

Kannaland Municipality



Mid-Year Budget and Performance Assessment

December 2019

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

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Glossary

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 monthly 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.

1 Introduction

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery. This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Section 72, and
- The Municipal Budget and Reporting Regulations, 35. The MBRR highlights the format of the mid-year budget and performance assessment. “33.

A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act. The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

2 Legislative Framework

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

2.1.1 The Local Government Finance Management Act

The Municipal Finance Management Act-Number 56 of 2003 Section 72: Mid-Year Budget and Performance Assessment:

(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

3 Mayor's report

For the mid-year budget and performance assessment, the mayor's report must also

provide –

(a) a summary of the past year's annual report, and progress on resolving problems identified in the annual report and the audit report;

(b) a summary of any potential impact of the national adjustments budget and the relevant provincial; and

(c) a recommendation as to whether an adjustments budget for the municipality is necessary

3.1.1 Summary of the previous year Annual Report

The Statement of Financial Performance provides an overview of the performance of the municipality and focuses on the financial health of the municipality. The municipality is making strides in improving the financial health and performance with regards to improving the cash-flow. The municipality is improving on its performance, processes and mitigating issues raised by the Auditor General and noted in the previous financial year.

3.1.1.1 Overall challenges experience by the municipality

The municipal performance has improved when compared to the 2017/18 financial year. In the financial year 2018/19 the municipality managed to fill the critical position of the Senior Management such as the Chief Financial Officer and Director Technical Services. The municipality has made progress in terms processes and functioning of Audit Committee as well as a positive shift in governance. We received an improved audit outcome for 2018/19 however we still require responsiveness and mitigation measures to keep improving and maintaining a positive audit outcome of the municipality.

Despite the ongoing drought and water shortages, we have been able to provide residents with clean drinking water on a daily basis. We have to dramatically increased our water storage capacity as we move forward. Kannaland can revive its backbone agriculture sector with continued investment by government in expanding the water storage capacity.

The following were notable challenges for the municipality in the 2018/19 financial and progress is being made in the current year:

Challenges relating to financial management:

- Lack of internal audit and risk management functions:
- Late submission of Annual Financial Statements
- Limited revenue resources
- Poorly maintained assets (vehicles, roads and other infrastructure
- System challenges hampering the implementation of mSCOA and achieving all the milestones
- Lack of skills and capacity to facilitate compliance with the Municipal Minimum Competency Framework

Overall challenges

Service Area	Challenge
Infrastructure, Water, Roads, Sanitation, Electrical	Inadequate funding (grant and own funding)
	Large number of faulty water meters. Users only pay for basic services until meters are replaced - financial loss
	Roads - Grant funding not adequate to maintain upgraded roads
	Electricity - maintaining and managing electricity losses due to aging networks
	Water - availability of water, especially in the hot and dry summer months
	Non - compliance regarding the operation of refuse sites are serious. No funding is available to comply with requirements
Law enforcement	Illegal connections and tampering with meters. Law enforcement is not functional year and no applicable by laws
Fleet Management	Limited fleet available in all service delivery departments
Human Settlements	Challenges exist with regard to the capacity of bulk infrastructure services resulting in significant increases in housing waiting lists
	Incorrect title deeds
	Huge demand for low cost and GAP housing
Workforce	Lack of senior management capacity and managers must perform work of senior manager positions (vacant) as well as their operational duties
	HR processes not adhered to
	Occupational Health and Safety and Wellness programmes not fully operational

3.1.1.2 Resolutions on challenges

In 2018/2019 we attained some notable achievements through the implementation of the Financial Recovery Plan, firstly by improving our ability to monitor and measure the implementation of strategic priorities - a critical focus area for the last two years. This entailed further aligning of key performance indicators with the strategic priorities that drive our implementation processes. The Municipality progressed significantly in achieving objectives in this mid-year budget assessment such as:

- The appointment of skilled personnel in the Budget and Treasury office such as Manager Budget and Financial Statements and also an Accountant Financial reporting and reconciliation.
- On going discussions with Garden Route District for shared internal audit unit
- The municipality will adopt a new organogram to be implemented to address the skills shortages and placement of the workforce in vacant positions.
- Funding application for new projects were submitted and approved, expenditure rollover application was successful for completion of capital projects.
- Budgeting for repairs and maintenance of infrastructure and other assets

Building the requisite internal capacities at the municipality has turned out to be a formidable challenge. For this reason, enhancing the capacity of Kannaland has risen to the top of the municipality's development agenda. This is an ongoing process that require commitment and dedication from management.

4 Executive Summary

The purpose of this report is to inform the mayor and provincial treasury of the financial performance against the budget of the municipality for the **Mid-Year assessment of 2019**. An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality.

This report is a summary of the main budget issues arising from the budget monitoring process. It compares the progress of the budget in terms of actual income and expenditure to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP)

4.1.1 Financial problems and risk facing the municipality

The Municipality is still facing financial and cashflow problems. As mentioned in the report for the second quarter there was no dramatic change in the situation that was experienced during the first quarter of 2019/2020. The municipality has a financial recovery plan in place to mitigate the risk associated with cashflow challenges and improve the revenue of the municipality. We have made strides and progress in meeting the most pressing expenditures and payment of outstanding arears for Eskom and other creditors.

The withholding of funds by the Provincial Executive has a direct impact on the municipality's ability to implement certain objectives as set out on the FRP which requires grant funding.

The municipality has submitted two business plans regarding a much needed "larger server" to address the capacity (space) shortage which carries a huge risk should the system crash in the immediate future. From an audit perspective the municipality will find itself in a very unpleasant position to say the least. Council must however take a serious stand to bring the state of affairs under the Provincial Executive's attention before potential risks will materialise.

The following categories provide a consolidated overview of the implementation of the budget of the municipality.

4.1.2 Budget Summary

WC041 K

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	15 549	17 117	17 117	998	10 544	8 558	1 986	23%	17 117
Service charges	69 672	88 958	88 958	5 864	41 073	44 479	(3 406)	-8%	88 958
Investment revenue	669	526	526	-	418	263	155	59%	526
Transfers and subsidies	33 803	37 147	37 875	8 157	22 904	23 721	(818)	-3%	37 875
Other own revenue	17 519	18 336	18 336	564	3 950	9 168	(5 218)	-57%	18 336
Total Revenue (excluding capital transfers and contributions)	137 213	162 083	162 812	15 584	78 888	86 189	(7 302)	-8%	162 812
Employee costs	55 504	59 406	59 344	5 882	31 747	28 784	2 963	10%	59 344
Remuneration of Councillors	3 323	3 277	3 277	227	1 301	1 638	(337)	-21%	3 277
Depreciation & asset impairment	15 710	11 192	11 270	-	-	5 635	(5 635)	-100%	11 270
Finance charges	2 921	722	722	-	202	361	(159)	-44%	722
Materials and bulk purchases	36 457	44 282	43 967	8 062	22 105	21 983	121	1%	43 967
Transfers and subsidies	1 899	558	558	27	27	279	(252)	-90%	558
Other expenditure	42 266	43 518	43 286	956	5 957	21 643	(15 686)	-72%	43 286
Total Expenditure	158 080	162 954	162 423	15 154	61 339	80 323	(18 984)	-24%	162 423
Surplus/(Deficit)	(20 867)	(871)	389	430	17 548	5 866	11 682	199%	389
Transfers and subsidies - capital (monetary allocations)	10 820	52 236	54 838	430	932	29 444	(28 512)	-97%	54 838
Contributions & Contributed assets	382	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(9 665)	51 366	55 227	859	18 481	35 310	(16 830)	-48%	55 227
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(9 665)	51 366	55 227	859	18 481	35 310	(16 830)	-48%	55 227

Kannaland - Table C1 Monthly Budget Statement Summary – Mid-Year Assessment

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in her oversight role for the Mid-year performance. The year to date expenditure against the year-to-date budget is by 69 percent which is linked to the financial recovery process in place.

Although cost containment measures are a short-term relief in terms of cash outflow, it has a negative outcome in terms of service delivery and local economic development as the locals end up missing out on possible job opportunities that would have been created by the spending on service delivery related projects.

4.1.3 Operating Revenue and expenditure

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

W0047 Ramatiland - Table C04 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - mid-year Assessment											
Description	Ref	2018/19	Budget Year 2019/20								C4
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
R thousands											
Revenue By Source											0100
Property rates		15 549	17 117	17 117	998	10 544	8 558	1 986	23%	17 117	0200
Service charges - electricity revenue		44 924	59 573	59 573	3 236	26 204	29 786	(3 583)	-12%	59 573	0300
Service charges - water revenue		12 773	16 920	16 920	1 489	7 863	8 460	(597)	-7%	16 920	0400
Service charges - sanitation revenue		6 174	6 271	6 271	581	3 573	3 136	437	14%	6 271	0500
Service charges - refuse revenue		5 801	6 193	6 193	558	3 433	3 097	337	11%	6 193	0600
Service charges - other		—	—	—	—	—	—	—	—	—	0700
Rental of facilities and equipment		533	956	956	41	269	478	(209)	-44%	956	0800
Interest earned - external investments		669	526	526	—	418	263	155	59%	526	0900
Interest earned - outstanding debtors		49	5 622	5 622	2	9	2 811	(2 802)	-100%	5 622	1000
Dividends received		—	—	—	—	—	—	—	—	—	1100
Fines, penalties and forfeits		15 314	8 928	8 928	417	2 345	4 464	(2 119)	-47%	8 928	1200
Licences and permits		173	160	160	11	102	80	22	28%	160	1300
Agency services		828	1 010	1 010	—	420	505	(85)	-17%	1 010	1400
Transfers and subsidies		33 803	37 147	37 875	8 157	22 904	23 721	(818)	-3%	37 875	1500
Other revenue		622	1 660	1 660	93	805	830	(25)	-3%	1 660	1600
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	1700
Total Revenue (excluding capital transfers and contributions)		137 213	162 083	162 812	15 584	78 888	86 189	(7 302)	-8%	162 812	1800
Expenditure By Type											1900
Employee related costs		55 504	59 406	59 344	5 882	31 747	28 784	2 963	10%	59 344	2000
Remuneration of councillors		3 323	3 277	3 277	227	1 301	1 638	(337)	-21%	3 277	2100
Debt impairment		25 922	14 077	14 077	3	73	7 038	(6 965)	-99%	14 077	2200
Depreciation & asset impairment		15 710	11 192	11 270	—	—	5 635	(5 635)	-100%	11 270	2300
Finance charges		2 921	722	722	—	202	361	(159)	-44%	722	2400
Bulk purchases		35 483	40 200	40 200	7 934	21 345	20 100	1 245	6%	40 200	2500
Other materials		974	4 082	3 767	128	760	1 883	(1 123)	-60%	3 767	2600
Contracted services		7 849	15 531	16 956	477	2 702	8 478	(5 777)	-68%	16 956	2700
Transfers and subsidies		1 899	558	558	27	27	279	(252)	-90%	558	2800
Other expenditure		8 200	13 911	12 253	476	3 182	6 126	(2 944)	-48%	12 253	2900
Loss on disposal of PPE		295	—	—	—	—	—	—	—	—	3000
Total Expenditure		158 080	162 954	162 423	15 154	61 339	80 323	(18 984)	-24%	162 423	3100
Surplus/(Deficit)		(20 867)	(871)	389	430	17 548	5 866	11 682	0	389	3200
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		10 820	52 236	54 838	430	932	29 444	(28 512)	(0)	54 838	3300
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—	3400
Transfers and subsidies - capital (in-kind - all)		382	—	—	—	—	—	—	—	—	3500
Surplus/(Deficit) after capital transfers & contributions		(9 665)	51 366	55 227	859	18 481	35 310			55 227	3600

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance Midyear assessment

4.1.3.1 Operating Revenue

REVENUE: LEVIES/INCOME COMPARE TO BUDGETED FIGURES.

Each category of revenue will be assessed using the actual financial performance for the first half of the financial year against the budget and the over-spending and under-spending of above 53 percent will be considered material and indicative of adjustment. The overall revenue against budgeted figures is 91% or R 78 888 million.

Property Rates: shows 123 percent above the approved budgeted figures based on a straight-line budgeting.

- Upwards adjustments will be made by assessing the individual category of debtors against the actual revenue recognised and the budgeted revenue in the first half of the financial year

Service charges: (Water, Refuse, Sanitation and Electricity) shows underperformance 7 percent difference between original approved budgeted figure and the levies for the mid-year ending December 2019.

- Challenges that have negative impact on sale of electricity revenue and services charges, Non-payment of municipal Services by areas serviced by Eskom directly for electricity and Difficulty in implementing Credit and Debt Collection Policy in areas serviced by Eskom directly for electricity.
- Proposed solution to address challenges in sale of electricity and service charge Promote culture of payment of municipal services and encourage community to apply for indigent relief for those who qualify

Interest earned: External investment shows a 158 percent above the original approved budgeted figure and levies for the mid-year ending December 2019.

- Adjustment will be made to accommodate the increased interest received from external investments in the first half of the financial year, however revenue collection needs to be intensified for interest on overdue accounts which did not perform very well.

Fines, penalties and forfeits shows a 58 percent underperformance between original approved budgeted figure and the levies for the mid-year ending December 2019.

- Thorough scrutiny and assessment will be made to accommodate the realistically value that can be collected based on the half year figures of fines.
- By-laws have not yet been implemented as a result, some of the fines and penalties cannot be imposed on the community for items such as illegal dumping etc.

Transfers and Subsidies recognised relates to the gazetted operational grants the municipality receives from the National Government. The need for adjustment of this source of revenue is only when there is changes in DoRA allocations for the municipality issued by National Government and also when the municipality received approval for roll-over of the unspent conditional grant's allocation

- The municipality received an approval from Treasury to roll-over the unspent conditional grants as at 30 June 2019 based on the letter of application submitted in August 2019 and appeal in November 2019 and therefore adjustment must be made on the affected capital projects.

Other Revenue - this category of revenue relates to revenue sources that are not explicitly disclosed on the statement of financial performance as per National Treasury reporting templates such as sale of tender documents and other sundry revenue. This category reflects

under performance variance of 47 percent and will be accordingly be adjusted during the adjustment budget.

- Each line item in this area will be analysed considering the performance of the first half of the financial year and necessary adjustment will be accordingly affected.

4.1.3.2 Operating Expenditure

The following table is a summary of the 2018/19 budget (classified by main expenditure types):

Expenditure By Type						
Employee related costs	55 504	59 406	59 344	5 882	31 747	28 784
Remuneration of councillors	3 323	3 277	3 277	227	1 301	1 638
Debt impairment	25 922	14 077	14 077	3	73	7 038
Depreciation & asset impairment	15 710	11 192	11 270	–	–	5 635
Finance charges	2 921	722	722	–	202	361
Bulk purchases	35 483	40 200	40 200	7 934	21 345	20 100
Other materials	974	4 082	3 767	128	760	1 883
Contracted services	7 849	15 531	16 956	477	2 702	8 478
Transfers and subsidies	1 899	558	558	27	27	279
Other expenditure	8 200	13 911	12 253	476	3 182	6 126
Loss on disposal of PPE	295	–	–	–	–	–
Total Expenditure	158 080	162 954	162 423	15 154	61 339	80 323

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance Midyear assessment

When comparing the year to date actuals and year to date budget, the results reflect that the municipality had a variance of **R18 million or 23 percent** underperformance in the first half of the financial year. The ratio is fairly reasonable; however, adjustments will be made based on the inputs received from other departments within the municipality based on their forecasted operational and capital activities for the remaining periods of the financial year.

Each category of expenditure will be assessed using the actual financial performance for the first half of the financial year against the budget and the over-spending and under-spending of above 5 percent will be considered material and indicative of adjustment. The table below depicts the mid-year financial performance of each category of the municipal expenditure line items:

Employee cost: The performance of this line item of expenditure is slightly above the projected expenditure for the first half of the financial year and this resulted in over spending variance of 10 percent.

- The upwards adjustment is imperative taking into account the actual expenditure for 2019/20 financial year that includes actuarial gains and losses and leave pay out and these items were not incorporated in the budget. Initiatives reduce the level of spending on overtime per department must be implemented in order to avoid overspending on this line item at the end of the financial year.

Councillors remuneration: The actual expenditure is below the budgeted expenditure by 20 percent as a result of incorrect expenditure classification, that will be addressed on the adjustment budget.

- The correction and adjustment must be made to incorporate the actual expenditure and correct allocation in the first half of the year 2019/20.

Bulk purchases: expenditure is above from the budgeted amount due to bulk purchase and payments of arrears account for Eskom. The balance of the expenditure deviations is significant in percentage but not in value and is caused by the timing of cash flows that were not considered within the monthly budget break-down.

Contracted Services: there is material underspending on contracted services as compared to the budgeted expenditure of below by 68%. The municipality is currently under strained financial resources, expenditure on contracted services is being cautionary monitored as we have the financial recovery plan in place.

- Contracted services budget must be revised based on the use of consultants' needs analysis and expenditure to be incurred accordingly that must be contacted prior to finalisation of the adjustment budget in order to avoid underspending on conditional grants expenditure at the end of the financial year.

It is important to note that expenditure is only incurred in line with revenue realised and therefore it is of the utmost importance to bring the financial challenges under control in order to spend accordingly.

4.1.3.3 Capital Expenditure

The purpose of this section is to identify per class of asset whether a municipality has spent accordingly when actual and budgeted capital expenditure are compared.

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		–	360	610	–	–	305	(305)	-100%	610
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		–	360	610	–	–	305	(305)	-100%	610
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		1 703	4 383	3 257	698	1 703	639	1 064	166%	3 257
Community and social services		–	700	700	–	–	350	(350)	-100%	700
Sport and recreation		1 228	3 105	1 979	224	1 228	–	1 228	#DIV/0!	1 979
Public safety		474	578	578	474	474	289	185	64%	578
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		5 377	47 883	52 105	559	5 377	25 490	(20 112)	-79%	52 105
Energy sources		322	3 345	3 345	–	322	1 673	(1 350)	-81%	3 345
Water management		4 935	26 538	30 760	439	4 935	14 817	(9 882)	-67%	30 760
Waste water management		120	18 000	18 000	120	120	9 000	(8 880)	-99%	18 000
Waste management		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	7 080	52 626	55 972	1 257	7 080	26 433	(19 354)	-73%	55 972
Funded by:										
National Government		6 541	47 658	50 633	782	6 541	23 764	(17 223)	-72%	50 633
Provincial Government		474	4 578	4 849	474	474	2 424	(1 950)	-80%	4 849
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		7 016	52 236	55 482	1 257	7 016	26 188	(19 173)	-73%	55 482
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		64	390	490	–	64	245	(181)	-74%	490
Total Capital Funding		7 080	52 626	55 972	1 257	7 080	26 433	(19 354)	-73%	55 972

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance Midyear assessment

The year to date actual capital expenditure as at end of December amounts to R7.08 million and the year to date budget amounts to R26.43 million and this gives rise to R19.35 Million under performance variance.

The total capital budget of the municipality is **R55.97 million**. It is made up of the following funding sources:

- *Internally generated funds* **R490 thousand** – There is material underspending of 74 percent on the internally funds due to the constrained financial resources of the municipality.
- *National Government* **R50.63 million** – There is material underspending of 72 percent on the year to date budget.
- *Provincial Government* **R4.85 million** – There is material underspending of 80 percent on the year to date budget.

The municipality will strive to ensure that 100 percent of the allocated capital budget is spent by year end by accelerating supply chain management processes. The adjustments of the capital budget will mainly depend on the departmental inputs received, Service delivery budget implementation plans (SDBIP) and progress reports for the first half of the financial year taking into account, the funding capability of the municipality.

4.1.4 Debtors

Debtors									
	0-30	31-60	61-90	91-120	121-150	151-180	181- 1 year	Over 1 year	Total
M01	-5216196,11	2118274,34	1486210,76	1253894,04	1135907,47	1103745,26	8522326,06	47004786,12	57408947,94
M02	2284322,25	3436,41	1380420,43	1333854,38	1200623,18	1106247,82	8568931,75	48083288,96	63961125,18
M03	9100483,00	1607668,00	1272780,00	1287118,00	1182772,00	1085652,00	6516665,00	49787440,00	71840578,00
M04	3336558,00	3572246,00	1467501,00	1229484,40	1272565,47	1171290,26	6533563,77	50925749,53	69508958,43
M05	3627544,00	1727037,00	4409372,00	464805,00	1207227,00	1248295,00	6638689,00	51978722,00	71301691,00
M06	3617374,00	1660607,00	1634566,00	3364786,00	1409744,00	1198739,00	6786160,00	53251243,00	72923219,00

The above tables provide the movement of the debtors for the mid-year budget assessment. The debtors have shown an average increase for the first six months of 5.5 percent which is not acceptable considering the total amount outstanding to date of **R 72 923 219**.

4.1.5 Creditors

Creditors									
	0-30	31-60	61-90	91-120	121-150	151-180	181-1 year	Over 1 year	Total
M01	7595448,06	1398144,52	4679376,80	3046673,65	19831432,46	0,00	0,00	2180433,37	38731508,86
M02	7213502,00	1257332,00	4580227,00	5277545,00	19051270,00	0,00	0,00	0,00	37379876,00
M03	8357693,00	447829,00	4280104,00	4849955,00	14987525,00	0,00	781906,59	5913995,07	39619007,66
M04	4803952,00	5210572,00	5134556,00	5005835,00	17295559,00	0,00	0,00	0,00	37450474,00
M05	4250354,00	1161916,00	760021,00	3561991,07	4902563,53	145584,62	3154422,77	12850699,72	30787552,71
M06	4663028,00	4058738,00	2115449,00	2767228,00	4506600,00	14456477,00	0,00	0,00	32567520,00

The above table provides the movement of the creditors for the mid-year budget assessment. The creditors have shown decrease in the total from the beginning of the year till to date to the amount of **6.1 million**

5 In year supporting budget tables

5.1.1 Statement of Financial Position

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position – Mid Year assessment

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 732	–	(3 852)	11 391	(3 852)
Call investment deposits		8 289	–	–	11 600	–
Consumer debtors		(101)	(96 784)	(199 443)	72 923	(199 443)
Other debtors		(26 043)	(3 326)	(7 661)	18 778	(7 661)
Current portion of long-term receivables		(5)	–	–	–	–
Inventory		924	3 395	6 476	233	6 476
Total current assets		(15 205)	(96 715)	(204 480)	114 926	(204 480)
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		(36)	–	–	–	–
Investment property		(211)	–	–	–	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		(7 208)	52 626	67 134	7 080	67 134
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(52)	–	29	–	29
Other non-current assets		–	–	–	–	–
Total non current assets		(7 507)	52 626	67 164	7 080	67 164
TOTAL ASSETS		(22 712)	(44 088)	(137 316)	122 006	(137 316)
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(566)	(437)	(873)	205	(873)
Consumer deposits		11	–	–	60	–
Trade and other payables		(4 359)	(133 603)	(261 776)	32 568	(261 776)
Provisions		(357)	–	–	–	–
Total current liabilities		(5 271)	(134 040)	(262 649)	32 833	(262 649)
Non current liabilities						
Borrowing		116	(1 157)	(1 157)	–	(1 157)
Provisions		2 452	–	(1 500)	–	(1 500)
Total non current liabilities		2 567	(1 157)	(2 657)	–	(2 657)
TOTAL LIABILITIES		(2 704)	(135 197)	(265 306)	32 833	(265 306)
NET ASSETS	2	(20 008)	91 108	127 990	89 173	127 990

The statement of financial position deviates significantly from the budgeted amount due to the provision for bad debts that has been accounted for within the actual versus the budgeted amount. In layman's terms the current ratio or the liquidity situation can be explained to the point that there are one rand and one sent of current assets for every one rand of current obligations also expressed as **1.1:1**, with the industry norm being **2:1** to be healthy and with at least **1:1** needed to be regarded as sustainable.

5.1.2 Cash Receipts and Payments

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		5 891	(2 488)	(1 259)	931	9 078	(629)	9 707	-1543%	(1 259)
Service charges		32 617	79 153	79 421	7 108	47 379	39 711	7 669	19%	79 421
Other revenue		(5 350)	8 625	8 610	562	3 926	4 305	(379)	-9%	8 610
Government - operating		31 150	9 452	9 855	6 917	15 914	10 624	5 290	50%	9 855
Government - capital		11 439	52 136	54 588	430	13 366	30 847	(17 480)	-57%	54 588
Interest		718	6 132	6 132	2	422	3 066	(2 644)	-86%	6 132
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(111 233)	(136 406)	(135 797)	(15 035)	(60 873)	(67 010)	(6 137)	9%	(135 797)
Finance charges		(2 921)	(722)	(722)	-	(202)	(361)	(159)	44%	(722)
Transfers and Grants		(406)	(558)	(558)	(27)	(27)	(279)	(252)	90%	(558)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(38 095)	15 325	20 270	888	28 983	20 272	(8 711)	-43%	20 270
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		36	-	-	-	-	-	-		-
Payments										
Capital assets		(778)	(52 626)	(55 972)	-	-	(26 433)	(26 433)	100%	(55 972)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(743)	(52 626)	(55 972)	-	-	(26 433)	(26 433)	100%	(55 972)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		11	-	-	7	60	-	60	0%	-
Payments										
Repayment of borrowing		0	(720)	(720)	-	(2)	(360)	(358)	99%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		11	(720)	(720)	7	58	(360)	(418)	116%	(720)
NET INCREASE/ (DECREASE) IN CASH HELD		(38 827)	(38 022)	(36 422)	894	29 041	(6 521)			(36 422)
Cash/cash equivalents at beginning:		(2)	-	-		-	-			-
Cash/cash equivalents at month/year end:		(38 829)	(38 022)	(36 422)		29 041	(6 521)			(36 422)

5.1.3 Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		11 174	25 442	24 341	1 959	11 174	12 158	(984)	-8,1%	24 341
Operational Revenue:General Revenue:Equitable Share		9 552	21 611	20 509	1 855	9 552	10 242	(690)	-6,7%	20 509
Expanded Public Works Programme Integrated Grant		658	1 184	1 184	104	658	592	66	11,2%	1 184
Local Government Financial Management Grant [Schedule 5B]		925	2 215	2 215	–	925	1 107	(182)	-16,5%	2 215
Municipal Infrastructure Grant [Schedule 5B]		39	433	433	–	39	216	(177)	-82,0%	433
Provincial Government:		398	3 985	5 413	61	398	1 831	(1 433)	-78,3%	5 413
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		396	3 935	5 157	61	396	1 703	(1 307)	-76,7%	5 157
Infrastructure		1	50	30	–	1	15	(14)	-91,3%	30
Other		–	–	226	–	–	113	(113)	-100,0%	226
Total operating expenditure of Transfers and Grants:		11 572	29 428	29 754	2 020	11 572	13 989	(2 417)	-17,3%	29 754
Capital expenditure of Transfers and Grants										
National Government:		6 541	47 658	50 633	782	6 541	23 764	(17 223)	-72,5%	50 633
Integrated National Electrification Programme (Municipal)		–	2 901	2 901	–	–	1 451	(1 451)	-100,0%	2 901
Municipal Infrastructure Grant [Schedule 5B]		3 803	9 757	9 757	770	3 803	3 326	476	14,3%	9 757
Regional Bulk Infrastructure Grant (Schedule 5B)		–	25 000	25 000	–	–	12 500	(12 500)	-100,0%	25 000
Water Services Infrastructure Grant [Schedule 5B]		2 739	10 000	12 975	12	2 739	6 487	(3 748)	-57,8%	12 975
Provincial Government:		474	4 578	4 849	474	474	2 424	(1 950)	-80,4%	4 849
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		474	1 278	1 528	474	474	764	(290)	-37,9%	1 528
Disaster and Emergency Services		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Infrastructure		–	3 300	3 321	–	–	1 661	(1 661)	-100,0%	3 321
Total capital expenditure of Transfers and Grants		7 016	52 236	55 482	1 257	7 016	26 188	(19 173)	-73,2%	55 482
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		18 588	81 664	85 236	3 277	18 588	40 178	(21 590)	-53,7%	85 236

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

Supporting Table SC7 (1) sets out the expenditure against all grants to date while as Table SC6 sets out all grants received for this financial year.

The following grants have been received from National Departments:

- Equitable Share the amount of **R21.11 million**.
This is for the provision of free basic services and the administration thereof to subsidise the cost of providing basic services to the poor.
- Financial Management Grant to the amount of **R2.22 million** has been received to assist in the financial management of Kannaland Municipality and to subsidise the appointment of 5 financial interns.
- Municipal Infrastructure Grant (MIG) to the amount of **R6.05 million**.
The purpose of these funds is to address service delivery backlogs from the past and this forms part of the allocation that is directed at projects as identified within the IDP.
- Expanded Public Works Programme to the amount of **R829 thousand**.
The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods
- Water Infrastructure Grant to the amount of **R5.7 million**.
This allocation is to improve service delivery relating to the supply of piped water and this allocation will be used for the construction of water supply line in Calitzdorp.
- Integrated National Electrification Programme (INEP) to the amount of **R1.9 million**.
This allocation is to improve service delivery relating to Electricity and Networks.

The following grants have been received from National Departments:

- Library Grant to the amount of **R2.57 million**.
- Fire Grant to the amount of **R830 thousand**.
- Repayment of Grant received already spent **R500 thousand** – Not budgeted for in the current year, paid by PT for vehicles already purchased under own funding.

5.1.4 Long-term borrowing

Repayment Due		01.07.2019	01.07.2019	-39,654.34	0.00	-20,345.66	-60,000.00	1,940,656.98	1,940,656.98
Interest Accrual		31.07.2019	31.07.2019	0.00	20,623.42	0.00	20,623.42	1,961,280.40	1,940,656.98
Interest Capitalisation		31.07.2019	31.07.2019	0.00	-20,623.42	20,623.42	0.00	1,961,280.40	1,961,280.40
Repayment Due		31.07.2019	31.07.2019	-39,376.58	0.00	-20,623.42	-60,000.00	1,901,280.40	1,901,280.40
Interest Accrual		31.08.2019	31.08.2019	0.00	20,184.83	0.00	20,184.83	1,921,465.23	1,901,280.40
Interest Capitalisation		31.08.2019	31.08.2019	0.00	-20,184.83	20,184.83	0.00	1,921,465.23	1,921,465.23
Repayment Due		02.09.2019	02.09.2019	-39,815.17	0.00	-20,184.83	-60,000.00	1,861,465.23	1,861,465.23
Interest Accrual		30.09.2019	30.09.2019	0.00	19,165.74	0.00	19,165.74	1,880,630.97	1,861,465.23
Interest Capitalisation		30.09.2019	30.09.2019	0.00	-19,165.74	19,165.74	0.00	1,880,630.97	1,880,630.97
Repayment Due		30.09.2019	30.09.2019	-40,834.26	0.00	-19,165.74	-60,000.00	1,820,630.97	1,820,630.97
Interest Accrual		31.10.2019	31.10.2019	0.00	19,328.62	0.00	19,328.62	1,839,959.59	1,820,630.97
Interest Capitalisation		31.10.2019	31.10.2019	0.00	-19,328.62	19,328.62	0.00	1,839,959.59	1,839,959.59
Repayment Due		31.10.2019	31.10.2019	-40,671.38	0.00	-19,328.62	-60,000.00	1,779,959.59	1,779,959.59
Interest Accrual		30.11.2019	30.11.2019	0.00	18,287.26	0.00	18,287.26	1,798,246.85	1,779,959.59
Interest Capitalisation		30.11.2019	30.11.2019	0.00	-18,287.26	18,287.26	0.00	1,798,246.85	1,798,246.85
Repayment Due		02.12.2019	02.12.2019	-41,712.74	0.00	-18,287.26	-60,000.00	1,738,246.85	1,738,246.85
Interest Accrual		31.12.2019	31.12.2019	0.00	18,495.09	0.00	18,495.09	1,756,741.94	1,738,246.85
Interest Capitalisation		31.12.2019	31.12.2019	0.00	-18,495.09	18,495.09	0.00	1,756,741.94	1,756,741.94

Loan 61000778	Interest Rate	Posting Date	Value Date	Capital	Interest Accrued	Interest Capitalized	Total	Balance Incl. Accruals	Balance Excl. Accruals
Repayment Due		31.12.2019	31.12.2019	-41,504.91	0.00	-18,495.09	-60,000.00	1,696,741.94	1,696,741.94

- The total outstanding long-term debt of Kannaland Municipality amounts to R1.70 million as at 31 December 2019.
- A monthly instalment of R60 thousand at an interest rate of 12.52% per annum is being paid.
- For the current month the instalment amount is made up out of R18 thousand in interest with a capital redemption amount of R 42 thousand.

6 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. Most of the indicators will only be measured from the third quarter however in cases where targets were not met will revisions be made to the currently SDBIP.

The revised Top Layer SDBIP will be submitted concurrently with the Adjustment Budget to be approved by Council in February 2019.

ANNEXURE A – Financial Performance (Revenue and Expenditure by municipal vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Mid-Year

Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		20 220	8 740	8 116	8 158	18 425	4 058	14 367	354,0%	8 116
Vote 2 - CORPORATE SERVICES		17 345	25 275	26 509	136	4 521	13 751	(9 229)	-67,1%	26 509
Vote 3 - FINANCIAL SERVICES		26 667	24 910	24 535	1 856	15 091	13 615	1 476	10,8%	24 535
Vote 4 - TECHNICAL SERVICES		84 183	155 394	158 490	5 863	41 782	84 210	(42 427)	-50,4%	158 490
Vote 5 - CALITZDORP SPA		—	—	—	—	—	—	—		—
Vote 6 - CORPORATE SERVICES (Continued)		—	—	—	—	—	—	—		—
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—		—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—		—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—		—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—		—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—		—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—		—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—		—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—		—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—		—
Total Revenue by Vote	2	148 415	214 320	217 650	16 013	79 820	115 633	(35 814)	-31,0%	217 650
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		23 900	15 081	14 430	1 434	6 099	7 215	(1 116)	-15,5%	14 430
Vote 2 - CORPORATE SERVICES		24 755	28 843	29 654	2 059	11 124	13 939	(2 816)	-20,2%	29 654
Vote 3 - FINANCIAL SERVICES		21 006	30 062	29 017	1 632	9 627	14 509	(4 882)	-33,6%	29 017
Vote 4 - TECHNICAL SERVICES		87 854	88 330	88 732	9 916	34 101	44 366	(10 265)	-23,1%	88 732
Vote 5 - CALITZDORP SPA		—	—	—	—	—	—	—		—
Vote 6 - CORPORATE SERVICES (Continued)		566	639	589	23	225	294	(69)	-23,6%	589
Vote 7 - [NAME OF VOTE 7]		—	—	—	—	—	—	—		—
Vote 8 - [NAME OF VOTE 8]		—	—	—	—	—	—	—		—
Vote 9 - [NAME OF VOTE 9]		—	—	—	—	—	—	—		—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—		—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—		—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—		—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—		—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—		—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—		—
Total Expenditure by Vote	2	158 080	162 954	162 423	15 065	61 175	80 323	(19 148)	-23,8%	162 423
Surplus/ (Deficit) for the year	2	(9 665)	51 366	55 227	949	18 645	35 310	(16 665)	-47,2%	55 227

ANNEXURE B WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 732	–	(3 852)	11 391	(3 852)
Call investment deposits		8 289	–	–	11 600	–
Consumer debtors		(101)	(96 784)	(199 443)	72 923	(199 443)
Other debtors		(26 043)	(3 326)	(7 661)	18 778	(7 661)
Current portion of long-term receivables		(5)	–	–	–	–
Inventory		924	3 395	6 476	233	6 476
Total current assets		(15 205)	(96 715)	(204 480)	114 926	(204 480)
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		(36)	–	–	–	–
Investment property		(211)	–	–	–	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		(7 208)	52 626	67 134	7 080	67 134
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(52)	–	29	–	29
Other non-current assets		–	–	–	–	–
Total non current assets		(7 507)	52 626	67 164	7 080	67 164
TOTAL ASSETS		(22 712)	(44 088)	(137 316)	122 006	(137 316)
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(566)	(437)	(873)	205	(873)
Consumer deposits		11	–	–	60	–
Trade and other payables		(4 359)	(133 603)	(261 776)	32 568	(261 776)
Provisions		(357)	–	–	–	–
Total current liabilities		(5 271)	(134 040)	(262 649)	32 833	(262 649)
Non current liabilities						
Borrowing		116	(1 157)	(1 157)	–	(1 157)
Provisions		2 452	–	(1 500)	–	(1 500)
Total non current liabilities		2 567	(1 157)	(2 657)	–	(2 657)
TOTAL LIABILITIES		(2 704)	(135 197)	(265 306)	32 833	(265 306)
NET ASSETS	2	(20 008)	91 108	127 990	89 173	127 990

ANNEXURE C: WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		5 891	(2 488)	(1 259)	931	9 078	(629)	9 707	-1543%	(1 259)
Service charges		32 617	79 153	79 421	7 108	47 379	39 711	7 669	19%	79 421
Other revenue		(5 350)	8 625	8 610	562	3 926	4 305	(379)	-9%	8 610
Government - operating		31 150	9 452	9 855	6 917	15 914	10 624	5 290	50%	9 855
Government - capital		11 439	52 136	54 588	430	13 366	30 847	(17 480)	-57%	54 588
Interest		718	6 132	6 132	2	422	3 066	(2 644)	-86%	6 132
Dividends		—	—	—	—	—	—	—		—
Payments										
Suppliers and employees		(111 233)	(136 406)	(135 797)	(15 035)	(60 873)	(67 010)	(6 137)	9%	(135 797)
Finance charges		(2 921)	(722)	(722)	—	(202)	(361)	(159)	44%	(722)
Transfers and Grants		(406)	(558)	(558)	(27)	(27)	(279)	(252)	90%	(558)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(38 095)	15 325	20 270	888	28 983	20 272	(8 711)	-43%	20 270
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		—	—	—	—	—	—	—		—
Decrease (Increase) in non-current debtors		—	—	—	—	—	—	—		—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—		—
Decrease (increase) in non-current investments		36	—	—	—	—	—	—		—
Payments										
Capital assets		(778)	(52 626)	(55 972)	—	—	(26 433)	(26 433)	100%	(55 972)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(743)	(52 626)	(55 972)	—	—	(26 433)	(26 433)	100%	(55 972)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—		—
Borrowing long term/refinancing		—	—	—	—	—	—	—		—
Increase (decrease) in consumer deposits		11	—	—	7	60	—	60	0%	—
Payments										
Repayment of borrowing		0	(720)	(720)	—	(2)	(360)	(358)	99%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		11	(720)	(720)	7	58	(360)	(418)	116%	(720)
NET INCREASE/ (DECREASE) IN CASH HELD		(38 827)	(38 022)	(36 422)	894	29 041	(6 521)			(36 422)
Cash/cash equivalents at beginning:		(2)	—	—		—	—			—
Cash/cash equivalents at month/year end:		(38 829)	(38 022)	(36 422)		29 041	(6 521)			(36 422)

ANNEXURE D Employee related costs

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

Summary of Employee and Councillor remuneration	Ref	2018/19	Budget Year 2019/20								SC8	Check Import Sheet
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast		
R thousands												
	1	A	B	C						D		
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages		2 513	2 559	2 559	195	932	1 279	(347)	-27%	2 559	2101	SC 8 2101
Pension and UIF Contributions		12	52	52	—	—	26	(26)	-100%	52	2102	SC 8 2102
Medical Aid Contributions		—	32	32	8	33	16	17	107%	32	2103	SC 8 2103
Motor Vehicle Allowance		143	282	282	22	107	141	(35)	-25%	282	2106	SC 8 2106
Cellphone Allowance		656	352	352	26	229	176	53	30%	352	2107	SC 8 2107
Housing Allowances		—	—	—	—	—	—	—	—	—	2108	SC 8 2108
Other benefits and allowances		—	—	—	—	—	—	—	—	—	2109	SC 8 2109
Sub Total - Councillors		3 323	3 277	3 277	251	1 301	1 638	(337)	-21%	3 277		
% increase	4		-1,4%	-1,4%						-1,4%		
Senior Managers of the Municipality	3											
Basic Salaries and Wages		1 145	3 120	3 120	—	1 040	1 560	(520)	-33%	3 120	2001	SC 8 2001
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—	2002	SC 8 2002
Medical Aid Contributions		—	—	—	—	—	—	—	—	—	2003	SC 8 2003
Overtime		1 644	—	—	—	—	—	—	—	—	2004	SC 8 2004
Performance Bonus		491	273	273	90	90	137	(47)	-34%	273	2005	SC 8 2005
Motor Vehicle Allowance		459	193	193	28	169	96	73	75%	193	2006	SC 8 2006
Cellphone Allowance		13	—	32	—	—	16	(16)	-100%	32	2007	SC 8 2007
Housing Allowances		—	10	10	—	—	5	(5)	-100%	10	2008	SC 8 2008
Other benefits and allowances		2	26	50	—	—	25	(25)	-100%	50	2009	SC 8 2009
Payments in lieu of leave		—	—	—	—	—	—	—	—	—	2010	SC 8 2010
Long service awards		—	—	—	—	—	—	—	—	—	2011	SC 8 2011
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—	2012	SC 8 2012
Sub Total - Senior Managers of Municipality		3 755	3 622	3 679	118	1 299	1 839	(541)	-29%	3 679		
% increase	4		-3,5%	-2,0%						-2,0%		
Other Municipal Staff												
Basic Salaries and Wages		35 411	38 108	38 108	3 445	20 162	18 179	1 983	11%	38 108	2021	SC 8 2021
Pension and UIF Contributions		5 300	6 823	6 823	496	2 940	3 411	(472)	-14%	6 823	2022	SC 8 2022
Medical Aid Contributions		1 606	1 713	1 713	176	980	856	124	14%	1 713	2023	SC 8 2023
Overtime		3 245	1 950	1 370	282	1 880	685	1 195	174%	1 370	2024	SC 8 2024
Performance Bonus		2 186	—	—	643	1 757	—	1 757	#DIV/0!	—	2025	SC 8 2025
Motor Vehicle Allowance		1 931	2 364	2 390	181	1 130	1 195	(65)	-5%	2 390	2026	SC 8 2026
Cellphone Allowance		97	152	152	10	90	76	14	19%	152	2027	SC 8 2027
Housing Allowances		291	337	337	21	119	168	(49)	-29%	337	2028	SC 8 2028
Other benefits and allowances		933	4 337	4 773	508	1 363	2 374	(1 011)	-43%	4 773	2029	SC 8 2029
Payments in lieu of leave		591	—	—	2	26	—	26	#DIV/0!	—	2030	SC 8 2030
Long service awards		—	—	—	—	—	—	—	—	—	2031	SC 8 2031
Post-retirement benefit obligations		159	—	—	—	—	—	—	—	—	2032	SC 8 2032
Sub Total - Other Municipal Staff		51 749	55 784	55 665	5 764	30 449	26 945	3 504	13%	55 665		
% increase	4		7,8%	7,6%						7,6%		
Total Parent Municipality		58 827	62 683	62 621	6 133	33 049	30 423	2 626	9%	62 621		

ANNEXURE E: Implementation of the Supply Chain Management policy

It should be emphasised that aforementioned section 36 expenditure was necessary to ensure continuation of sustainable municipal services.

ANNEXURE F WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment										
Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									%	
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		20 992	32 729	32 060	8 158	21 003	20 317	686	3,4%	32 060
Operational Revenue:Gener		18 357	28 816	28 147	8 158	18 357	16 971	1 386	8,2%	28 147
Expanded Public Works Pro		721	1 184	1 184	—	721	789	(69)	-8,7%	1 184
Local Government Financial		1 926	2 215	2 215	—	1 926	2 215	(289)	-13,0%	2 215
Municipal Infrastructure Gran		(11)	514	514	—	—	342	(342)	-100,0%	514
Provincial Government:		1 843	4 268	5 666	—	1 843	3 354	(1 511)	-45,0%	5 666
Capacity Building		—	—	—	—	—	—	—		—
Capacity Building and Other		1 843	4 218	5 616	—	1 843	3 304	(1 461)	-44,2%	5 616
Infrastructure	4	—	50	50	—	—	50	(50)	-100,0%	50
Total Operating	5	22 835	36 997	37 725	8 158	22 847	23 671	(825)	-3,5%	37 725
Capital Transfers and Grants										
National Government:		—	47 658	50 633	—	11 748	27 317	(15 569)	-57,0%	50 633
Integrated National Electrifica		—	2 901	2 901	—	—	1 451	(1 451)	-100,0%	2 901
Municipal Infrastructure Gran		—	9 757	9 757	—	6 048	4 879	1 169	24,0%	9 757
Regional Bulk Infrastructure		—	25 000	25 000	—	—	14 500	(14 500)	-100,0%	25 000
Water Services Infrastructure		—	10 000	12 975	—	5 700	6 487	(787)	-12,1%	12 975
Provincial Government:		932	4 528	4 155	430	2 157	2 077	80	3,8%	4 155
Capacity Building		—	—	—	—	—	—	—		—
Capacity Building and Other		932	1 228	734	430	932	367	565	154,0%	734
Infrastructure		—	3 300	3 421	—	1 225	1 710	(485)	-28,4%	3 421
Total Capital Tr	5	932	52 186	54 788	430	13 905	29 394	(15 489)	-52,7%	54 788
TOTAL RECEIP	5	23 768	89 183	92 513	8 588	36 752	53 065	(16 313)	-30,7%	92 513

ANNEXURE G: Service Delivery performance analysis

Performance management is prescribed by Chapter 6 of the Municipal Systems Act (MSA), Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the aforementioned regulation 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 responsibilities of the different role players.” This framework, inter alia, reflects the linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and individual and service provider performance. Kannaland Municipality does have an approved Performance Management Framework, Policy.

6.1.1 Implementation of the Performance Management

The IDP 2019/20 was compiled and approved by Council on 28 May 2019. Performance is evaluated by means of a municipal scorecard (Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) at organisational level and through the Departmental SDBIP at Departmental level. The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the Municipality is implemented. It also allocates responsibilities to Departments to deliver services in terms of the IDP and Budget. The TL SDBIP was prepared and approved by the Executive Mayor on 27 June 2019.

During the first 6 months of performance monitoring it is evident that a strategic session be held to amend the sdbip in order to operate more effectively and efficiently. It is imperative that the monitoring and evaluation are aligned to the budget reporting processes and adhering to the SMART principle.

6.1.2 Monitoring the Performance

The municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system

6.1.3 Report on municipal performance

Below is the performance of the Kannaland Municipality for the first six months:

QUARTER 1 AND 2:
Toplayer Service Delivery Budget Implementation Plan for 2019-2020

TL REF	Directorate [R]	National KPA [R]	IDP Objective [R]	KPI Name [R]	Unit of Measurement	Annual Target	Q1 Target	Q1 Actual	Status	Performance Comment	Corrective Measure	Q2 Target	Q2 Actual	Status	Performance Comment	Corrective Measure
KPI 1	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Oversight of the financial recovery plan: progress report quarterly review	Submission of quarterly report to Council to ensure adherence to the planned targets set on a quarterly basis	4	1	1		Management report to council on the progress made on all activities within the FRP	N/A	1	1		Management report to council on the progress made on all activities within the FRP	N/A
KPI 2	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Compulsory number of general council meetings per annum	Number of general council meetings held per annum	4	1	5		Council exceeds the target by the number of meetings held	N/A	1	2		Council exceeds the target by the number of meetings held	N/A
KPI 3	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Effective functioning of the committee system measured by the number of committee meetings per committee per annum	Number of sec 80 committee meetings per annum (Finance & Administration and Community & Infrastructure Services)	8	2	0		No meetings were held in this quarter	Management must and will ensure the amendment of the sdbip in terms of kpi and target setting is done concurrently with the adjustment process	2	0		No meetings were held in this quarter	Management must and will ensure the amendment of the sdbip in terms of kpi and target setting is done concurrently with the adjustment process
KPI 4	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	The Top Layer SDBIP is approved by the Mayor within 28 days after the annual budget has been approved	Top Layer SDBIP approved within 28 days after the annual budget has been approved	1	0	N/A		This kpi is only being measured in q4	N/A	0	N/A		This kpi is only being measured in q4	N/A
KPI 5	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework	Number of signed performance agreements of Section 57 managers (not later than 31 July of each year)	3	0	N/A		This kpi is only being measured in q4	N/A	0	N/A		This kpi is only being measured in q4	N/A
KPI 6	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Evaluate the performance of Section 57 managers in terms of their signed agreements bi-annually	Number of formal evaluations completed bi-annually	3	3	1		The performance reviews was only conducted for the MM for the 2017/18 financial year. The 2018/19 reviews will be concluded after audit is finalised	The municipality reported on why only the MM was evaluated.No CFO and Corporate directors was in service when the evaluations was conducted. The municipality has appointed a CFO and Infrastructure Director and will have evaluations onwards.	0	N/A		The performance reviews was only conducted for the MM for the 2017/18 financial year. The 2018/19 reviews will be concluded after audit is finalised	The municipality reported on why only the MM was evaluated.No CFO and Corporate directors was in service when the evaluations was conducted. The municipality has appointed a CFO and Infrastructure Director and will have evaluations onwards.
KPI 7	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Risk based audit plan approved by Audit Committee	Risk based audit plan approved by March annually	1	0	N/A		This kpi is only being measured in q4	N/A	0	N/A		This kpi is only being measured in q4	N/A
KPI 8	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Functional performance audit committee measured by means of meetings where committee dealt with performance reports	Number of meetings	4	1	0		No meetings were held in this quarter	Training must be provided to the audit and performance committee in terms of legislative requirements of what is required of them. The Internal audit unit must also be establish in order to assist the audit and performance committee with pre audit reports	1	0		No meetings were held in this quarter	Training must be provided to the audit and performance committee in terms of legislative requirements of what is required of them. The Internal audit unit must also be establish in order to assist the audit and performance committee with pre audit reports
KPI 9	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	The % of the Municipality's capital budget spent on capital infrastructure projects identified in the IDP for the financial year	The percentage (%) or a municipality's capital budget spent on capital projects identified in the IDP for the financial year measured as the total actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x 100	85%	5%	0%		Through inspection it was noted by the IDP/PM Coordinator that no financial information was updated for the sdbip quarter 1. However it was reported in the financial report submitted to PT (section 52)	Management must ensure that departments responsible for updating the sdbip should submit the information to the cfo, bto manager and pm coordinator, for futher inspection before submitting the final product	20%	13%		Target not partially achieved	Project implementation plan to be reviewed on weekly basis
KPI 10	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Operational conditional grant spending measured by the percentage (%) spent	Percentage (%) of the of operational conditional grant spent	95%	15%	0%		Through inspection it was noted by the IDP/PM Coordinator that no financial information was updated for the sdbip quarter 1. However it was reported in the financial report submitted to PT (section 52)	Management must ensure that departments responsible for updating the sdbip should submit the information to the cfo, bto manager and pm coordinator, for futher inspection before submitting the final product	30%	38%		Target not partially achieved	Project implementation plan to be reviewed on weekly basis
KPI 11	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Capital conditional grant spending measured by the percentage (%) spent	Percentage (%) of the capital conditional grant spent	95%	20%	0%		Through inspection it was noted by the IDP/PM Coordinator that no financial information was updated for the sdbip quarter 1. However it was reported in the financial report submitted to PT (section 52)	Management must ensure that departments responsible for updating the sdbip should submit the information to the cfo, bto manager and pm coordinator, for futher inspection before submitting the final product	55%	13%		Target not partially achieved	Project implementation plan to be reviewed on weekly basis
KPI 12	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Review and prioritisation of risk register	Submit to Council reviewed and prioritised risk register by February annually	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 13	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Establish an internal audit unit as required in terms of section 165 of the MFMA	Effectively functioning of internal audit unit that advises the municipal manager and reports to the audit committee on the implementation of the internal audit plan and related matters	1	0	N/A		N/A	N/A	1	0		This target must be properly given attention to as it will improve audit checks	The municipality must budget and appoint or enter in agreement with the district for shared services
KPI 14	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	IDP reviewed and approved by Council before the end of May	IDP approved by Council before the end of May annually	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A

QUARTER 1 AND 2:
Toplayer Service Delivery Budget Implementation Plan for 2019-2020

TL REF	Directorate [R]	National KPA [R]	IDP Objective [R]	KPI Name [R]	Unit of Measurement	Annual Target	Q1 Target	Q1 Actual	Status	Performance Comment	Corrective Measure	Q2 Target	Q2 Actual	Status	Performance Comment	Corrective Measure
KPI 15	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Submit final Annual Report and oversight report of council before legislative deadline	Final Annual Report and oversight report completed and submitted to Council for approval by 31 March each year	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 16	Office of the Municipal Manager	Good Governance and Public Participation	To promote efficient and effective governance with high levels of stakeholder participation	Compilation of IDP & Budget process plan for approval by end August annually	IDP and Budget process plan approved by Council by end August annually	1	1	1		This idp and budget process plan was tabled to council in August 2019	N/A	0	1		This idp and budget process plan was tabled to council in August 2019	N/A
NKPI 1	Office of the Municipal Manager	Municipal Transformation and Institutional Development	To Promote Efficient and effective Governance with high levels of stakeholder participation	The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100.	The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan	25%	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 17	Office of the Municipal Manager	Municipal Transformation and Institutional Development	To promote efficient and effective governance with high levels of stakeholder participation	Develop a strategy and implementation plan to address transformation of organisational culture to ensure performance culture are adhere to for approval by Council by 30 September 2019	Strategy and action plan to achieve the desired organisational culture / performance-driven culture	1	1	1		The kpi and target will be revised to review the performance management framework/policy as there is one in place which was approved August 2018	Management must and will ensure the amendment of the sdbip in terms of kpi and target setting is done concurrently with the adjustment process	0	N/A		N/A	N/A
KPI 18	Office of the Municipal Manager	Local Economic Development	To facilitate economic growth, social and community development	Establishment of a Public Private Partnership (Inovasure, National Treasury, COGTA, Eskom and Kannaland Municipality)	Appointment of project steering committee to ensure the process of the establishment by 31 August 2019	1	1	0		This action is still in process and cannot be determined yet	Kpi and taret's must be amend to ensure effective and accurate targets setting for monitoring purposes	0	N/A		N/A	N/A
KPI 19	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Unaudited Annual Financial Statements submitted to Auditor-General	Financial statements submitted to Auditor-General by 31 August annually	1	1	0		The AFS was submitted on 10 October 2019. It was communicated to the AG on the non compliance	A functional and capacitated bto unit has been established and will ensure that compliance will be adhered to in future	0	N/A		N/A	N/A
KPI 20	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	The annual budget is approved by Council by end May	Approval by Council of the annual budget before the end of May annually	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 21	Office of the Municipal Manager	Good Governance and Public Participation	To strive towards a financially sustainable municipality	The adjustment budget is approved by Council by the end of February annually	Approval of Adjustments Budget before the end of February annually	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 22	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Maintain a Year to Date (YTD) debtors' payment percentage of 86% (excluding traffic fines)	Payment percentage (%) of debtors over 12 months rolling period	78%	78%	84%		Target achieved	N/A	78%	N/A		Due to our system errors and cannot properly end off the quarter for this stats, it was unable to obtain creible information to reported on	Through inspection, it is recommended that the proper set of deadlines must be strictly set on financial reporting in order to do proper planning. In instances where errors incurred, the municipality or relevant senior manager must engage with the service provider to avoid system errors in future.
KPI 23	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Review the debt collection and credit control strategy and develop and implement initiatives to improve the cash flow	Annually review and submit the debt collection and credit control strategy for implementation of initiatives to improve the cash flow to the Mayor before end March	1	0	N/A		N/A	N/A	0	N/A		This target will be measured and reported on in the 3rd quarter	N/A
NKPI 2	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Financial Viability measured in terms of Cost coverage ratio for the financial year	Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure)	1	1	0		This target cannot be determined yet.	Target will be amend to the last quarter	1	1,1		This ratio is calculated and reported on the norms and standards as should be	N/A
NKPI 3	Office of the Municipal Manager	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Financial Viability measured in terms of debt coverage ratio for the financial year	Debt coverage ratio calculated as follows: (Total revenue received – Total grants)/debt service payments due within the year)	34,7%	0	N/A		N/A	N/A	0	77		This ratio is calculated and reported on the norms and standards as should be	N/A
KPI 24	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Compliance with GRAP to ensure effective capital asset management (PPE; Intangible; Investment Property, Biological and Heritage Assets)	Number of findings in the external Audit report on non-compliance with GRAP not exceeding 2 findings	2	0	N/A		N/A	N/A	0	N/A		The audit is still in process	N/A

QUARTER 1 AND 2:
Toplayer Service Delivery Budget Implementation Plan for 2019-2020

TL REF	Directorate [R]	National KPA [R]	IDP Objective [R]	KPI Name [R]	Unit of Measurement	Annual Target	Q1 Target	Q1 Actual	Status	Performance Comment	Corrective Measure	Q2 Target	Q2 Actual	Status	Performance Comment	Corrective Measure
KPI 25	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Maintaining an acceptable Long-Term Debt as a percentage of revenue as set out in the Borrowing Funds and Reserves Policy	Long Term Debt as percentage of revenue: Calculated as Total Long-term debt/Total Operating Revenue - Conditional Grants and Transfers x 100	25%	0	N/A		N/A	N/A	0	N/A		This is an annual target	N/A
NKPI 4	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Sound financial management by maintaining an acceptable Liquidity Ratio	Liquidity Ratio: Calculated as monetary assets (Current Assets - Inventory)/ Current Liabilities	1:1	0	N/A		N/A	N/A	0	77		N/A	N/A
KPI 26	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Maintain a financially unqualified audit with findings opinion	Obtain an unqualified audit opinion as per the Auditor-General Report	1	0	N/A		N/A	N/A	1	0		Audit is still in process	Audit is still in process
KPI 27	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Establish a functional financial management and accounting system by implementing all the mSCOA reforms	Submit mSCOA implementation plan to Municipal Manager by 30 September 2019	1	1	1		Target achieved	N/A	0	1		Target achieved	N/A
KPI 28	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Enforce compliance to the process whereby expenditure is authorised, approved and incurred as per the approved budget and within the limits of the financial recovery plan	Conduct regular meetings between the Administrator, Implementation Manager, the CFO and the MM to review expenditure before it is incurred. (The principle of “no budget, no procurement” is applied)	5	5	5		Target achieved	N/A	0	5		Target achieved	N/A
KPI 29	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Ensure that business continuity matters are adhere to in terms of all ICT systems	Compile a business and action plan, including funding requirements to address the identified ICT deficiencies for submission	1	1	1		Funding plans with action was submitted to PT in September 2019	N/A	0	N/A		N/A	N/A
KPI 30	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Compile and submit cost-effective tariffs by 31 January 2020 for consideration in 2020/21 budget	Cost-reflective tariffs that cover the costs of services delivered as per legislative requirements	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 31	Financial Services	Municipal Financial Viability and Management	To strive towards a financially sustainable municipality	Develop and submit a capital reserve fund policy for approval by Council	Develop and approve the capital reserve fund policy	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 32	Corporate Services	Spatial Rationale	To strive towards a safe community in Kannaland through the proactive management of traffic , enviromental health,fire and disaster risks	Annual Review of the Disaster Management Plan by end November	Plan completed and submitted to Council for approval by end November	1	0	N/A		N/A	N/A	1	0		This plan will be tabled to council with the IDP	Management must and will ensure the amendment of the sdbip in terms of kpi and target setting is done concurrently with the adjustment process
KPI 33	Corporate Services	Spatial Rationale	To strive towards a safe community in Kannaland through the proactive management of traffic , enviromental health,fire and disaster risks	Development of Alien Invasive Management plan as per NEM:BA	Submission of Alien Invasive Management Plan for approval by Council by 30 November 2019	1	0	N/A		N/A	N/A	1	0		This plan will be tabled to council with the IDP	Management must and will ensure the amendment of the sdbip in terms of kpi and target setting is done concurrently with the adjustment process
KPI 34	Corporate Services	Spatial Rationale	To strive towards a safe community in Kannaland through the proactive management of traffic , enviromental health,fire and disaster risks	Waste disposal facilities managed according to Authorization conditions	Submit Waste Management Action Plan to Department by 31 July 2019	1	1	0		This was not achieved	Target will be amend to the last quarter	0	N/A		N/A	N/A
KPI 35	Corporate Services	Basic Service Delivery	To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Update Human Settlement Pipeline	Reviewed Human Settlement Pipeline submitted to Council by April 2020	1	0	N/A		N/A	N/A	0	N/A		N/A	N/A
KPI 36	Corporate Services	Good Governance and Public Participation	To promote effiecient and effective governance with high levels of stakeholder participation	Submit signed MOU for shared services regarding spatial planning to Council	MOU for shared services regarding spatial planning	1	1	0		This target was not achieved.	Target will be amend to the third quarter	0	N/A		N/A	N/A
KPI 37	Infrastructure Services	Basic Service Delivery	To provide adequate services and improve our public relations	Effective management of electricity provisioning systems evaluated i.t.o. electricity losses	Percentage (%) of electricity losses calculated on a twelve-month rolling period (kWh purchased minus kWh sold). Measured and reported on quarterly.	12%	12%	12%		Achieved	n/a	12%	N/A		The revenue department could produce information due to system errors	Through inspection, it is recommended that the proper set of deadlines must be strictly set on financial reporting in order to do proper planning. In instances where errors incurred, the municipality or relevant senior manager must engage with the service provider to avoid system errors in future.

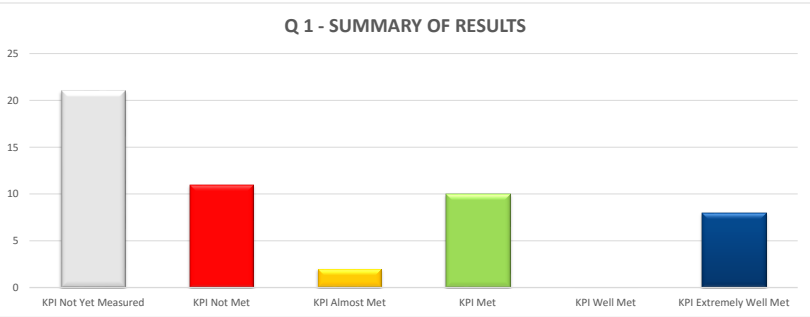
QUARTER 1 AND 2:
Toplayer Service Delivery Budget Implementation Plan for 2019-2020

TL REF	Directorate [R]	National KPA [R]	IDP Objective [R]	KPI Name [R]	Unit of Measurement	Annual Target	Q1 Target	Q1 Actual	Status	Performance Comment	Corrective Measure	Q2 Target	Q2 Actual	Status	Performance Comment	Corrective Measure
KPI 38	Infrastructure Services	Basic Service Delivery	To provide adequate services and improve our public relations	Renewable energy plan to improve energy efficiency and hence also support mitigation of national load shedding by Eskom (streetlight project – energy efficient project – ladismith and calitzdorp) Renewable energy plan to improve energy efficiency and hence also support mitigation of national load shedding by Eskom (streetlight project – energy efficient project – ladismith and calitzdorp)	1. Renewable Energy Plan (REP) prepared. 2. Plan submitted to Department of Energy and other potential funders for funding. 3. Report progress quarterly on implementation milestones	4	Plan ready and submitted to the Department of Energy	Plan was submitted to INEP		Achieved	n/a	1 Progress Report	1 Progress Report covered in Monthly Report		Target achieved	N/A
KPI 39	Infrastructure Services	Basic Service Delivery	To provide adequate services and improve our public relations	Action plan to reduce water losses – water demand management plan	Submit action plan to reduce water losses to Council by 30 September 2019	1	1	1		Phase 1 achieved - included in reports to 29 Jul Council pages 73-76	Dedicated item on Reduction of water losses to Council before 31 Dec 2019	0	1		Phase 1 achieved - included in reports to 29 Jul Council pages 73-76. A second and more comprehensive item in agenda 27 Nov '19 pg 16-41	N/A
KPI 40	Infrastructure Services	Basic Service Delivery	To provide adequate services and improve our public relations	Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses	Percentage (%) water losses calculated based on the methodology set out in the Department of Water Affairs – Water Balancing Report	37%	41%	Achieved (target 41%)		Target achieved	N/A	41%	N/A		The revenue department could produce information due to system errors	Through inspection, it is recommended that the proper set of deadlines must be strictly set on financial reporting in order to do proper planning. In instances where errors incurred, the municipality or relevant senior manager must engage with the service provider to avoid system errors in future.
KPI 41	Infrastructure Services	Basic Service Delivery	To provide adequate services and improve our public relations	Excellent water quality measured by the quality of water as per SANS 241 criteria	Percentage (%) water samples taken of which the quality conforms to SANS 241. If 100 samples taken and 85 complies, then 85/100 = 85% compliance, which are the targets set.	85%	85%	84%		Target achieved	N/A	85%	61%		Not met - Nov results outstanding but Oct & Dec only 61%	Eskom outages and very low water levels in dams caused muddy water that worsened the situation
KPI 42	Infrastructure Services	Basic Service Delivery	To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Review existing maintenance plan of all infrastructure services and table to Council	Maintenance plan of all infrastructure services reviewed and tabled to Council by end December 2019 by means of the council resolution (indicate the list maintenance plans)	1	0	N/A		N/A	N/A	1	0		Report had been finished "on time" viz 15 Nov but there was no Council meeting in December - hence sent to Council of 30 Jan 2020	Sent to Council of 30 JAN 2020
NKPI 5	Financial Services	Basic Service Delivery	To provide adequate services and improve our public relations	Number of formal residential properties that receives piped water connected to the municipal water infrastructure network as at 30 June 2020	Number of residential properties which are billed for water services as at 30 June 2020	4914	0	4926		The system calculate automatically as new connections and registrations incurred	N/A	0	N/A		This is an annual target	N/A

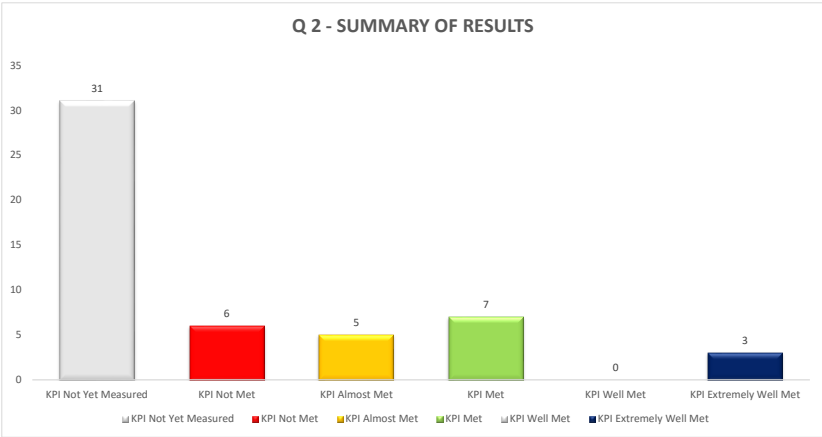
QUARTER 1 AND 2:
Toplayer Service Delivery Budget Implementation Plan for 2019-2020

TL REF	Directorate [R]	National KPA [R]	IDP Objective [R]	KPI Name [R]	Unit of Measurement	Annual Target	Q1 Target	Q1 Actual	Status	Performance Comment	Corrective Measure	Q2 Target	Q2 Actual	Status	Performance Comment	Corrective Measure
NKPI 6	Financial Services	Basic Service Delivery	To provide adequate services and improve our public relations	Number of formal residential properties connected to the municipal electrical infrastructure network (excluding eskom areas) as at 30 June 2020	Number of residential properties which are billed for electricity (excluding eskom areas) as at 30 June 2020	Prepaid: 3086 Conventional 439	0	3790		The system calculate automatically as new connections and registrations incurred	N/A	0	N/A		This is an annual target	N/A
NKPI 7	Financial Services	Basic Service Delivery	To provide adequate services and improve our public relations	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network billed for the service as at 30 June 2020	Number of residential properties which are billed for sewerage services as at 30 June 2020	4460	0	4464		The system calculate automatically as new connections and registrations incurred	N/A	0	N/A		This is an annual target	N/A
NKPI 8	Financial Services	Basic Service Delivery	To provide adequate services and improve our public relations	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2020	Number of residential properties which are billed for refuse removal services as at 30 June 2020	4800	0	4805		The system calculate automatically as new connections and registrations incurred	N/A	0	N/A		This is an annual target	N/A
NKPI 9	Financial Services	Basic Service Delivery	To provide adequate services and improve our public relations	Number of H+ouseholds with access to free basic services (as per Indigent Register) by 30 June 2020	Number of Households with access to free basic services (as per Indigent Register)	2700	0	2344		The system calculate automatically as new connections and registrations incurred	N/A	0	N/A		This is an annual target	N/A
NKPI 10	Infrastructure Services	Local Economic Development	To facilitate economic growth, social and community development	Create job opportunities through the Expanded Public Works Programme (EPWP)	Number of Job opportunities created	182	0	197		Achieved well over target	n/a	60	205		Achieved well over target	n/a

Summary of Results - Q 1		
	KPI Not Yet Measured	21
	KPI Not Met	11
	KPI Almost Met	2
	KPI Met	10
	KPI Well Met	0
	KPI Extremely Well Met	8
	Total KPIs	52



Summary of Results - Q 2		
	KPI Not Yet Measured	31
	KPI Not Met	6
	KPI Almost Met	5
	KPI Met	7
	KPI Well Met	0
	KPI Extremely Well Met	3
	Total KPIs	52



QUALITY CERTIFICATE

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

(mark as appropriate)

- The Monthly budget statements
- 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 2019 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 -----