indicate whether the function is in-house or outsourced or shared?	7. No, no IA	
12.2	Does each of the municipality's entity(s) have an internal audit unit? (s 165)	Municipality has no entities	
12.3	Does the municipality have an audit committee (AC)? (s 166) > If Yes, indicate in the space provided for date whether the function is shared	Yes	
12.4	Does each of the municipality's entity(s) have an audit committee (AC)? (s 166)	Municipality has no entities	

13 COMPLYING WITH PROVISIONS FOR BUDGETS			
The municipality may only incur expenditure in terms of an approved budget and within the limits of the amounts appropriated for the different votes in its approved budget. (s15). When a municipality revises an approved annual budget it may do so only through an adjustments budget and within the framework as set-out in s 28.			
13.1	Did the municipality revise its approved annual budget? > If Yes, indicate the number of adjustments budget(s) tabled in council <u>to date</u> in the space provided for date.	No	
13.2	If the municipality revised its approved annual budget, were the Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements of the municipal manager and all senior managers (section 57 (Systems Act)) accordingly amended?	No adjustments	
14 INFORMATION TO BE PLACED ON WEBSITE OF MUNICIPALITY			
The municipal manager must ensure that the documents set out in s75 are placed on the website (refer s 21A of the Systems Act) of the municipality.			
14.1	Does the municipality have a website?	1. Yes	
14.1.1	If Yes in 14.1 or share district website or other website arrangement, provide the website address in the space provided.	www.kannaland.gov.za	
14.2	Is all the information as set-out in s75 displayed on the municipality's / shared district website?	No	1/31/2018
<p>Other Comments:</p> <p>Due to the instability and lack of continuity MFMA implementation has been hampered. Kannaland Municipality is under a financial recovery plan and this will form part of the activities of the FRP implementation manager.</p>			

4.10 Service Delivery Performance Analysis

Creating a culture of Performance: Performance Framework

Regulation 7 (1) of the Local Government Municipal Planning and Performance Management Regulations, 2001 states that “A municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players”.

Implementation of Performance Management

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers. We have completed the following to ensure implementation of the framework and performance management policy:

Monitoring Performance

Monitoring of performance takes place as follows:

- SDBIP is updated monthly;
- A Portfolio of Evidence (POE) is compiled by each manager to support the reported information;
- Mid-Year report to be compiled and tabled on 25 January 2018;
- The mid-year performance evaluations to be conducted in February 2018
- Performance Information will reach Audit and Performance Committee each quarter for further recommendations made to council on certain critical aspects to be addressed where necessary.

This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2017/18.

The format of the report will reflect the Municipality’s Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Key Focus Areas (KFA’s) which was designed by the Kannaland Municipality to focus its development

initiatives in a more coherent and organized manner. A colour coding method was used to define the performances on each actuals for the year.

KPI not yet measured	KPI's with no targets or actual results for the selected period	
KPI not met	Not fully Effective Performance	
KPI almost met	Partially Effective Performance	
KPI met	Fully Effective Performance	
KPI extremely met	Outstanding Performance	

Legislation Requirements

Below is a summary of the requirements:

TIME FRAME	MSA/ MFMA REPORTING ON PMS	SECTION
Quarterly reporting	<p>The Municipal Manager collates the information and drafts the organisational performance report, which is submitted to Internal Audit.</p> <p>The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager and to the Performance Audit Committee.</p> <p>The Municipal Manager submits the reports to the Council.</p>	MSA Regulation 14(1)(c)

TIME FRAME	MSA/ MFMA REPORTING ON PMS	SECTION
Bi-annual reporting	The Performance Audit Committee must review the PMS and make recommendations to council;	MSA Regulation 14(4)(a)
	The Performance Audit Committee must submit a report at least twice during the year a report to Council;	MSA Regulation 14(4)(a)
	The Municipality must report to Council at least twice a year;	MSA Regulation 13(2)(a)
	The Accounting officer must by 25 January of each year assess the performance of the municipality and submit a report to the Mayor, National Treasury and the relevant Provincial Treasury.	MFMA S72

TIME FRAME	MSA/ MFMA REPORTING ON PMS	SECTION
Annual reporting	<p>The annual report of a municipality must include the annual performance report and any recommendations of the municipality's audit committee.</p> <p>The accounting officer of a municipality must submit the performance report to the Auditor-General for auditing within two months after the end of the financial year to which that report relate.</p> <p>The Auditor-General must audit the performance report and submit the report to the accounting officer within three months of receipt of the performance report.</p> <p>The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.</p> <p>The Auditor-General may submit the performance report and audit report of a municipality directly to the municipal council, the National Treasury, the relevant provincial treasury, the MEC responsible for local government in the province and any prescribed organ of the state.</p> <p>Immediately after an annual report is tabled in the council, the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.</p> <p>The council of the municipality must consider the annual report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing council's comments on the annual report</p>	<p>MFMA S121 (3)(c)(j) & MSA S46</p> <p>MFMA S126 1(a) MFMA S126 (3)(a)(b) MFMA S127(2) MFMA S127 (4)(a)</p> <p>MFMA S127 (5)(b)</p>
- 25 - Page		

Overall Service Deliverables

Summary and Challenges

Early indicators are set to inform performance against the output and goals of the Service Delivery Budget Implementation Plan (SDBIP). However adjustments will be made to the Financial and Technical Services key performance areas and targets in order to adhere to the SMART principle and to enhance better service delivery.

Although the municipality is faced with financial challenges, most of the indicators was achieved effectively and above expectation. A financial recovery plan and audit action plan has been drafted for implementation in order to strengthen the organisation's commitment towards service delivery and good governance in the community.

The half yearly report reflects only the first six months of the financial year which measure the overall performance.

After comments from the Audit and Performance Committee, Management will incorporate it in the final report to be submitted to council for consideration to approve the Mid-Year Report. The revised Top Layer SDBIP will be submitted concurrently with the IDP and Budget to be approved by Council in February 2018.

Below is a report of the performances for the first two quarters of the financial year 2017/18.

Addendum A: Municipal Manager's Quality Certification

QUALITY CERTIFICATE

I, R Stevens the acting municipal manager of Kannaland Municipality, hereby certify that –

(mark as appropriate)

- The Monthly budget statement
- Mid-Year report on the implementation of the budget and financial state affairs of the municipality
- **Mid- year budget and performance assessment**

For the month of DECEMBER 2017 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: R Stevens

Municipal Manager of Kannaland Municipality – WC041

Signature -----

Date -----

Addendum B: Top Layer SDBIP 2017-18