



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## **Mid-Year Budget and Performance Assessment**

**December 2020**

**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 –

- 1) summary of the past year's annual report, and progress on resolving problems identified in the annual report and the audit report;
- 2) a summary of any potential impact of the national adjustments budget and the relevant provincial; and
- 3) a recommendation as to whether an adjustments budget for the municipality is necessary

#### **3.1 Summary of the previous year Annual Report**

The Statement of Financial Performance provided 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.

#### **3.2 Overall challenges experience by the municipality**

The municipal performance has improved when compared to the 2018/19 financial year. In the financial year 2019/20 the municipality managed to fill the critical position of the Senior Management such as the Manager Budget and Treasury and critical support staff in the budget office. 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, and currently in the audit process for the 2019/2020 financial year. We still require responsiveness and mitigation measures to keep improving and maintaining a positive audit outcome of the municipality.

The 2019/2020 financial year has been an unprecedented year, the whole country was brought to its knees by the pandemic caused by the Covid 19. South Africa was placed on lockdown since March 2020 which limited movement, economic activities and further increase the unemployment rate in the country.

The following were notable challenges for the municipality in the 2019/20 financial and progress is being made in the current year:

#### **Challenges relating to financial management:**

- Lack of internal audit and risk management functions:
- Limited revenue and financial resources
- Poorly maintained assets (vehicles, roads and other infrastructure
- Lack of skills and capacity to facilitate compliance with the Municipal Minimum Competency Framework
- National and Provincial Government budget cuts in grant and allocations.

#### **Overall challenges**

<b>Service Area</b>	<b>Challenge</b>
Infrastructure, Water, Roads, Sanitation, Electrical	Inadequate funding (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

### 3.3 Resolutions on challenges

In 2019/2020 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
- An adjustment budget to take into account material under and over performance aligned with the budget implementation performance.

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 2020**. 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 cash flow 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 2020/2021**. 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 Kannaland - Table C1 Monthly Budget Statement Summary – Mid-Year Assessment

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

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	16 753	19 540	24 471	1 220	11 912	12 236	(323)	-3%	24 471
Service charges	86 195	92 033	94 205	7 090	43 197	47 102	(3 906)	-8%	94 205
Investment revenue	1 014	–	700	108	510	350	160	46%	700
Transfers and subsidies	40 064	37 753	44 819	11 434	27 477	22 410	5 068	23%	44 819
Other own revenue	12 858	14 384	15 384	283	2 157	7 692	(5 535)	-72%	15 384
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>156 884</b>	<b>163 710</b>	<b>179 579</b>	<b>20 136</b>	<b>85 253</b>	<b>89 789</b>	<b>(4 536)</b>	<b>-5%</b>	<b>179 579</b>
Employee costs	58 588	58 317	61 187	5 971	27 812	30 593	(2 782)	-9%	61 187
Remuneration of Councillors	3 146	3 578	3 262	179	1 072	1 631	(559)	-34%	3 262
Depreciation & asset impairment	13 231	12 231	12 222	–	1	6 111	(6 110)	-100%	12 222
Finance charges	5 267	227	181	45	117	90	27	30%	181
Materials and bulk purchases	43 225	48 900	54 100	7 744	25 144	27 050	(1 906)	-7%	54 100
Transfers and subsidies	96	470	470	–	–	235	(235)	-100%	470
Other expenditure	46 746	39 462	43 923	1 348	6 954	21 961	(15 007)	-68%	43 923
<b>Total Expenditure</b>	<b>170 298</b>	<b>163 186</b>	<b>175 344</b>	<b>15 287</b>	<b>61 100</b>	<b>87 671</b>	<b>(26 571)</b>	<b>-30%</b>	<b>175 344</b>
<b>Surplus/(Deficit)</b>	<b>(13 414)</b>	<b>524</b>	<b>4 235</b>	<b>4 848</b>	<b>24 153</b>	<b>2 118</b>	<b>22 035</b>	<b>1040%</b>	<b>4 235</b>
Transfers and subsidies - capital (monetary allocations)	21 608	65 370	37 165	–	3 124	18 583	(15 459)	-83%	37 165
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>8 194</b>	<b>65 894</b>	<b>41 400</b>	<b>4 848</b>	<b>27 277</b>	<b>20 701</b>	<b>6 576</b>	<b>32%</b>	<b>41 400</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>8 194</b>	<b>65 894</b>	<b>41 400</b>	<b>4 848</b>	<b>27 277</b>	<b>20 701</b>	<b>6 576</b>	<b>32%</b>	<b>41 400</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>20 338</b>	<b>95 436</b>	<b>44 163</b>	<b>1 911</b>	<b>8 344</b>	<b>22 082</b>	<b>(13 737)</b>	<b>-62%</b>	<b>44 163</b>
Capital transfers recognised	20 122	63 321	44 151	1 911	8 344	22 076	(13 731)	-62%	44 151
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	–	–	–	–	–	–	–
<b>Total sources of capital funds</b>	<b>20 220</b>	<b>63 321</b>	<b>44 151</b>	<b>1 911</b>	<b>8 344</b>	<b>22 076</b>	<b>(13 731)</b>	<b>-62%</b>	<b>44 151</b>
<b>Financial position</b>									
Total current assets	17 171	(110 474)	86 480		32 489				86 480
Total non current assets	7 375	390 363	31 962		8 344				31 962
Total current liabilities	11 621	(5 325)	80 755		13 480				80 755
Total non current liabilities	4 033	30 340	(1 292)		(8)				(1 292)
<b>Community wealth/Equity</b>	<b>699</b>	<b>250 300</b>	<b>–</b>		<b>85</b>				<b>–</b>
<b>Cash flows</b>									
Net cash from (used) operating	(130 383)	91 789	57 157	1 820	(8 610)	(75 491)	(66 880)	89%	(150 984)
Net cash from (used) investing	437	(95 436)	(44 163)	–	–	(22 082)	(22 082)	100%	(44 163)
Net cash from (used) financing	63	(1 166)	(720)	8	31	(360)	(391)	109%	(720)
<b>Cash/cash equivalents at the month/year end</b>	<b>(129 883)</b>	<b>6 818</b>	<b>12 273</b>	<b>–</b>	<b>(8 580)</b>	<b>(86 301)</b>	<b>(77 722)</b>	<b>90%</b>	<b>(195 867)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	3 957	2 135	1 769	3 070	1 682	2	13 482	68 460	94 556
<b>Creditors Age Analysis</b>									
Total Creditors	2 704	6 033	5 074	677	17 667	–	–	–	32 155

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in her oversight role for the Mid-year performance.

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.

## Overall mid-year budget performance

The total year to date expenditure against the yearly budget is **R61.10 million or 35 percent** and the year-to-date revenue is **R85.25 million or 48 percent**, thereby reporting a surplus of **R24.15 million**. The surplus reported doesn't take into account figures for the depreciation and debt impairment.

### 4.1.3 Operating Revenue and expenditure

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

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

WC041 Ramatland - Table C4 Monthly Budget statement - Financial Performance (revenue and expenditure) - mid-year Assessment										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		16 753	19 540	24 471	1 220	11 912	12 236	(323)	-3%	24 471
Service charges - electricity revenue		52 825	55 943	59 485	4 403	27 681	29 742	(2 061)	-7%	59 485
Service charges - water revenue		19 619	21 626	21 626	1 481	8 221	10 813	(2 592)	-24%	21 626
Service charges - sanitation revenue		7 008	7 520	6 149	615	3 742	3 074	667	22%	6 149
Service charges - refuse revenue		6 743	6 945	6 945	591	3 553	3 472	80	2%	6 945
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		528	17	367	39	251	183	68	37%	367
Interest earned - external investments		1 014	-	700	108	510	350	160	46%	700
Interest earned - outstanding debtors		2 432	5 567	5 567	-	4	2 783	(2 779)	-100%	5 567
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 428	7 384	7 584	12	849	3 792	(2 943)	-78%	7 584
Licences and permits		164	50	500	7	115	250	(135)	-54%	500
Agency services		828	1 000	1 000	178	606	500	106	21%	1 000
Transfers and subsidies		40 064	37 753	44 819	11 434	27 477	22 410	5 068	23%	44 819
Other revenue		1 477	365	365	47	331	183	149	81%	365
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156 884	163 710	179 579	20 136	85 253	89 789	(4 536)	-5%	179 579
Expenditure By Type										
Employee related costs		58 588	58 317	61 187	5 971	27 812	30 593	(2 782)	-9%	61 187
Remuneration of councillors		3 146	3 578	3 262	179	1 072	1 631	(559)	-34%	3 262
Debt impairment		26 659	11 923	12 139	-	47	6 069	(6 022)	-99%	12 139
Depreciation & asset impairment		13 231	12 231	12 222	-	1	6 111	(6 110)	-100%	12 222
Finance charges		5 267	227	181	45	117	90	27	30%	181
Bulk purchases		40 767	42 693	43 593	7 025	21 754	21 797	(43)	0%	43 593
Other materials		2 458	6 207	10 507	719	3 390	5 253	(1 863)	-35%	10 507
Contracted services		10 360	15 682	18 711	809	3 709	9 355	(5 646)	-60%	18 711
Transfers and subsidies		96	470	470	-	-	235	(235)	-100%	470
Other expenditure		9 701	11 857	13 073	539	3 197	6 536	(3 339)	-51%	13 073
Loss on disposal of PPE		25	-	-	-	-	-	-	-	-
Total Expenditure		170 298	163 186	175 344	15 287	61 100	87 671	(26 571)	-30%	175 344
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(13 414)	524	4 235	4 848	24 153	2 118	22 035	0	4 235
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		21 608	65 370	37 165	-	3 124	18 583	(15 459)	(0)	37 165
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		8 194	65 894	41 400	4 848	27 277	20 701			41 400
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		8 194	65 894	41 400	4 848	27 277	20 701			41 400
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		8 194	65 894	41 400	4 848	27 277	20 701			41 400
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		8 194	65 894	41 400	4 848	27 277	20 701			41 400

#### 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 **50 percent** will be considered material and indicative of adjustment. The overall the year-to-date revenue is **R85.25 million or 48 percent** for the first six months of **2020/2021**. This is indicative of an adjustment budget to be considered.

**Property Rates:** shows **48 percent or R11.91 million** against the approved annual budget for property rates.

- Downward 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:** The overall service charges performance in the mid-year budget is **R43.12 million or 46 percent** of the total budget for service charges. A downward adjustment must be considered.

**Water:** showed a performance of **50 percent or R10.81 million** against the approved annual budget for water services.

- No adjustment required, however may consider adjusting downwards, taking into consideration, the foreseeable impact of the continued lockdown impact on the economy

**Refuse:** showed a performance of **51 percent or R3.55 million** against the approved annual budget for water services

- An upward adjustment must be considered, as the revenue performance of refuse is above the expectation in the first half of the financial year.

**Sanitation:** showed a performance of **60 percent or R3.74 million** against the approved annual budget for sanitation.

- An upward adjustment must be considered, as the revenue performance of Sanitation is above the expectation in the first half of the financial year

**Electricity:** shows underperformance **47 percent or R27.68 million** against the approved budgeted figure for electricity

- Downward 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.

**Interest earned: External investment** shows a **158 percent or R155 thousand** 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 **11 percent or R849 thousand** underperformance between approved budgeted figure for the mid-year ending December 2020.

- 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 are 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 2020 and also approved rollover grants from provincial government on infrastructure grants and other provincial grants were not approved to be repaid.

**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 **90 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):

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

Expenditure By Type									
Employee related costs	58 588	58 317	61 187	5 971	27 812	30 593	(2 782)	-9%	
Remuneration of councillors	3 146	3 578	3 262	179	1 072	1 631	(559)	-34%	
Debt impairment	26 659	11 923	12 139	—	47	6 069	(6 022)	-99%	
Depreciation & asset impairment	13 231	12 231	12 222	—	1	6 111	(6 110)	-100%	
Finance charges	5 267	227	181	45	117	90	27	30%	
Bulk purchases	40 767	42 693	43 593	7 025	21 754	21 797	(43)	0%	
Other materials	2 458	6 207	10 507	719	3 390	5 253	(1 863)	-35%	
Contracted services	10 360	15 682	18 711	809	3 709	9 355	(5 646)	-60%	
Transfers and subsidies	96	470	470	—	—	235	(235)	-100%	
Other expenditure	9 701	11 857	13 073	539	3 197	6 536	(3 339)	-51%	
Loss on disposal of PPE	25	—	—	—	—	—	—	—	
Total Expenditure	170 298	163 186	175 344	15 287	61 100	87 671	(26 571)	-30%	

When comparing the year-to-date actuals and year to date budget, the results reflect that the

municipality had an expenditure of **R61.10 million or 34 percent** underperformance in the first half of the financial year. 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 **45 percent or R27.81million**.

- The upwards adjustment is imperative taking into account the actual expenditure for 2020/21. The upward adjustment must take into account, internal advertised posts, annual salary increment that has not yet been applied pending the exception process. 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; the reported expenditure is **33 percent or R1.07 million**.

- The correction and adjustment must be made to incorporate the actual expenditure and correct allocation in the first half of the year 2020/2021 as some councillors were not transacted on the correct expenditure allocations.

**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 **20% or R3.71 million**. 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. It must be noted also, expenditure is expected to be low as a result of the continued lockdown which limits economic activities and affect traveling and accommodation budgeted.

### 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	2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21 YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - MUNICIPAL MANAGER		—	—	—	—	—	—	—	—	—
Vote 2 - CORPORATE SERVICES		—	1 000	1 650	—	—	825	(825)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		—	—	—	—	—	—	—	—	—
Vote 4 - TECHNICAL SERVICES		1 863	—	—	—	—	—	—	—	—
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]		—	—	—	—	—	—	—	—	—
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>1 863</b>	<b>1 000</b>	<b>1 650</b>	<b>—</b>	<b>—</b>	<b>825</b>	<b>(825)</b>	<b>-100%</b>	<b>1 650</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - MUNICIPAL MANAGER		—	—	—	—	—	—	—	—	—
Vote 2 - CORPORATE SERVICES		1 763	11 889	4 454	394	394	2 227	(1 833)	-82%	4 454
Vote 3 - FINANCIAL SERVICES		118	430	—	—	—	—	—	—	—
Vote 4 - TECHNICAL SERVICES		16 594	82 117	38 059	1 517	7 950	19 030	(11 079)	-58%	38 059
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]		—	—	—	—	—	—	—	—	—
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>18 475</b>	<b>94 436</b>	<b>42 513</b>	<b>1 911</b>	<b>8 344</b>	<b>21 257</b>	<b>(12 912)</b>	<b>-61%</b>	<b>42 513</b>
<b>Total Capital Expenditure</b>	<b>3</b>	<b>20 338</b>	<b>95 436</b>	<b>44 163</b>	<b>1 911</b>	<b>8 344</b>	<b>22 082</b>	<b>(13 737)</b>	<b>-62%</b>	<b>44 163</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>118</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		118	—	—	—	—	—	—	—	—
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>1 763</b>	<b>5 454</b>	<b>6 104</b>	<b>394</b>	<b>394</b>	<b>3 052</b>	<b>(2 658)</b>	<b>-87%</b>	<b>6 104</b>
Community and social services		—	4 145	4 795	279	279	2 398	(2 119)	-88%	4 795
Sport and recreation		1 262	1 309	1 309	115	115	654	(539)	-82%	1 309
Public safety		500	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>—</b>	<b>—</b>	<b>19</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>(9)</b>	<b>-100%</b>	<b>19</b>
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		—	—	19	—	—	9	(9)	-100%	19
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>18 457</b>	<b>57 867</b>	<b>38 040</b>	<b>1 517</b>	<b>7 950</b>	<b>19 020</b>	<b>(11 070)</b>	<b>-58%</b>	<b>38 040</b>
Energy sources		605	—	—	—	—	—	—	—	—
Water management		15 759	27 867	38 040	1 517	7 950	19 020	(11 070)	-58%	38 040
Waste water management		2 094	30 000	—	—	—	—	—	—	—
Waste management		—	—	—	—	—	—	—	—	—
<b>Other</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>20 338</b>	<b>63 321</b>	<b>44 163</b>	<b>1 911</b>	<b>8 344</b>	<b>22 082</b>	<b>(13 737)</b>	<b>-62%</b>	<b>44 163</b>
<b>Funded by:</b>										
National Government		14 060	59 721	38 106	1 911	7 830	19 053	(11 223)	-59%	38 106
Provincial Government		6 061	3 600	6 045	—	514	3 023	(2 508)	-83%	6 045
District Municipality		—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	<b>5</b>	<b>20 122</b>	<b>63 321</b>	<b>44 151</b>	<b>1 911</b>	<b>8 344</b>	<b>22 076</b>	<b>(13 731)</b>	<b>-62%</b>	<b>44 151</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Borrowing</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Internally generated funds</b>	<b>6</b>	<b>98</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Funding</b>		<b>20 220</b>	<b>63 321</b>	<b>44 151</b>	<b>1 911</b>	<b>8 344</b>	<b>22 076</b>	<b>(13 731)</b>	<b>-62%</b>	<b>44 151</b>

The year-to-date actual capital expenditure as at end of December 2020 amounts to **R8.33 million or 19 percent**.

There is significant under-spending as the total capital grant is funded from National and Provincial grants. The total capital budget of the municipality is **R44.15 million**. It is made up of the following funding sources:

- **National Government R38.11 million** – There is material underspending of **72 percent** on the year-to-date budget.
- **Provincial Government R6.04 million** – There is material underspending of 80 percent on the year-to-date budget.

The municipality will strive to ensure that **90 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

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description		Budget Year 2020/21												Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.l.o Council Policy
NT Code	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	1200	1 715	732	510	557	486	–	5 917	13 635	23 552	20 596	–	–		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	839	164	113	122	119	–	482	1 499	3 338	2 222	–	–		
Receivables from Non-exchange Transactions - Property Rates	1400	1 487	392	336	1 565	291	2	1 778	14 012	19 863	17 648	–	–		
Receivables from Exchange Transactions - Waste Water Management	1500	532	248	247	248	247	–	1 581	9 502	12 604	11 578	–	–		
Receivables from Exchange Transactions - Waste Management	1600	1 065	414	401	396	391	–	2 782	11 640	17 089	15 209	–	–		
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	23	23	23	–	–		
Interest on Arrear Debtor Accounts	1810	14	25	21	48	29	0	301	15 868	16 306	16 247	–	–		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–		
Other	1900	(1 695)	160	142	134	118	–	641	2 281	1 780	3 174	–	–		
Total By Income Source	2000	3 957	2 135	1 769	3 070	1 682	2	13 482	68 460	94 556	86 696	–	–		
2019/20 - totals only															
Debtors Age Analysis By Customer Group															
Organs of State	2200	(410)	75	39	424	25	–	116	585	854	1 149	–	–		
Commercial	2300	522	188	131	267	130	2	727	2 613	4 581	3 739	–	–		
Households	2400	3 842	1 731	1 464	1 771	1 403	0	11 751	56 040	78 002	70 965	–	–		
Other	2500	2	141	135	608	124	–	888	9 222	11 119	10 842	–	–		
Total By Customer Group	2600	3 957	2 135	1 769	3 070	1 682	2	13 482	68 460	94 556	86 696	–	–		

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 **R94.67 million**.

## 4.1.5 Creditors

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description		NT Code	Budget Year 2020/21								Total
			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	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	5 116	4 879	86	–	–	–	–	10 081	
Bulk Water	0200	21	–	–	–	–	–	–	–	21	
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	
Loan repayments	0600	60	–	–	–	–	–	–	–	60	
Trade Creditors	0700	930	439	138	31	7 349	–	–	–	8 888	
Auditor General	0800	1 479	419	46	529	5 557	–	–	–	8 030	
Other	0900	214	60	11	31	4 760	–	–	–	5 076	
Total By Customer Type		1000	2 704	6 033	5 074	677	17 667	–	–	32 155	

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, the total amount owed is **R32.16 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 - Mid-Year Assessment**

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		1 381	3 245	109 598	28 701	109 598
Call investment deposits		29 476	8 387	—	7 681	—
Consumer debtors		1 748	(92 866)	(21 745)	7 914	(21 745)
Other debtors		(15 846)	(31 256)	3 629	(11 647)	3 629
Current portion of long-term receivables		(5)	(8)	—	—	—
Inventory		418	2 025	(5 002)	(161)	(5 002)
<b>Total current assets</b>		<b>17 171</b>	<b>(110 474)</b>	<b>86 480</b>	<b>32 489</b>	<b>86 480</b>
<b>Non current assets</b>						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(124)	1 489	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		7 506	388 829	31 992	8 344	31 992
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(7)	45	(30)	—	(30)
Other non-current assets		—	—	—	—	—
<b>Total non current assets</b>		<b>7 375</b>	<b>390 363</b>	<b>31 962</b>	<b>8 344</b>	<b>31 962</b>
<b>TOTAL ASSETS</b>		<b>24 546</b>	<b>279 889</b>	<b>118 442</b>	<b>40 833</b>	<b>118 442</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Borrowing		(504)	(972)	—	(277)	—
Consumer deposits		63	964	—	31	—
Trade and other payables		14 068	(7 970)	80 755	13 726	80 755
Provisions		(2 006)	2 654	—	—	—
<b>Total current liabilities</b>		<b>11 621</b>	<b>(5 325)</b>	<b>80 755</b>	<b>13 480</b>	<b>80 755</b>
<b>Non current liabilities</b>						
Borrowing		—	1 141	(1 292)	(8)	(1 292)
Provisions		4 033	29 199	—	—	—
<b>Total non current liabilities</b>		<b>4 033</b>	<b>30 340</b>	<b>(1 292)</b>	<b>(8)</b>	<b>(1 292)</b>
<b>TOTAL LIABILITIES</b>		<b>15 654</b>	<b>25 016</b>	<b>79 462</b>	<b>13 472</b>	<b>79 462</b>
<b>NET ASSETS</b>	<b>2</b>	<b>8 893</b>	<b>254 873</b>	<b>38 980</b>	<b>27 362</b>	<b>38 980</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		751	251 727	—	—	—
Reserves		(52)	(1 427)	—	85	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>699</b>	<b>250 300</b>	<b>—</b>	<b>85</b>	<b>—</b>

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	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		–	18 701	18 751	428	2 295	–	2 295	0%	–
Service charges		–	111 548	109 172	81	451	–	451	0%	–
Other revenue		–	2 027	3 027	24	361	–	361	0%	–
Government - operating		–	35 224	40 373	11 907	33 449	–	33 449	0%	–
Government - capital		–	63 321	35 766	4 667	15 886	–	15 886	0%	–
Interest		–	–	–	–	–	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees		(125 020)	(138 335)	(149 283)	(15 242)	(60 934)	(75 165)	(14 231)	19%	(150 333)
Finance charges		(5 267)	(227)	(181)	(45)	(117)	(90)	27	-30%	(181)
Transfers and Grants		(96)	(470)	(470)	–	–	(235)	(235)	100%	(470)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(130 383)</b>	<b>91 789</b>	<b>57 157</b>	<b>1 820</b>	<b>(8 610)</b>	<b>(75 491)</b>	<b>(66 880)</b>	<b>89%</b>	<b>(150 984)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Capital assets		437	(95 436)	(44 163)	–	–	(22 082)	(22 082)	100%	(44 163)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>437</b>	<b>(95 436)</b>	<b>(44 163)</b>	<b>–</b>	<b>–</b>	<b>(22 082)</b>	<b>(22 082)</b>	<b>100%</b>	<b>(44 163)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		63	–	–	8	31	–	31	0%	–
<b>Payments</b>										
Repayment of borrowing		–	(1 166)	(720)	–	–	(360)	(360)	100%	(720)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>63</b>	<b>(1 166)</b>	<b>(720)</b>	<b>8</b>	<b>31</b>	<b>(360)</b>	<b>(391)</b>	<b>109%</b>	<b>(720)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(129 883)</b>	<b>(4 814)</b>	<b>12 273</b>	<b>1 828</b>	<b>(8 580)</b>	<b>(97 933)</b>			<b>(195 867)</b>
Cash/cash equivalents at beginning:		–	11 631	–		–	11 631			–
Cash/cash equivalents at month/year end:		(129 883)	6 818	12 273		(8 580)	(86 301)			(195 867)

### 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	2019/20	Budget Year 2020/21							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
<b>EXPENDITURE</b>											
<b>Operating expenditure of Transfers and Grants</b>											
<b>National Government:</b>			28 087	26 403	29 604	2 008	9 159	14 802	(5 642)	-38,1%	29 604
Operational Revenue:General Revenue:Equitable Share			24 767	20 433	23 659	1 456	7 136	11 829	(4 693)	-39,7%	23 659
Energy Efficiency and Demand-side [Schedule 5B]			-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]			1 000	1 172	1 171	110	574	585	(11)	-1,9%	1 171
Khayelitsha Urban Renewal			-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]			1 651	2 647	2 647	-	1 414	1 323	90	6,8%	2 647
Mitchell's Plain Urban Renewal			-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]			-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]			-	-	-	-	-	-	-	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]			-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant			-	1 400	1 400	402	(60)	700	(760)	-108,6%	1 400
Municipal Infrastructure Grant [Schedule 5B]			668	751	727	40	95	364	(269)	-73,9%	727
Water Services Infrastructure Grant			-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>			5 377	3 437	7 085	427	1 471	3 543	(2 071)	-58,5%	7 085
Capacity Building			-	-	-	-	-	-	-	-	-
Capacity Building and Other			5 375	3 087	6 735	397	1 402	3 368	(1 966)	-58,4%	6 735
Disaster and Emergency Services			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Infrastructure			1	350	350	30	69	175	(106)	-60,4%	350
<b>Total operating expenditure of Transfers and Grants:</b>			33 463	29 840	36 689	2 435	10 630	18 344	(7 714)	-42,1%	36 689
<b>Capital expenditure of Transfers and Grants</b>											
<b>National Government:</b>			14 060	59 721	38 106	1 911	7 830	19 053	(11 223)	-58,9%	38 106
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			165	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]			7 354	9 721	12 490	1 909	2 961	6 245	(3 284)	-52,6%	12 490
Municipal Water Infrastructure Grant [Schedule 5B]			-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)			-	30 000	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]			6 541	20 000	25 616	2	4 869	12 808	(7 939)	-62,0%	25 616
<b>Provincial Government:</b>			6 061	3 600	6 045	-	514	3 023	(2 508)	-83,0%	6 045
Capacity Building			-	-	-	-	-	-	-	-	-
Capacity Building and Other			500	1 000	1 650	-	-	825	(825)	-100,0%	1 650
Disaster and Emergency Services			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Infrastructure			5 561	2 600	4 395	-	514	2 198	(1 683)	-76,6%	4 395
Libraries, Archives and Museums			-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>			20 220	63 321	44 151	1 911	8 344	22 076	(13 731)	-62,2%	44 151
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>			53 683	93 162	80 841	4 346	18 975	40 420	(21 445)	-53,1%	80 841

Supporting Table SC7 (1) sets out the expenditure against all grants.

The following expenditure was incurred for the first six months on National Grants:

- Financial Management Grant to the amount of **R2.13 million**
- Water Services Infrastructure Grant to the amount of **R998 thousand**
- Municipal Infrastructure Grant to the amount of **R4.02 million** for Capital and **R274 thousand** for PMU.
- Expanded Public Works Programme to the amount of **R572 thousand**

The following expenditure were incurred on Provincial Grants:

- Libraries Grant to the amount of **R1.47 million**
- Drought Relief Grant to the amount of **R385 thousand**

The following grants have been received from National Departments:

- Equitable Share the amount of **R26.56 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 **R2.65 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 **R8.83 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 **R293 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 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.

The following grants have been received from Provincial Departments:

- Community Development Worker (CDW) to the amount of **R112 thousand**.
- Library Grant to the amount of **R3.03 million**.
- Drought Relief to the amount of **R2.60 million**.

### 5.1.4 Long-term borrowing

Interest Accrual		31.07.2020	31.07.2020	0.00	15,243.78	0.00	15,243.78	1,451,109.27	1,435,865.49
Interest Capitalisation		31.07.2020	31.07.2020	0.00	-15,243.78	15,243.78	0.00	1,451,109.27	1,451,109.27
Repayment Due		31.07.2020	31.07.2020	-44,756.22	0.00	-15,243.78	-60,000.00	1,391,109.27	1,391,109.27
Interest Accrual		31.08.2020	31.08.2020	0.00	14,768.63	0.00	14,768.63	1,405,877.90	1,391,109.27
Interest Capitalisation		31.08.2020	31.08.2020	0.00	-14,768.63	14,768.63	0.00	1,405,877.90	1,405,877.90
Repayment Due		31.08.2020	31.08.2020	-45,231.37	0.00	-14,768.63	-60,000.00	1,345,877.90	1,345,877.90
Interest Accrual		30.09.2020	30.09.2020	0.00	13,827.51	0.00	13,827.51	1,359,705.41	1,345,877.90
Interest Capitalisation		30.09.2020	30.09.2020	0.00	-13,827.51	13,827.51	0.00	1,359,705.41	1,359,705.41
Repayment Due		30.09.2020	30.09.2020	-46,172.49	0.00	-13,827.51	-60,000.00	1,299,705.41	1,299,705.41
Interest Accrual		31.10.2020	31.10.2020	0.00	13,798.24	0.00	13,798.24	1,313,503.65	1,299,705.41
Interest Capitalisation		31.10.2020	31.10.2020	0.00	-13,798.24	13,798.24	0.00	1,313,503.65	1,313,503.65
Repayment Due		02.11.2020	02.11.2020	-46,201.76	0.00	-13,798.24	-60,000.00	1,253,503.65	1,253,503.65
Interest Accrual		30.11.2020	30.11.2020	0.00	12,919.56	0.00	12,919.56	1,266,423.21	1,253,503.65
Interest Capitalisation		30.11.2020	30.11.2020	0.00	-12,919.56	12,919.56	0.00	1,266,423.21	1,266,423.21
Repayment Due		30.11.2020	30.11.2020	-47,080.44	0.00	-12,919.56	-60,000.00	1,206,423.21	1,206,423.21
Interest Accrual		31.12.2020	31.12.2020	0.00	12,807.92	0.00	12,807.92	1,219,231.13	1,206,423.21
Interest Capitalisation		31.12.2020	31.12.2020	0.00	-12,807.92	12,807.92	0.00	1,219,231.13	1,219,231.13
Repayment Due		31.12.2020	31.12.2020	-47,192.08	0.00	-12,807.92	-60,000.00	1,159,231.13	1,159,231.13

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.15 million** as at **31 December 2020**.
- 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 **R13 thousand** in interest with a capital redemption amount of **R47 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 were 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 implementation of a budget funding plan is ongoing although a bit slow due to the timing of the implementation. A monthly report will be submitted to all the stakeholders in order to ensure that there is proper monitoring and evaluation.**

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 2021.

## 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	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		29 033	8 920	13 128	11 434	23 099	6 564	16 535	251,9%	13 128
Vote 2 - CORPORATE SERVICES		20 155	21 132	23 751	245	4 821	11 875	(7 054)	-59,4%	23 751
Vote 3 - FINANCIAL SERVICES		25 450	28 412	34 190	1 367	15 498	17 095	(1 597)	-9,3%	34 190
Vote 4 - TECHNICAL SERVICES		103 855	170 617	145 676	7 090	44 959	72 838	(27 879)	-38,3%	145 676
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>178 493</b>	<b>229 081</b>	<b>216 745</b>	<b>20 136</b>	<b>88 377</b>	<b>108 372</b>	<b>(19 995)</b>	<b>-18,5%</b>	<b>216 745</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		14 811	12 074	16 836	1 166	5 511	8 418	(2 907)	-34,5%	16 836
Vote 2 - CORPORATE SERVICES		29 694	30 120	30 234	1 846	9 296	15 117	(5 820)	-38,5%	30 234
Vote 3 - FINANCIAL SERVICES		26 761	25 429	27 310	2 156	9 136	13 655	(4 520)	-33,1%	27 310
Vote 4 - TECHNICAL SERVICES		98 593	94 418	99 818	10 056	36 641	49 909	(13 268)	-26,6%	99 818
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	64	516	572	(57)	-9,9%	1 145
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>170 298</b>	<b>163 186</b>	<b>175 344</b>	<b>15 287</b>	<b>61 100</b>	<b>87 671</b>	<b>(26 571)</b>	<b>-30,3%</b>	<b>175 344</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>8 194</b>	<b>65 894</b>	<b>41 400</b>	<b>4 848</b>	<b>27 277</b>	<b>20 701</b>	<b>6 576</b>	<b>31,8%</b>	<b>41 400</b>

#### **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									%	
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		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
<b>Provincial Government:</b>		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
<b>Total Operating</b>	5	22 835	36 997	37 725	8 158	22 847	23 671	(825)	-3,5%	37 725
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		—	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
<b>Provincial Government:</b>		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
<b>Total Capital Tr</b>	5	932	52 186	54 788	430	13 905	29 394	(15 489)	-52,7%	54 788
<b>TOTAL RECEIP</b>	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.

### **Implementation of the Performance Management**

Performance is evaluated by means of a municipal scorecard (Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) at organisational 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.

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.

### **Report on municipal performance**

Annexure A indicates the performance of the Kannaland Municipality for the first six months:



**KANNALAND MUNICIPALITY**  
**SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2020-2021**  
**QUARTER 1 and Quarter 2**

REF	KPA	Provincial Outcome (Very inspired priorities)	National Outcome	Department	Indicator	Unit of measurement	Qtr 1 Target	Q 1 Actual	Status	Performance Comment	Qtr 2 Target	Q 2 Actual	Status	Performance Comment
KPI.1	KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Innovation and Culture	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Infrastructure Services	Spend 98% of allocation for MIG budget within 2020/21 financial year in terms of Provincial DPIP by 30 June 2021 and projects listed in the approved IDP	% Of Budget spend of MIG funding	18%	9%		The consulting team was appointed very late due to COVID-19 delays in procurement processes and the fact that we received a complaint delaying final appointments.	40%	44%		Target was successfully achieved
KPI.2	KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Innovation and Culture	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Infrastructure Services	Complete 95% of all infrastructure projects (incl MIG, WSIG, INEP etc) to the stage where were issued with Practical Completion certificates by 30 June 2021	% of all Infrastructure projects completed and issued with Practical Completion certificates	Progress report to Mayco	Progress report to Mayco		Target was successfully met	Progress report to Mayco	Progress report to Mayco		Target was successfully achieved
KPI.3	KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Innovation and Culture	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Corporate Services	Complete the upgrade of the library in Bergsig, Calitzdorp by end June 2021	Number of libraries completed (listed if phased project)	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.4	KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens	Mobility and spatial transformation	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Office of the Municipal Manager	Construction of the solar energy plant in Calitzdorp	Number of progress report as per phases of the project	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.5	KPA 2: To Provide adequate Services and improve our Public relations	Innovation and culture	Outcome 10: Protection and enhancement of environmental assets and natural resources	Infrastructure Services	Limit total of electricity losses in distribution network to less than 12% accumative over the financial year until 30 June 2021	% of electricity losses in distribution network	12%	14%		Jul 12.35% Aug 16.97% Sept 12.72%	12%	11,31%		October: 12,58% Npv: 13,19% December: 8,16%
KPI.6	KPA 2: To Provide adequate Services and improve our Public relations	Innovation and culture	Outcome 10: Protection and enhancement of environmental assets and natural resources	Infrastructure Services	75% of water samples comply with SANS-241 micro biological indicators {(Number of water samples that comply with SANS-241 indicators/Number of water samples tested)x100}	% of water samples that complies with SANS-241 standards	75%	72,5%		The target was partially met	75%	72,5%		The target was partially met
KPI.7	KPA 2: To Provide adequate Services and improve our Public relations	Innovation and culture	Outcome 10: Protection and enhancement of environmental assets and natural resources	Infrastructure Services	Limit accumulated unaccounted for water to less than 30%annually until 30 June 2021	% of water losses in distribution networks in all of Kannaland towns	40%	35,36%		Target was successfully achieved	40%	28,96%		Target was successfully achieved
NKPI 1	KPA 2: To Provide adequate Services and improve our Public relations	10. Integrating service delivery for maximum impact	Outcome 8: Sustainable human settlements and improved quality of household live.	Financial Services	Number of formal residential properties that receives piped water connected to the municipal water infrastructure network as at 30 June 2021	Number of residential properties which are billed for water services as at 30 June 2021	-	4932		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections	-	4941		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections
NKPI 2	KPA 2: To Provide adequate Services and improve our Public relations	10. Integrating service delivery for maximum impact	Outcome 8: Sustainable human settlements and improved quality of household live.	Financial Services	Number of formal residential properties connected to the municipal electrical infrastructure network (excluding eskom areas) as at 30 June 2021	Number of residential properties which are billed for electricity (excluding eskom areas) as at 30 June 2021	-	4932		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections	-	Conventional: 420 Prepaid: 3418		Target was met as it is only measurable in the last quarter.
NKPI 3	KPA 2: To Provide adequate Services and improve our Public relations	10. Integrating service delivery for maximum impact	Outcome 8: Sustainable human settlements and improved quality of household live.	Financial Services	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network billed for the service as at 30 June 2021	Number of residential properties which are billed for sewerage services as at 30 June 2021	-	4932		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections	-	4472		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections
NKPI 4	KPA 2: To Provide adequate Services and improve our Public relations	10. Integrating service delivery for maximum impact	Outcome 8: Sustainable human settlements and improved quality of household live.	Financial Services	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2021	Number of residential properties which are billed for refuse removal services as at 30 June 2021	-	4932		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections	-	4811		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections
NKPI 5	KPA 2: To Provide adequate Services and improve our Public relations	10. Integrating service delivery for maximum impact	Outcome 8: Sustainable human settlements and improved quality of household live.	Financial Services	Number of Households with access to free basic services (as per Indigent Register) by 30 June 2021	Number of Households with access to free basic services (as per Indigent Register)	-	2497		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections	-	2539		Target was met, most likely that the data changed throughout the financial year. The change will depend on new housing projects or additional connections
KPI.8	KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Review of the disaster management plan by March 2021	Number of plans reviewed	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.9	KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Submission of funding application for construction of K53 course in Ladismith by March 2021	Number of funding application submitted	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
NKPI.6	KPA 4: To Facilitate Economic Growth and Social and Community development	Growth and Jobs	Outcome 5: A skilled and capable workforce to support inclusive growth	Infrastructure Services	Create job opportunities through the Expanded Public Works Programme (EPWP)	Number of job opportunities created	80	103		Target was successfully achieved	100	216		Target was successfully achieved

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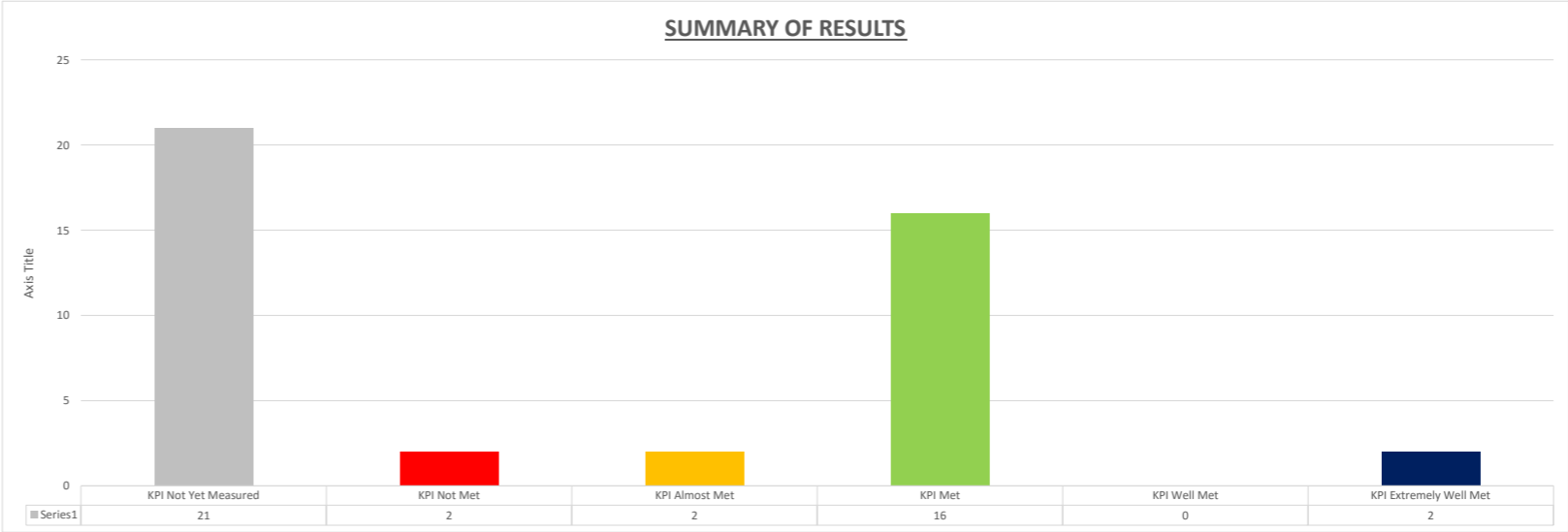
KPI.10	KPA 4: To Facilitate Economic Growth and Social and Community development	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Create job opportunities through the municipality's economic development initiative	Number of jobs created through the renewable energy (Inovasure) project	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.11	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Sign performance agreements for all s57/56 managers by end July 2020	Number of signed performance agreements	3	3		Target was successfully achieved	-	-		Target was already met
KPI.12	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Minimum number of General Council meetings to be held per annum	Number of meetings convened	1	1		Target was successfully achieved	1	4		Target was successfully achieved
KPI.13	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Minimum number of Mayoral Committee meetings to be held per annum.	Number of meetings convened	1	1		Target was successfully achieved	1	1		Target was successfully achieved
KPI.14	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Conduct an Annual Strategic risk assessment	Number of risk assessments conducted	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.15	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	No of municipal news letters published.	Number of newsletters published	-	-		This measuring of the kpi is not applicable for this quarter	1	0		No financial assistance was available for the printing and distribution of newsletters. After inspection of the setting of kpi and target, it is recommended that all kpi's should be removed from toplayer that are not achievable and rather cascade it to the departmental level.
KPI.16	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Revise the communication strategy by means of approval by the mayor and or council	Number of strategies approved	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.17	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Corporate Services	Number of reviewed policies updated on the Council policy register.	Number of reports generated of updated policies	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.18	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	10. Integrating service delivery for maximum impact	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Financial Services	ICT governance framework adopted by council by June 2021	Number of ICT frameworks adopted	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.19	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Redevelop a led strategy for the Kannaland Municipality by June 2021	Number of strategies approved	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.20	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Annual review of Performance management policy by August 2020	Number of policies approved	1	1		Target was successfully achieved	-	-		This measuring of the kpi is not applicable for this quarter
KPI.21	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Complete and produce a draft Annual report to council within seven months after the end of the financial year	Number of annual reports completed	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.22	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Produce a final annual report with oversight to council within nine months after the end of the financial year.	Number of annual reports completed	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.23	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Prepare and submit a draft and final IDP to Council for approval	Number of IDP approved	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.24	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Prepare and submit a section 46 report to the Auditor-General by end August 2020	Number of section 46 reports submitted	1	1		Although the compliance date is August, due to the National lockdown, an gazetted extention was granted to municipalities of submitting the documents two months after the compliance date.	-	-		This measuring of the kpi is not applicable for this quarter
KPI.25	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Number of audit and performance committee meetings held	Number of meetings convened	-	-		This measuring of the kpi is not applicable for this quarter	1	1		A meeting was held on 30 October 2020.
KPI.26	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Office of the Municipal Manager	Quarterly Ward Committee meetings with consolidated quarterly reports to council until 30 June 2021	Number of ward committee meetings convened	4	0		Due to covid 19 increases no physical ward committees were held in this quarter. However, all enquiries and proposed actions were communicated to the respective ward councillors and administration	4	3		Only meetings were held in November 2020 for wards 2,3 and 4. However, all enquiries and proposed actions were communicated to the respective ward councillors and administration
KPI.27	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Financial Services	100% Reporting compliance by submitting s71, s72 and s52d reports within legislated timeframes 30 June 2021.	% of reporting on all compliance documents	100%	100%		Target was successfully achieved	100%	100%		Target was successfully achieved

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KPI.28	KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	7. Mainstreaming sustainability and optimising resource-use efficiency	Outcome 5: A skilled and capable workforce to support inclusive growth	Corporate Services	Vacancy rate of the entire approved staff establishment	% of vacancy rate	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.29	KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	7. Mainstreaming sustainability and optimising resource-use efficiency	Outcome 5: A skilled and capable workforce to support inclusive growth	Corporate Services	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people employed as per employment equity	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.30	KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Corporate Services	Spend 65% of the municipality's budget on implementing its workplace skills plan.	% budget spend on wsp	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.31	KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation	10. Integrating service delivery for maximum impact	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Financial Services	Budget for 2020/21 financial year approved by Council by end May	Number of budgets approved	1	1		The Budget was approved 28 May 2020	-	-		Target was already met
KPI.32	KPA 7: To Strive towards a financially sustainable municipality	10. Integrating service delivery for maximum impact	Outcome 6: Efficient, competitive and responsive economic infrastructure network	Financial Services	Achieve 85% year to date collection rate of revenue billed by 30 June 2021 (Total revenue collected / total billed)x100	% on ytd rate of payment rate	-	83,90%		For the achievement of the target, it was above expectation met for this quarter	-	77,96%		Although strides were made in terms of collection of revenue, it is still a high priority to ensure revenue is obtained for the sustainability of the municipality. The continued lockdown has negative impact in the financial strides and desires of the municipality as the local economy is not performing due to the lockdown restrictions
NKPI.7	KPA 7: To Strive towards a financially sustainable municipality	1. Creating opportunities for growth and job	Outcome 4: Decent employment through inclusive growth	Financial Services	Financial Viability measured in terms of Cost coverage ratio for the financial year	Ratios completed as per the final AFS	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
NKPI.8	KPA 7: To Strive towards a financially sustainable municipality	7. Mainstreaming sustainability and optimising resource-use efficiency	Outcome 5: A skilled and capable workforce to support inclusive growth	Financial Services	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)	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter
KPI.33	KPA 7: To Strive towards a financially sustainable municipality	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Financial Services	Conduct monthly reconciliation of the bank account within 10 working days	Number of reconciliations completed	3	3		Target was successfully achieved	3	3		Target was successfully achieved
KPI.34	KPA 7: To Strive towards a financially sustainable municipality	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Financial Services	Financial Statements submitted to the Auditor General by end of August 2020	Number of completed annual financial statements to be submitted to the Auditor-General	1	1		Although the compliance date is August, due to the National lockdown, an gazetted extension was granted to municipalities of submitting the documents two months after the compliance date.	-	-		This measuring of the kpi is not applicable for this quarter
KPI.35	KPA 7: To Strive towards a financially sustainable municipality	12. Building the best-run regional government in the world	Outcome 9: A responsive and, accountable, effective and efficient local government system	Financial Services	Submit an adjustment budget to Council for approval by 28 February 2021	Number of adjustment budget approved	-	-		This measuring of the kpi is not applicable for this quarter	-	-		This measuring of the kpi is not applicable for this quarter

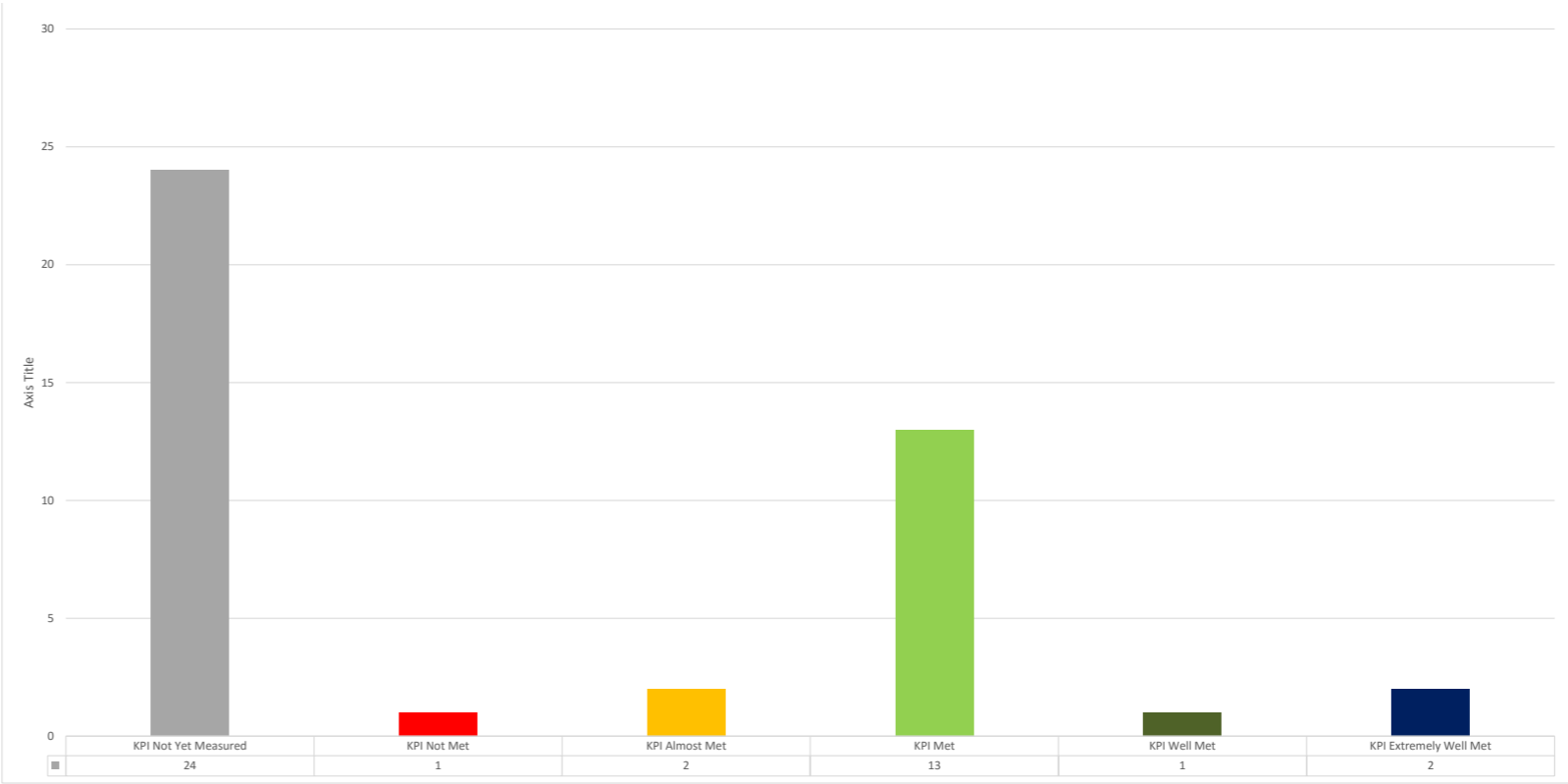
**Summary of Results**

	KPI Not Yet Measured	21
	KPI Not Met	2
	KPI Almost Met	2
	KPI Met	16
	KPI Well Met	0
	KPI Extremely Well Met	2
	<b>Total KPIs</b>	<b>43</b>



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Summary of Results		
	KPI Not Yet Measu	24
	KPI Not Met	1
	KPI Almost Met	2
	KPI Met	13
	KPI Well Met	1
	KPI Extremely Wel	2
Total KPIs		43



### **Quality certification**

I, **ROLAND BUTLER**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the quarterly mid-year budget and performance statement, ending **31 December 2020**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act Section 72.

**Print name: ROLAND BUTLER**

**Signature:** .....

**Date** .....