



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for April 2021/22



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

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

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

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.

Irregular expenditure – is **expenditure** that was not incurred in the manner prescribed by legislation; in other words, somewhere in the process that led to the expenditure, the auditee did not comply with the applicable legislation (MFMA, PFMA).

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 principal 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 year's 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 - refers to **expenditure** that municipalities incurred without provision having been made for it in the budget approved by the council or which does not meet the conditions of a grant.

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.

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

The monthly budget statement, for **April 2022**, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

- a) The budget of the municipality has been implemented in terms of ***the Service Delivery Budget Implementation Plan (SDBIP)***. Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.
- b) ***Financial problems or risks*** facing the municipality are numerous and have been exaggerated by the impact of Covid-19.

Cash flow has and will, for the foreseeable future, be of concern. In the short-term Kannaland Municipality has done well to meet the most pressing commitments such as employee related costs and meeting service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Budget Funding Plan was developed and is being implemented, aimed at ensuring that revenue will be sufficient to cover expenses and long outstanding creditors.

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement for **April 2022**.

Section 3 – Executive Summary

3.1 Introduction

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the mayor, within 10 working days after the end of each month, on the implementation of the Municipality's budget. The format and contents of the monthly budget report comply with the requirements as set out within the Municipal Budget and Reporting Regulations of 2009.

The report will be made available to the public on the municipal website at www.kannaland.gov.za

3.2 Consolidated Performance

The performance against the budget can be summarized as follow:

	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 186 419	R 176 492	R 147 076	R 152 811	R 5 735	4%
Operating Expenditure	R 191 830	R 204 637	R 170 528	R 169 405	R (1 123)	-1%
Capital	R 23 767	R 25 622	R 21 352	R 10 934	R (10 418)	- 49%

Operating Revenue

The year-to-date operating revenue realized 4% above the forecast for the period. The municipality will have to address straight-line budgeting as periodic transfers and the cyclical nature of the local economy is not accounted for within the monthly breakdown of the budget.

Operating expenditure

The year-to-date operating expenditure variance indicated that the year-to-date budget was underspend by **-1%**. Expenditure was only incurred in terms of revenue and the municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system is not currently in use and that causes a delay

in the recognition of expenditure. This can lead to an under-reporting of expenditure as the reporting platform do not recognise expenditure unless paid.

Capital Expenditure

Capital Expenditure amounts to **R 56 thousand** for grant funded projects for the month of **April 2022**. The year-to-date actual capital expenditure is **43%** of the total Capital budget and **51%** of the year-to-date budget. Straight-line-budgeting did not consider the finalisation of procurement processes before expenditure will be incurred. Monthly capital expenditure will be aligned with project progress as planned and the budget will be broken down to align with the before mentioned. The municipality's capital budget is mainly funded from conditional grants.

Collection Rate

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10,594,968,62	(6,192,505,73)	(124,826,55)	9,933,813,72	(11,300,212,54)	-113,76	9,933,813,72	(11,300,212,54)	113,76
Aug-21	11,083,479,27	(11,300,212,54)	(661,154,90)	11,244,134,42	(8,351,169,59)	-74,27	21,177,948,14	(19,651,382,13)	92,79
Sep-21	11,269,448,88	(8,351,169,59)	160,655,15	11,343,770,69	(8,465,485,99)	-74,63	32,521,718,83	(28,116,868,12)	86,46
Oct-21	10,156,779,22	(8,465,485,99)	74,321,81	10,177,275,13	(7,338,353,68)	-72,11	42,698,993,96	(35,455,221,80)	83,04
Nov-21	9,949,353,39	(7,338,353,68)	20,495,91	10,163,521,30	(6,639,666,28)	-65,33	52,862,515,26	(42,094,888,08)	79,63
Dec-21	10,053,334,98	(6,639,666,28)	214,167,91	9,672,895,02	(8,021,502,88)	-82,93	62,535,410,28	(50,116,390,96)	80,14
Jan-22	10,824,844,01	(8,021,502,88)	(380,439,96)	10,969,907,28	(7,849,651,68)	-71,56	73,505,317,56	(57,966,042,64)	78,86
Feb-22	10,571,243,61	(7,849,651,68)	145,063,27	10,829,860,23	(8,008,036,53)	-73,94	84,335,177,79	(65,974,079,17)	78,23
Mar-22	11,005,338,94	(8,008,036,53)	258,616,62	10,945,117,01	(7,807,663,22)	-71,33	95,280,294,80	(73,781,742,39)	77,44
Apr-22	10,603,781,95	(7,807,663,22)	(60,221,93)	10,603,781,95	-				

The collection rate on billed services and rates, came in at **77.44%** on a year-to-date basis, which is below the 85% used as per budget assumption on average. The attached schedule indicates the payment made in respect of the month it was billed. This mean that April payments in respect of March billing realized at **71.33%**, with May payments in respect of April billing not known at the time of reporting.

Comments from the Chief Financial Officer

It is critical that management must collectively plan to effectively speed up SCM processes which should in turn enhance and increase performance levels of both operational and capital activities. The capital spending is a major risk as the unspent funds might revert back to National Treasury therefore it is recommended that the Acting Municipal Manager must setup an urgent meeting with the concerned departments in order to mitigate this risk.

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M10 April									
Description	2020/21	Budget Year 2021/22							
	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	19,337	24,562	25,522	2,159	21,608	21,269	340	2%	25,522
Service charges	87,941	104,162	100,680	8,612	86,232	83,900	2,332	3%	100,680
Investment revenue	1,150	864	880	231	1,028	733	295	40%	880
Transfers and subsidies	42,601	45,128	42,097	1,275	37,995	35,080	2,915	8%	42,097
Other own revenue	6,358	11,704	7,313	668	5,947	6,094	(147)	-2%	7,313
Total Revenue (excluding capital transfers and contributions)	157,387	186,419	176,492	12,946	152,811	147,076	5,735	4%	176,492
Employee costs	66,652	65,553	71,649	6,217	58,800	59,706	(907)	-2%	71,649
Remuneration of Councillors	3,184	3,637	3,637	320	3,026	3,031	(5)	-0%	3,637
Depreciation & asset impairment	12,039	12,698	12,698	-	9,524	10,582	(1,058)	-10%	12,698
Finance charges	3,188	382	2,318	5	449	1,932	(1,483)	-77%	2,318
Materials and bulk purchases	49,813	56,133	58,262	513	42,062	48,552	(6,490)	-13%	58,262
Transfers and subsidies	246	838	498	80	200	415	(215)	-52%	498
Other expenditure	46,911	52,589	55,575	2,300	55,345	46,311	9,034	20%	55,575
Total Expenditure	182,033	191,830	204,637	9,434	169,405	170,528	(1,123)	-1%	204,637
Surplus/(Deficit)	(24,645)	(5,411)	(28,145)	3,512	(16,594)	(23,452)	6,858	-29%	(28,145)
Transfers and subsidies - capital (monetary allocations)	19,524	22,763	25,622	4,463	13,175	21,352	(8,177)	-38%	25,622
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)	(1,319)	63%	(2,522)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)	(1,319)	63%	(2,522)
Capital expenditure & funds sources									
Capital expenditure	8,490	23,767	26,639	72	11,190	22,199	(11,009)	-50%	26,639
Capital transfers recognised	(909)	22,763	25,622	56	10,934	21,352	(10,418)	-49%	25,622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	614	1,004	1,004	16	256	837	(581)	-69%	1,004
Total sources of capital funds	(295)	23,767	26,626	72	11,190	22,189	(10,999)	-50%	26,626
Financial position									
Total current assets	(12,526)	(17,989)	(47,204)		(8,905)				(47,204)
Total non current assets	(11,970)	351,292	342,195		1,666				342,195
Total current liabilities	(11,742)	29,011	14,905		(3,612)				14,905
Total non current liabilities	7,751	37,082	44,833		-				44,833
Community wealth/Equity	(15,416)	249,857	237,775		(207)				237,775
Cash flows									
Net cash from (used) operating	338	18,836	10,590	(5,438)	122,942	7,388	(115,553)	-1564%	10,590
Net cash from (used) investing	6,949	(23,767)	(26,639)	-	-	(22,199)	(22,199)	100%	(26,639)
Net cash from (used) financing	(537)	307	399	(6)	(94)	(600)	(506)	84%	399
Cash/cash equivalents at the month/year end	6,751	37,864	33,154	-	122,843	33,394	(89,449)	-268%	(15,655)
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	9,786	3,026	2,868	2,535	2,589	2,506	11,325	55,627	90,261
Creditors Age Analysis									
Total Creditors	4,427	6,139	1,621	20,007	21,085	-	-	-	53,278

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of **5%** will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation may necessitate action.

It should be noted that the straight-line budget approach will be addressed and adjusted to reflect the cyclical nature of the economy as soon as possible. A costly seamlessly integrated financial accounting system, as required in terms of mSCOA, will take time to implement due to financial constraints.

Revenue by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April										
Description	Ref	2020/21	Budget Year 2021/22							
		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		19,337	24,562	25,522	2,159	21,608	21,269	340	2%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,568	54,496	52,148	2,348	5%	62,578
Service charges - water revenue		18,013	20,787	20,746	1,633	17,263	17,289	(26)	0%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	709	7,286	7,282	4	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	702	7,186	7,181	5	0%	8,617
Rental of facilities and equipment		606	631	533	44	443	444	(1)	0%	533
Interest earned - external investments		1,150	864	880	231	1,028	733	295	40%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	493	3,973	3,857	116	3%	4,628
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5,547	15	2	7	12	(5)	-41%	15
Licences and permits		217	378	361	11	127	301	(174)	-58%	361
Agency services		1,083	1,087	1,200	89	978	1,000	(22)	-2%	1,200
Transfers and subsidies		42,601	45,128	42,097	1,275	37,995	35,080	2,915	8%	42,097
Other revenue		769	974	576	30	418	480	(61)	-13%	576
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	176,492	12,946	152,811	147,076	5,735	4%	176,492

The performance against the revenue budget can be explained as follow:

- **Interest earned on external investments (40% variance)** - Exceeds the year-to-date forecast due to the cyclical nature of funds received and ring-fencing through the use call accounts that were not accounted for within the budget. The budget will be exceeded most probably due to the slow spending of conditional grants.
- **Fines, Penalties & Forfeits (-41% variance)** – The budget for this revenue item will not realize due to an underperformance of this department. It should be noted that the variance is of a very low base.
- **Licence and Permits (-58%)** – The reason for this variance is due to a breakdown in the equipment needed for the testing and issuing of licenses.
- **Transfers & Subsidies (8% variances)** – The variance can be explained by that not all grants were spent in accordance with the straight-line budget.
- **Other revenue (-13%)** – This is a very unpredictable item and revenue can be difficult to predict being very incidental in nature. This will be closely monitored.

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April

W004 - Kaimarama - Table 34 Monthly Budget Outcomes - Financial Performance (Revenue and expenditure) - 1/1/2021 to 31/12/2021										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		66,652	65,553	71,649	6,217	58,800	59,706	(907)	-2%	71,649
Remuneration of councillors		3,184	3,637	3,637	320	3,026	3,031	(5)	0%	3,637
Debt impairment		21,016	20,723	24,401	–	38,611	20,334	18,277	90%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	–	9,524	10,582	(1,058)	-10%	12,698
Finance charges		3,188	382	2,318	5	449	1,932	(1,483)	-77%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	274	38,691	43,875	(5,184)	-12%	52,650
Inventory consumed		5,536	7,193	5,612	238	3,371	4,677	(1,306)	-28%	5,612
Contracted services		8,030	17,971	15,553	1,215	7,924	12,961	(5,038)	-39%	15,553
Transfers and subsidies		246	838	498	80	200	415	(215)	-52%	498
Other expenditure		17,815	13,895	15,620	1,085	8,810	13,016	(4,206)	-32%	15,620
Losses		50	–	–	–	–	–	–	–	–
Total Expenditure		182,033	191,830	204,637	9,434	169,405	170,528	(1,123)	-1%	204,637

- **Debt Impairment (90% variance)** – The municipality has written-off R38.5 million of prescription and indigent related debt during **August 2021**. The debt was meant to be written-off during the previous financial year and therefor the deviation from the current year budget.
- **Depreciation Asset Impairment (-10% variance)** – was not accounted for during April 2022 therefor the variation from the YTD budget
- **Finance Charges (-77% variances)** – The budget accounted for interest on employee cost related to provisions and landfill sites that are not yet accounted for on the accounting system. Eskom related interest is also not yet completely accounted for on SAMRAS.

Bulk Purchases (-12% variance) – It is not clear if all Eskom accounts were accounted for to date and the straight-line approach followed within the budget will also have an impact with the high season (winter) tariffs not being considered in the monthly breakdown.

- **Inventory Consumed (-28%), Contracted Services (-39%), Transfers and Subsidies (-52%) and Other Expenditure (-32%),** This deviates from the year-to-date budget as result of the municipality only incurring expenditure in terms of revenue realising. The impact of expenditure not recognised when incurred and the cyclical nature of expenditure should also be considered, and the impact cannot be quantified for the purposes of this report with any degree of certainty and will be addressed in due course.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M10 April										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		817	-	833	-	684	694	(10)	-1%	833
Vote 3 - FINANCIAL SERVICES		(138)	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2,026	-	1,944	1,689	255	15%	2,026
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 Capital Multi-year expenditure	4,7	679	-	2,859	-	2,628	2,383	246	10%	2,859
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	105	160	(55)	-34%	192
Vote 2 - CORPORATE SERVICES		(12,115)	1,023	1,023	16	67	853	(786)	-92%	1,023
Vote 3 - FINANCIAL SERVICES		9,618	1,664	1,664	-	347	1,387	(1,040)	-75%	1,664
Vote 4 - TECHNICAL SERVICES		10,308	20,888	20,901	56	8,043	17,417	(9,374)	-54%	20,901
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 Capital single-year expenditure	4	7,811	23,767	23,780	72	8,562	19,816	(11,255)	-57%	23,780
Total Capital Expenditure	3	8,490	23,767	26,639	72	11,190	22,199	(11,009)	-50%	26,639
Capital Expenditure - Functional Classification										
Governance and administration		9,480	2,001	2,001	-	503	1,667	(1,164)	-70%	2,001
Executive and council		-	192	192	-	105	160	(55)	-34%	192
Finance and administration		9,480	1,809	1,809	-	398	1,507	(1,109)	-74%	1,809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(11,297)	378	1,211	-	684	1,009	(325)	-32%	1,211
Community and social services		(11,467)	-	833	-	684	694	(10)	-1%	833
Sport and recreation		170	378	378	-	-	315	(315)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	500	513	16	16	427	(411)	-96%	513
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	513	16	16	427	(411)	-96%	513
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		10,308	20,888	22,915	56	9,987	19,095	(9,109)	-48%	22,915
Energy sources		797	2,699	2,699	-	235	2,249	(2,014)	-90%	2,699
Water management		9,510	18,189	20,216	56	9,751	16,846	(7,095)	-42%	20,216
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	8,490	23,767	26,639	72	11,190	22,199	(11,009)	-50%	26,639
Funded by:										
National Government		10,245	22,763	22,763	56	8,306	18,969	(10,664)	-56%	22,763
Provincial Government		(11,154)	-	2,859	-	2,628	2,383	246	10%	2,859
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(909)	22,763	25,622	56	10,934	21,352	(10,418)	-49%	25,622
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		614	1,004	1,004	16	256	837	(581)	-69%	1,004
Total Capital Funding		(295)	23,767	26,626	72	11,190	22,189	(10,999)	-50%	26,626

- The total year to date expenditure amounts to **R 10.9 million** for grant funded projects. The YTD figures indicate a 49% under-spending from the YTD budget, some progress was made in ensuring the optimal expenditure on all capital grant funding. The municipality intends to speedup processes related to capital expenditure during the last quarter of the year.

3.3 Material differences to the SDBIP

Revenue collected by source with operational and capital expenditure by vote have been disclosed and variances explained. Any other SDBIP related information will be discussed under Section 10.

3.4 Remedial actions

- (a) Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- (b) Strategic decisions /resolutions to improve the capital expenditure be implemented; and minimise rollover applications as they pose risk of being rejected.
- (c) That monthly monitoring of the implementation of the Budget Funding Plan takes place. The effort should be coordinated with giving the necessary and all-important consideration to the impact of the COVID-19 pandemic on municipal operations and more specifically municipal liquidity;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment; and
- (f) The adoption of a procurement plan for all capital expenditure particularly grant funded as required in terms of the applicable legislation.

Section 4 – In-Year Budget Statement Tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M10 April										
Description	Ref	2020/21	Budget Year 2021/22							
		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		19,337	24,562	25,522	2,159	21,608	21,269	340	2%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,568	54,496	52,148	2,348	5%	62,578
Service charges - water revenue		18,013	20,787	20,746	1,633	17,263	17,289	(26)	0%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	709	7,286	7,282	4	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	702	7,186	7,181	5	0%	8,617
Rental of facilities and equipment		606	631	533	44	443	444	(1)	0%	533
Interest earned - external investments		1,150	864	880	231	1,028	733	295	40%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	493	3,973	3,857	116	3%	4,628
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5,547	15	2	7	12	(5)	-41%	15
Licences and permits		217	378	361	11	127	301	(174)	-58%	361
Agency services		1,083	1,087	1,200	89	978	1,000	(22)	-2%	1,200
Transfers and subsidies		42,601	45,128	42,097	1,275	37,995	35,080	2,915	8%	42,097
Other revenue		769	974	576	30	418	480	(61)	-13%	576
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	176,492	12,946	152,811	147,076	5,735	4%	176,492
Expenditure By Type										
Employee related costs		66,652	65,553	71,649	6,217	58,800	59,706	(907)	-2%	71,649
Remuneration of councillors		3,184	3,637	3,637	320	3,026	3,031	(5)	0%	3,637
Debt impairment		21,016	20,723	24,401	—	38,611	20,334	18,277	90%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	—	9,524	10,582	(1,058)	-10%	12,698
Finance charges		3,188	382	2,318	5	449	1,932	(1,483)	-77%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	274	38,691	43,875	(5,184)	-12%	52,650
Inventory consumed		5,536	7,193	5,612	238	3,371	4,677	(1,306)	-28%	5,612
Contracted services		8,030	17,971	15,553	1,215	7,924	12,961	(5,038)	-39%	15,553
Transfers and subsidies		246	838	498	80	200	415	(215)	-52%	498
Other expenditure		17,815	13,895	15,620	1,085	8,810	13,016	(4,206)	-32%	15,620
Losses		50	—	—	—	—	—	—	—	—
Total Expenditure		182,033	191,830	204,637	9,434	169,405	170,528	(1,123)	-1%	204,637
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(24,645)	(5,411)	(28,145)	3,512	(16,594)	(23,452)	6,858	(0)	(28,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		19,524	22,763	25,622	4,463	13,175	21,352	(8,177)	(0)	25,622
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		34	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)			(2,522)
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)			(2,522)
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)			(2,522)
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		(5,087)	17,352	(2,522)	7,976	(3,419)	(2,100)			(2,522)

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION
WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M10 April

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		3,943	(13,359)	(21,150)	1,898	(21,150)
Call investment deposits		2,374	37,862	40,236	(3,694)	40,236
Consumer debtors		(532)	6,755	3,083	(17,057)	3,083
Other debtors		(19,106)	(46,381)	(67,939)	9,342	(67,939)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2,867)	(1,434)	606	(1,434)
Total current assets		(12,526)	(17,989)	(47,204)	(8,905)	(47,204)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	1,364	1,250	-	1,250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(11,845)	349,890	340,916	1,690	340,916
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	28	(24)	28
Other non-current assets		-	-	-	-	-
Total non current assets		(11,970)	351,292	342,195	1,666	342,195
TOTAL ASSETS		(24,495)	333,303	294,991	(7,239)	294,991
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(127)	586	459	(534)	459
Consumer deposits		91	1,027	1,119	94	1,119
Trade and other payables		(12,675)	14,780	6,030	(3,173)	6,030
Provisions		968	12,619	7,296	-	7,296
Total current liabilities		(11,742)	29,011	14,905	(3,612)	14,905
Non current liabilities						
Borrowing		(446)	(429)	(875)	-	(875)
Provisions		8,197	37,511	45,708	-	45,708
Total non current liabilities		7,751	37,082	44,833	-	44,833
TOTAL LIABILITIES		(3,992)	66,094	59,738	(3,612)	59,738
NET ASSETS	2	(20,504)	267,209	235,253	(3,627)	235,253
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		(15,886)	238,953	237,306	-	237,306
Reserves		470	10,904	470	(207)	470
TOTAL COMMUNITY WEALTH/EQUITY	2	(15,416)	249,857	237,775	(207)	237,775

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M10 April										
Description	Ref	2020/21	Budget Year 2021/22							
		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		7,496	20,213	20,227	–	9,652	16,856	(7,203)	-43%	20,227
Service charges		26,341	89,407	86,739	–	49,417	70,846	(21,430)	-30%	86,739
Other revenue		1,379	9,833	3,895	–	833	3,246	(2,413)	-74%	3,895
Government - operating		43,137	44,598	41,567	–	23,086	34,639	(11,553)	-33%	41,567
Government - capital		22,164	22,763	25,622	–	6,546	21,352	(14,806)	-69%	25,622
Interest		9	3,961	3,905	–	15	3,254	(3,239)	-100%	3,905
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(100,051)	(171,940)	(171,366)	(5,438)	33,392	(142,805)	(176,197)	123%	(171,366)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		(137)	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		338	18,836	10,590	(5,438)	122,942	7,388	(115,553)	-1564%	10,590
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		6,949	(23,767)	(26,639)	–	–	(22,199)	(22,199)	100%	(26,639)
NET CASH FROM/(USED) INVESTING ACTIVITIES		6,949	(23,767)	(26,639)	–	–	(22,199)	(22,199)	100%	(26,639)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		(91)	1,027	1,119	(6)	(94)	–	(94)	0%	1,119
Payments										
Repayment of borrowing		(446)	(720)	(720)	–	–	(600)	(600)	100%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(537)	307	399	(6)	(94)	(600)	(506)	84%	399
NET INCREASE/ (DECREASE) IN CASH HELD		6,751	(4,624)	(15,651)	(5,444)	122,847	(15,411)			(15,651)
Cash/cash equivalents at beginning:		–	42,488	48,805		(5)	48,805			(5)
Cash/cash equivalents at month/year end:		6,751	37,864	33,154		122,843	33,394			(15,655)

The year-to-date deviation from the cash flow forecast was caused by the timing of the payment of grants not being considered in the monthly break-down of the budget. It should be noted that there is a significant under collection of revenue on service charges and property rates due to the municipality struggling to meet its budget assumptions in terms of debt collection. There is a lack of organisational capacity that requires attention.

The total bank balances ending of **April 2022** were as follow;

- Standard Bank Main Account is: **R 268 thousand; (Overdraft facility used)**
- The Traffic Account: **R 372 thousand;**
- Deposit Account: **R 2.249 million; and**
- Call Account: **R 32 million (includes unspent grants)**

The lack of revenue streams has left the municipality to be heavily dependent on grant funding to run its daily operations.

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M10 April										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		59,433	40,973	42,232	2,695	53,467	35,194	18,274	52%	42,232
Executive and council		34,237	6,402	7,365	-	26,230	6,138	20,092	327%	7,365
Finance and administration		25,196	34,571	34,867	2,695	27,237	29,056	(1,818)	-6%	34,867
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,409	20,827	17,541	3,299	13,172	14,617	(1,445)	-10%	17,541
Community and social services		15,193	14,727	15,820	2,767	12,587	13,183	(596)	-5%	15,820
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	-	53	-	53	#DIV/0!	-
Housing		(36)	6,100	1,721	532	532	1,434	(902)	-63%	1,721
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,677	7,047	2,151	146	1,549	1,792	(244)	-14%	2,151
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,677	7,047	2,151	146	1,549	1,792	(244)	-14%	2,151
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,426	140,336	140,190	11,270	97,798	116,825	(19,027)	-16%	140,190
Energy sources		56,671	74,321	68,974	5,619	59,229	57,479	1,750	3%	68,974
Water management		27,712	35,358	37,908	4,064	22,530	31,590	(9,060)	-29%	37,908
Waste water management		8,188	15,079	16,137	793	8,015	13,448	(5,433)	-40%	16,137
Waste management		7,855	15,578	17,170	795	8,024	14,309	(6,284)	-44%	17,170
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	176,945	209,182	202,114	17,410	165,986	168,428	(2,442)	-1%	202,114
Expenditure - Functional										
<i>Governance and administration</i>		56,053	57,383	68,435	5,120	49,119	57,029	(7,909)	-14%	68,435
Executive and council		14,176	17,062	23,700	2,286	17,398	19,750	(2,353)	-12%	23,700
Finance and administration		41,877	40,321	44,735	2,834	31,722	37,279	(5,557)	-15%	44,735
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,562	17,233	13,240	1,099	10,154	11,033	(879)	-8%	13,240
Community and social services		7,726	9,166	9,856	856	7,940	8,213	(273)	-3%	9,856
Sport and recreation		380	549	379	76	277	316	(40)	-13%	379
Public safety		1,579	375	220	87	1,115	184	931	507%	220
Housing		877	7,143	2,785	80	823	2,321	(1,498)	-65%	2,785
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8,845	16,083	11,749	704	7,833	9,790	(1,958)	-20%	11,749
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		8,845	16,083	11,749	704	7,833	9,790	(1,958)	-20%	11,749
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106,574	101,131	111,212	2,511	102,300	92,676	9,623	10%	111,212
Energy sources		56,175	59,169	63,538	890	46,376	52,948	(6,572)	-12%	63,538
Water management		29,635	18,684	21,254	660	26,221	17,711	8,510	48%	21,254
Waste water management		5,754	9,711	10,995	361	13,755	9,163	4,592	50%	10,995
Waste management		15,010	13,566	15,425	600	15,948	12,854	3,094	24%	15,425
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	182,033	191,830	204,637	9,434	169,406	170,528	(1,123)	-1%	204,637
Surplus/ (Deficit) for the year		(5,088)	17,352	(2,522)	7,976	(3,420)	(2,100)	(1,320)	63%	(2,522)

**TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE
(Revenue & Expenditure by Municipal Vote)**

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M10 April										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		34,237	6,402	7,365	–	26,230	6,138	20,092	327,4%	7,365
Vote 2 - CORPORATE SERVICES		15,822	26,377	18,175	3,006	13,095	15,146	(2,050)	-13,5%	18,175
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,432	2,681	27,024	28,694	(1,669)	-5,8%	34,432
Vote 4 - TECHNICAL SERVICES		102,096	142,274	142,141	11,723	99,636	118,451	(18,815)	-15,9%	142,141
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	176,945	209,182	202,114	17,410	165,986	168,428	(2,442)	-1,4%	202,114
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14,176	17,062	23,700	2,286	17,398	19,750	(2,353)	-11,9%	23,700
Vote 2 - CORPORATE SERVICES		22,037	34,547	28,806	2,229	21,614	24,005	(2,390)	-10,0%	28,806
Vote 3 - FINANCIAL SERVICES		32,333	29,387	31,689	1,626	20,905	26,407	(5,502)	-20,8%	31,689
Vote 4 - TECHNICAL SERVICES		113,358	109,345	119,161	3,261	108,914	99,300	9,614	9,7%	119,161
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		130	1,490	1,280	33	575	1,067	(492)	-46,1%	1,280
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	182,033	191,830	204,637	9,434	169,406	170,528	(1,123)	-0,7%	204,637
Surplus/ (Deficit) for the year	2	(5,088)	17,352	(2,522)	7,976	(3,420)	(2,100)	(1,320)	62,8%	(2,522)
References										

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' Analysis

■ C041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - 10 April

Description		NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-180 Days	181 Days-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	2,961	915	928	725	825	760	3,241	10,147	20,501	15,637	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	4,655	218	170	102	93	103	313	463	6,107	1,064	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	2,625	822	725	673	637	608	2,337	16,171	24,538	20,426	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	665	315	312	312	310	310	1,631	6,411	10,266	8,974	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1,318	528	515	508	488	494	2,512	9,568	15,944	13,581	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-	
Interest on Arrear Debtor Accounts	1810	25	38	54	63	79	91	596	10,929	11,876	11,759	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(2,463)	189	163	151	146	139	696	1,940	968	3,080	-	-	
Total By Income Source	2000	9,766	3,026	2,868	2,636	2,689	2,606	11,326	56,627	90,261	74,681	-	-	
2020/21 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	(964)	139	75	49	35	31	125	768	258	1,009	-	-	
Commercial	2300	4,847	258	195	157	165	154	754	2,811	9,340	4,041	-	-	
Households	2400	5,575	2,405	2,381	2,117	2,178	2,109	9,493	41,322	67,579	57,219	-	-	
Other	2500	329	225	218	212	211	212	952	10,726	13,084	12,312	-	-	
Total By Customer Group	2600	9,766	3,026	2,868	2,636	2,689	2,606	11,326	56,627	90,261	74,681	-	-	

- The total amount owed to Kannaland Municipality amounts to **R 90.26 million in April 2022** and **R 84.14 million in March 2022** indicating a **7% increase** in outstanding debt
- **R55.62 million or 62%** of the total outstanding debtors are older than one year.
- **R74.58 or 83%** of the outstanding debtors are outstanding for more than 90 days

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality. It is of the utmost importance that prescribed debt and first-time registered indigent debt are written-off and that a functional credit control unit will be capacitated to address the low collection rate.

Section 6 – Creditors' Analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M10 April

Description		NT Code	Budget Year 2021/22								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	4,960	4,512	989	18,373	4,841	-	-	-	33,674	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	60	-	-	-	-	-	-	-	60	
Trade Creditors	0700	601	215	425	68	7,572	-	-	-	8,881	
Auditor General	0800	(1,355)	1,334	112	1,563	6,170	-	-	-	7,825	
Other	0900	160	77	96	2	2,502	-	-	-	2,837	
Total By Customer Type	1000	4,427	6,139	1,621	20,007	21,085	-	-	-	53,278	

The total outstanding creditors amounts to **R53 278 million in April 2022** and **R 52 712 million in March 2022** a **1%** increase.

The biggest outstanding creditors are Eskom (**R33 674 million**), the Auditor-General of South Africa (**R7 825 million**). Combined the beforementioned represents **78%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative impact on service delivery and the ability to fully comply with supply chain management regulations. Creditors are owed money for extended periods of time, and this is causing a reluctance to quote and take part in competitive bidding processes. Pressure on cash flow is increasing, due to long outstanding creditors demanding settlement.

Section 7 – Investment Portfolio Analysis

Client no.: 9004552

Kannaland Municipality (WC041)
32 Church Street
P.O. Box 30
Ladismith 6655
Republic of South Africa



Date: 28.07.2021

Interest Accrual		30.04.2022	30.04.2022	0,00	3,957,39	0,00	3,957,39	389,143,04	385,185,65
Interest Capitalisation		30.04.2022	30.04.2022	0,00	-3,957,39	3,957,39	0,00	389,143,04	389,143,04
Repayment Due		03.05.2022	03.05.2022	-56,042,61	0,00	-3,957,39	-60,000,00	329,143,04	329,143,04

- The total outstanding long-term debt of Kannaland Municipality amounts to **R329 thousand**
- A monthly instalment of **R60 thousand** at an interest rate of **12.5%** per annum is being paid.

Section 8 – Allocation and Grant Receipts and Expenditure

Transfers and Grant Receipts 2021/ 2022							
	Original Budget	Roll-over (Approved)	Adjustment Budget	Total Received	Total Spent	Unspent	REJECTED ROLLOVERS
National Government Grants							
Financial Management Grant (FMG)	R2,811,000,00	R82,902,39	R2,893,902,39	R2,893,902,39	R2,514,126,46	R379,775,94	
Integrated National Electrification (INEP)	R2,699,000,00		R2,699,000,00	R2,699,000,00	R270,813,66	R2,428,186,34	R1,576,282,41
Equitable Share	R30,553,000,00		R30,553,000,00	R12,730,000,00	R12,730,000,00	R0,00	-R13,924,972,59
Municipal Infrastructure Grant (Operational)	529,700,00		R529,700,00	R529,700,00	R479,435,83	R50,264,17	
Municipal Infrastructure Grant (Capital)	R10,064,300,00		R10,064,300,00	R10,064,300,00	R7,964,873,73	R2,099,426,28	R3,370,300,75
Water Service Infrastructure Grant	R10,000,000,00		R10,000,000,00	R10,000,000,00	R2,311,296,43	R7,688,703,57	R8,978,389,43
EPWP Incentive Grant	R1,359,000,00	R12,500,00	R1,371,500,00	R1,371,500,00	R1,176,972,85	R194,527,15	
Provincial Government							
Human Settlements	R6,100,000,00	-R4,379,000,00	R1,721,000,00				
Libraries (Conditional Grant)		R832,802,90	R832,802,90	R832,802,90	R684,339,79	R148,463,11	
MRF (Municipal Replacement Fund)	R3,217,000,00	R288,519,14	R3,505,519,14	R3,217,000,00	R2,573,545,29	R931,973,85	
Local Government Employee Support Grant		R900,000,00	R900,000,00			R900,000,00	
CDW Grant	113,000,00	R62,943,00	R175,943,00	R175,943,00	R30,775,79	R145,167,21	
Provincial Government Roads	50,000,00		R50,000,00			R50,000,00	
Drought Relief		R2,026,369,00	R2,026,369,00		R1,943,860,36	R82,508,64	
Departmental Agencies							
Public Sector Seta	R145,000,00		R145,000,00			R145,000,00	

The National Government rejected the Municipality rollover application related to MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation of R 13 million being withheld by National Treasury. This has subsequently transferred in the current reporting period to own revenue from the unspent grants.

The Grants Expenditure were as follow for the month under review:

Operational:

- Financial Management Grant** amounts to **R 50 thousand**
- Municipal Infrastructure Grant PMU** amounts to **R 44 thousand**
- Expanded Public Works Programme Grant** amounts to **R 270 thousand**

Provincial Government Grants:

- Library Grant** amounts to **R 241 thousand.**

Section 9 – Expenditure on Councillor, Senior Managers and Other Staff

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M10 April

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		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		2,551	2,895	2,895	267	2,571	2,412	159	7%	2,895
Pension and UIF Contributions		0	–	–	3	20	–	20	#DIV/0!	–
Medical Aid Contributions		133	220	220	5	57	184	(127)	-69%	220
Motor Vehicle Allowance		189	172	172	19	123	143	(21)	-15%	172
Cellphone Allowance		311	349	349	26	255	291	(36)	-12%	349
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		3,184	3,637	3,637	320	3,026	3,031	(5)	0%	3,637
% increase	4		14,2%	14,2%						14,2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1,802	2,525	3,937	43	1,400	3,281	(1,881)	-57%	3,937
Pension and UIF Contributions		0	3	3	–	1	3	(2)	-67%	3
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		64	168	168	8	123	140	(17)	-12%	168
Cellphone Allowance		35	75	75	3	31	63	(32)	-51%	75
Housing Allowances		–	17	17	–	–	14	(14)	-100%	17
Other benefits and allowances		29	272	552	–	170	460	(290)	-63%	552
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		1,930	3,060	4,753	54	1,725	3,960	(2,236)	-56%	4,753
% increase	4		58,6%	146,3%						146,3%
Other Municipal Staff										
Basic Salaries and Wages		41,773	41,120	44,446	4,213	36,955	37,038	(84)	0%	44,446
Pension and UIF Contributions		5,472	7,271	7,271	576	5,569	6,059	(490)	-8%	7,271
Medical Aid Contributions		2,768	2,162	2,162	173	1,677	1,801	(124)	-7%	2,162
Overtime		5,118	4,106	4,893	491	4,242	4,077	165	4%	4,893
Performance Bonus		2,012	–	–	–	1,354	–	1,354	#DIV/0!	–
Motor Vehicle Allowance		2,026	2,133	2,133	215	1,909	1,777	132	7%	2,133
Cellphone Allowance		119	80	80	20	126	67	60	90%	80
Housing Allowances		269	279	279	26	307	233	75	32%	279
Other benefits and allowances		2,408	4,651	4,712	449	4,880	3,926	954	24%	4,712
Payments in lieu of leave		688	–	130	–	34	108	(74)	-69%	130
Long service awards		(518)	–	100	–	–	83	(83)	-100%	100
Post-retirement benefit obligations	2	2,589	692	692	–	–	576	(555)	-96%	692
Sub Total - Other Municipal Staff		64,722	62,493	66,896	6,163	57,075	55,746	1,329	2%	66,896
% increase	4		-3,4%	3,4%						3,4%
Total Parent Municipality		69,836	69,189	75,285	6,537	61,826	62,737	(911)	-1%	75,285
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	–
Cellphone Allowance		–	–	–	–	–	–	–	–	–
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		0	–	–	0	1	–	1	#DIV/0!	–
Board Fees		–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–
Sub Total - Board Members of Entities	2	0	–	–	0	1	–	1	#DIV/0!	–
% increase	4									
Senior Managers of Entities										
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4									
Total Municipal Entities		0	–	–	0	1	–	1	#DIV/0!	–
TOTAL SALARY, ALLOWANCES & BENEFITS		69,837	69,189	75,285	6,537	61,826	62,737	(911)	-1%	75,285
% increase	4		-0,9%	7,8%						7,8%
TOTAL MANAGERS AND STAFF		66,652	65,553	71,649	6,217	58,800	59,706	(907)	-2%	71,649

Section 10 – Material Variances to the SDBIP

Material differences to the SDBIP must be reported upon in terms of: Section 1 of the MFMA defines the SDBIP as: “a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) projections for each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter”.

This report covered section 1(a) with section 1(b) to be covered in addition to 1(a) in the quarterly report in terms of section 52 of the MFMA.

Section 11– Capital Programme Performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M10 April									
Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	–	1,981	2,220	–	–	2,220	–	0,0%	0%
August	2,744	1,981	2,220	1,453	1,453	4,440	2,987	67,3%	6%
September	2,089	1,981	2,220	802	2,255	6,660	4,405	66,1%	9%
October	588	1,981	2,220	2,338	4,592	8,880	4,287	48,3%	19%
November	1,013	1,981	2,220	696	5,288	11,100	5,812	52,4%	22%
December	1,911	1,981	2,220	4,280	9,568	13,319	3,752	28,2%	40%
January	–	1,981	2,220	175	9,743	15,539	5,797	37,3%	41%
February	108	1,981	2,220	185	9,928	17,759	7,831	44,1%	42%
March	11	1,981	2,220	1,190	11,118	19,979	8,861	44,4%	47%
April	614	1,981	2,220	72	11,190	22,199	11,009	49,6%	47%
May	823	1,981	2,220	–	11,190	24,419	13,229	54,2%	47%
June	(1,411)	1,981	2,220	–	11,190	26,639	15,449	58,0%	47%
Total Capital expenditure	8,490	23,767	26,639	11,190					

Section 12 – Implementation of the Budget Funding Plan

The implementation of the funding plan is taking place on monthly basis and will be reported upon if any material issues may arise and that will need attention.

See Annexure – Budget Funding Plan Monthly Activity Update

Section 13 – SCM Deviations

See Annexure B

APPENDIX A: Budget Funding Plan

IMPLEMENTATION PLAN TOWARDS A FUNDED BUDGET										
Main Pillars	Key priority areas	Milestone/Output	Responsible	Target		Did the municipality meet the target?		Activities (To be implemented immediately to 30 November 2021)	Activities (To be implemented longer term Dec 2021 - Jul 2022)	SHORT TERM TARGETS & GENERAL PROGRESS
				Short to Medium Term - July 2021 to 30 Nov 2021	Long Term (Dec 2021 to June 2022)	Medium Term (July 2021 to Nov 2021)	Long Term (Dec 2021 to June 2022)			
Positive cash flows from revenue from trading services	Revenue Management	Improve the monthly Debt Collection Rate	Revenue Manager/ CFO	<ul style="list-style-type: none">• Meet budget assumptions target pertaining to a 85% Collection Rate on billed services.• Needs to improve 6% from the ytd collection rate. (76% to 85%) Note: Collection rate higher during Q1&Q2• Policies adjustments were made in support of activities• R3.1 million additional revenue (4 months)	<ul style="list-style-type: none">• Maintain at least an average collection rate of 85% for the full financial year.• R6.2 million additional revenue in total R9.3 additional / annum	Yes/No	Yes/No	<ul style="list-style-type: none">Award tenders in support of activity including:<ul style="list-style-type: none">• Pre-paid water & Electricity tender with auxiliary function• Tender for issuing of summonses• Bulk SMS's / account notifications	<ul style="list-style-type: none">• Expand the implementation of pre-paid water meters• Address non-technical losses via exception reporting on pre-paid after system clean-up (impact of new pre-paid tender clearing dormant meters)	<ul style="list-style-type: none">• Pre-Paid vendor appointed and operational - auxiliary functions only be active from 31 Jan.• Bulk SMS's are being sent out to inform the public on account status• Collection rate missed the target and is currently on ytd basis 77.3%• Summons tender - budget was secured, specifications were finalized and currently in the procurement process.• Policy deficiencies to be addressed by the newly appointed council - impact on collection rate
								<ul style="list-style-type: none">Resolve outstanding queries -<ul style="list-style-type: none">• Public works• Account disputes (farms)• address issue of unpaid fire levies / disputes• Policy (CreditC) implementation	<ul style="list-style-type: none">• Continuous strengthening & improvement in credit control actions + monitoring of progress	<ul style="list-style-type: none">• Disputes are being handled and government account issues were addressed - will need a council resolution to address some of the issues raised.• Council must advise on debtors book items and cleaning of debtors• Management of debtors will need policy support and a council resolution will be needed to change rebate on property rates to include RDP houses.• Council support for fair and equitable credit control will be needed.• Summons tender imperative to be finalised - impacting credit control negatively
								<ul style="list-style-type: none">• Implement Auxiliary Services• Introduce pre-paid water to indigent households• Monitor over /above R85 consumption of indigent households	<ul style="list-style-type: none">• Avoid prescription debt & meet requirements of an official demand for payment	<ul style="list-style-type: none">• Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022• Council support needed pertaining to indigent households and indigent management
		Improve Accuracy of Monthly Billing	Revenue Manager/ CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none">• Improve Revenue generation by R500 000• Additional revenue of R 2.6 million	<ul style="list-style-type: none">• Improve Revenue generation by 2%• Additional revenue of R 2.6 million	Yes/No	Yes/No	<ul style="list-style-type: none">• Award a tender for TID & Meter Verification	<ul style="list-style-type: none">• Water and Electricity meters to be recorded correctly and linked to the financial system	<ul style="list-style-type: none">• TID & Meter verification - will be delayed due to a lack of funding• Dormant meters were removed from the pre-paid system and will allow for improved exception reporting and curb non-technical elec losses.• Pre-paid water meter installations - phase one indigent households - New council will advise on how to proceed. Item will need political support
								<ul style="list-style-type: none">• Ensure Accurate Monthly Meter Reading & Address system billing parameters	<ul style="list-style-type: none">• Ensure that correct details of accountholder are on record and have been verified.	<ul style="list-style-type: none">• Corrective journals been passed to address misallocations and parameters will be fixed before the next billing cycle. Exception reporting is being done and will improve with the new pre-paid system being implemented.• Debtors cleansing still needed
								<ul style="list-style-type: none">• Communication between departments - Meter installation & reporting of broken meters	<ul style="list-style-type: none">• Improved access to accounts at a lower cost - email / download account	<ul style="list-style-type: none">• Initially delayed due to critical vacancies in technical dept, managerial positions. System in place will be improved and formalized.• A portal was established to improve access to accounts and has been very successful - less account queries and positive impact payment of accounts• Imperative that the pay-point at VWD will be restored.• An analysis of the different sewerage systems will be needed in due course to support completeness of billing as well - Technical dept function/ building control regulations• LT goal addressed, ST goal still WIP

Positive cash flows - Revenue from other Sources	Other Revenue	Improved Contract Management	Legal / CFO / Manager Revenue / Asset Accountant	<ul style="list-style-type: none"> Improved / complete rent register that reconciles to actual billing for rent Improved record-keeping Additional revenue - R30k 	<ul style="list-style-type: none"> Continuous strengthening of activity Improved Revenue 5% (R30k) - Full year R60k Evaluate where applicable market related rent & economical viability of rent-generating / underlying asset 	Yes/No	Yes/No	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Rental contracts for all properties are a WIP. Corrections on rental in addressing prior year audit findings were made Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&M on municipal houses vs rent income makes them uneconomical to keep) - a WIP Asset Account vacant and management of lease contracts - no progress
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> Realize budget relating to traffic fines - AARTO Implementation - at an cost effective cost and ensuring administrative costs are minimised. Revenue projection first 4 months R1.5 million 	<ul style="list-style-type: none"> Revenue target Dec - Jun 2022 = R3.5 million Continuous improvement & increase in productivity 	Yes/No	Yes/No	<ul style="list-style-type: none"> Appoint vendor Obtain experienced support on AARTO implementation & effective management practises of administrative demands spot fines to improve collection rate Increase section 5s fines 	<ul style="list-style-type: none"> Improved productivity & Performance Incorporate best practice practises 	<p>Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked.</p> <p>Financial impact is significant - no AARTO much easier to address but progress to slow</p> <ul style="list-style-type: none"> No revenue from speed camera fines - targets will be missed and revenue can be reduced to minimum (still interest charges to be removed then less than R20k of R5 mil budget)
			Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> Improve vehicle testing experience & improve service Additional revenue potential R100k Not to be subsidised - break-even 	<ul style="list-style-type: none"> Transport Cpy's use local Issuing of drivers licenses Additional revenue R250k Become profitable 	Yes/No	Yes/No	<ul style="list-style-type: none"> Appoint a Head of Traffic Services Increase staff discipline & productivity + clear targets Liaise with transport & earthmoving cpy's Analyse current performance 	<ul style="list-style-type: none"> Build K53 test course Improve customer relations Monitor progress 	Manager Traffic Services has been appointed
2. Implementation of cost containment measures and a reduction of expenditure	Human Resource	Review and strengthen the implementation of HR policies.	HR Manager / Manager Technical Services / Director Technical Services / CFO	<ul style="list-style-type: none"> Manage Overtime, Stand-by, Cut Empl costs by R500k Leave, Allowances, S&T Reduce leave liability Increase productivity & Improved org. culture 	<ul style="list-style-type: none"> Continues improvement in effectiveness & productivity in the use of HR Cut Empl cost by R1.5mil Y/E 	Yes/No	Yes/No	<ul style="list-style-type: none"> Review all HR policies in context of the cost containment measures Phased-in implementation of cost cutting measures on allowances Ensure completeness of HR records and related party transactions 	<ul style="list-style-type: none"> Ensure that all policies be workshopped and well understood promote implementation. To be monitored on a monthly basis Cost containment measures implemented & report upon 	<ul style="list-style-type: none"> All municipal officials service account details communicated and monitored to be paid on a monthly basis / HR monitor - no progress Ensure that payroll data correspond with HR records - WIP - was done for the 2020/21 audit Cost Containment Measures Policy to be strengthened by HR policies. Reporting quarterly on implementation as required in terms of regulation Progress not sufficient
	Contract Management	Appointment & Monitoring of the contract function.	Legal / SCM / CFO / Director Technical Services	<ul style="list-style-type: none"> Manage cost of consultants & legal expenses. All outsourced contract costs justifiable Build internal capacity & reduce dependence R100k reduction 	<ul style="list-style-type: none"> Ensure completeness of contracts in place Performance measures in place - improved performance Y/E reduction of R500k 	Yes/No	Yes/No	<ul style="list-style-type: none"> Policy for the appointment of consultants, stringent monitoring and see to value for money. A "need" analysis must be completed and ensure that the appointment is justifiable. 	<ul style="list-style-type: none"> Monitoring of consultant performance on a regular base ensure capacity building In-house activities instead of using consultants to do the job of officials 	<ul style="list-style-type: none"> Draft Contract Management Policy with a value for money and needs assessment checklist was drafted and stands to be workshopped and approved. Consultant performance to be monitored and not to overlap with current employee functions / or replace - WIP
4. Creditors payment rates that ensure that all fixed obligations, including obligations for bulk purchases, are met	Liability Management	Compliance to section 65 of the MFMA	BTO / CFO	<ul style="list-style-type: none"> Pay all current creditors on 30 days Affordable Eskom payment arrangement Reduction of Finance charges 	<ul style="list-style-type: none"> Pay Current creditors and reduce old outstanding debt R800k saving in finance charges (F&W) 	Yes/No	Yes/No	<ul style="list-style-type: none"> Recognise expenditure when incurred and capture immediately on the system / Use GRN's Improve accuracy of reporting Monthly cash flow planning & address straight lining of cash flows in the budget Establish a budget steering committee in line with MBRR 	<ul style="list-style-type: none"> Monthly payable reconciliations Develop a strategy to deal with creditors in arrears and interest charges AG fees to 1% of Exp 	<ul style="list-style-type: none"> Recognition of expenditure on an accrual basis will be addressed with the help of Ducharme (to be funded out of cost saving on ARS tender) Budget Steering committee to be established by new council - sit once a month & monitor budget implementation Little progress to date - significant impact on planning and ability to manage finances
5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed			BTO / CFO / PMU / Technical Director	<ul style="list-style-type: none"> Spending of conditional grants Improved grant and retention management practices No grants to revert back to PT /NT 	<ul style="list-style-type: none"> Ensure mSCOA compliance and transactional accuracy on SAMRAS 	Yes/No	Yes/No	<ul style="list-style-type: none"> An accurate grant and retention registers in place. Account cash & accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue Administration responsibilities of PMU allocated 	<ul style="list-style-type: none"> Ensure mSCOA compliance and transactional accuracy on SAMRAS Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jnl's 	<ul style="list-style-type: none"> Retention register accurate and functional, grant register to be improved and linked to projects Role of PMU i.t.o retention, grant and contract register be defined Progress but improvement needed

6. Other measures	Losses Management	Reduce water distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> Reduce water losses to 30% 	<ul style="list-style-type: none"> Reduce water losses to 25% 	Yes/No	Yes/No	<ul style="list-style-type: none"> Reduce theft through exception reporting and monitoring of use. Technical losses managed by isolating areas of high losses and fix Pre-Paid meters indigent households 	<ul style="list-style-type: none"> Meter verification & TID process Expansion of Pre-paid water metering system Calibration of bulk meters 	<ul style="list-style-type: none"> Water losses was reduced to 15.1% during Q2 Water losses dropped to 21.6% but Zoar bulk meter is impacting accuracy. Pre-paid water meters is much needed - assist credit control and management of water
		Reduce Electricity distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> Reduce elec losses by 1% R130 k reduction in bulk account 	<ul style="list-style-type: none"> Reduce elec losses by 2% for the full year R950K 	Yes/No	Yes/No	<ul style="list-style-type: none"> Reduce theft through exception reporting and monitoring of use. Technical losses managed by isolating areas of high losses and fix Removing dormant meters from pre-paid system 	<ul style="list-style-type: none"> Meter verification & TID process 	<ul style="list-style-type: none"> Pre-paid electricity contract will address dormant meter issue and improve exception listing capabilities C2d Losses (16.7%) to be addressed as it pulled down the average losses to 12.9% - above the target. significant progress towards addressing non-technical losses - results to be reported
	Asset Management	Improved fleet management	SCM Manager / CFO /	<ul style="list-style-type: none"> Reduce fleet opex by R10k 	<ul style="list-style-type: none"> Reduce fleet opex by R30k full year 	Yes/No	Yes/No	<ul style="list-style-type: none"> Award fleet monitoring contract Manage fuel and vehicle usage, (tyres / licensing etc.) Monthly reporting Review policy considerations 	<ul style="list-style-type: none"> Improved monitoring Manage condition and care of municipal fleet accurate logbooks and records of use 	<ul style="list-style-type: none"> Draft policy in place to be adjusted according to fleet management contract Fleet Management contract - no progress
		Ensure assets reach expected economic life & only maintain economic assets	CFO / Technical Director / SCM Manager	<ul style="list-style-type: none"> Improve use of municipal assets Evaluate economical use of municipal assets reduce cost R&M especially on municipal houses 	<ul style="list-style-type: none"> Cost reduction on maintenance and revenue disposal of assets R2 million Review & accommodate Adj Budget 	Yes/No	Yes/No	<ul style="list-style-type: none"> Identify uneconomical assets. Identify indicators of impairment and reason. Maintain through maintenance plans and avail finances for financing 	<ul style="list-style-type: none"> Develop a R&M Policy Improved reporting on asset management & use Dispose of all uneconomical assets review municipal houses and economical viability to maintain 	<ul style="list-style-type: none"> high maintenance cost of municipal houses and lack of contracts an issue that will be dealt with. Asset verification revealed areas of concern to be investigated and reported to MM Asset management function currently standing still - no staff
	Staff Expenditure	Staff Expenditure maintained at affordable ratio to Expenditure (funded budget)	CFO / BTO Manager	<ul style="list-style-type: none"> Review effectiveness of org structure & organogram Prioritise vacancies & manage risks / return on investment in staff 	<ul style="list-style-type: none"> Reduced to 35% of total opex expenditure (in deficit express in terms of revenue) Realize a R1.5 million saving 	Yes/No	Yes/No	<ul style="list-style-type: none"> Ensure expense justify the output - performance management and filling of critical vacancies will improve revenue. Prioritise expense. 	<ul style="list-style-type: none"> Review grading of positions (T-Grading) Structure council to ensure savings (Sec 79 Chair combine with Dep Mayor position - R400k/annum saving) 	<ul style="list-style-type: none"> New Council to advise - cost to be evaluated against disposal income and operational costs needs to be reduced. YTD employee and council expenditure contributed to 64% of all cash expenditure transactions relative to the financial year (Income Statement related)