



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for June 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

Table of Contents

GLOSSARY	3
PART 1: IN-YEAR REPORT	5
Section 1 – Mayor’s Report	5
1.1 In -Year Report – Monthly Budget Statement	5
Section 2 – Resolutions	5
Section 3 – Executive Summary	6
3.1 Introduction	6
3.2 Consolidated Performance	6
3.3 Material differences to the SDBIP	12
3.4 Remedial actions	12
Section 4 – In-Year Budget Statement Tables	13
PART 2 SUPPORTING DOCUMENTATION	18
Section 5 – Debtors' Analysis	18
Section 6 – Creditors' Analysis	19
Section 7 – Investment Portfolio Analysis	20
Section 8 – Allocation and Grant Receipts and Expenditure	21
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	22
Section 10 – Material Variances to the SDBIP	23
Section 11– Capital Programme Performance	23
Section 12 – Implementation of the Budget Funding Plan	24
Section 13 – SCM Deviations	24
APPENDIX A: Budget Funding Plan	25

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 **June 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.

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 **June 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 176 492	R 176 840	R 349	0%
Operating Expenditure	R 191 830	R 204 637	R 204 637	R 186 857	R (17 780)	-9%
Capital	R 23 767	R 25 622	R 25 622	R 16062	R (9560)	- 37%

Operating Revenue

Operating revenue realized in line with the final budget.

Operating expenditure

The year-to-date operating expenditure variance indicated that the year-to-date budget was underspend by **-9%**. The municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system was not in use and that caused a delay in the recognition of expenditure. This could have led to an under-reporting of expenditure as the reporting platform do not recognise expenditure unless paid and this are being corrected as part of the year-end procedures.

Capital Expenditure

Capital Expenditure amounts to **R 4 552 million** for grant funded projects for the month of **June 2022**. The year-to-date actual capital expenditure is **63%** of the total Capital budget. 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	10,949,797,54	9,059,080,93	-82,73	106,230,092,34	(82,840,823,32)	77,98
May-22	9,898,214,29	- 9,059,080,93	346,015,59	10,093,942,32	8,031,457,93	-79,57	116,324,034,66	(90,872,281,25)	78,12

The collection rate on billed services and rates, came in at **78.12%** on a year-to-date basis, which is below the 85% used as per budget assumption on average.

Comments from the Chief Financial Officer

It is critical that management must collectively plan to effectively speed up SCM processes which should in turn will enhance and increase performance levels of both operational and capital activities. The budget funding plan was not implemented as planned and this should be addressed as a priority item during the 2022/23 financial year.

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M12 June									
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	2,142	25,891	25,522	369	1%	25,522
Service charges	87,941	104,162	100,680	8,134	102,405	100,680	1,725	2%	100,680
Investment revenue	1,150	864	880	101	1,232	880	352	40%	880
Transfers and subsidies	42,601	45,128	42,097	1,334	39,954	42,097	(2,142)	-5%	42,097
Other own revenue	6,358	11,704	7,313	760	7,357	7,313	44	1%	7,313
Total Revenue (excluding capital transfers and contributions)	157,387	186,419	176,492	12,471	176,840	176,492	349	0%	176,492
Employee costs	66,652	65,553	71,709	6,041	71,001	71,709	(708)	-1%	71,709
Remuneration of Councillors	3,184	3,637	3,637	318	3,672	3,637	36	1%	3,637
Depreciation & asset impairment	12,039	12,698	12,698	3,175	12,698	12,698	0	0%	12,698
Finance charges	3,188	382	2,318	5	793	2,318	(1,525)	-66%	2,318
Materials and bulk purchases	49,813	56,133	58,365	(8,965)	37,402	58,365	(20,963)	-36%	58,365
Transfers and subsidies	246	838	448	40	240	448	(208)	-46%	448
Other expenditure	46,911	52,589	55,461	3,549	61,049	55,461	5,588	10%	55,461
Total Expenditure	182,033	191,830	204,637	4,162	186,857	204,637	(17,780)	-9%	204,637
Surplus/(Deficit)	(24,645)	(5,411)	(28,145)	8,309	(10,016)	(28,145)	18,129	-64%	(28,145)
Transfers and subsidies - capital (monetary allocations)	19,524	22,763	25,622	5,714	18,889	25,622	(6,734)	-26%	25,622
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(5,087)	17,352	(2,522)	14,023	8,873	(2,522)	11,395	-452%	(2,522)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(5,087)	17,352	(2,522)	14,023	8,873	(2,522)	11,395	-452%	(2,522)
Capital expenditure & funds sources									
Capital expenditure	8,490	23,767	26,639	4,564	16,343	26,639	(10,296)	-39%	26,639
Capital transfers recognised	(909)	22,763	25,622	4,552	16,062	25,622	(9,560)	-37%	25,622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	614	1,004	1,004	-	268	1,004	(736)	-73%	1,004
Total sources of capital funds	(295)	23,767	26,626	4,552	16,331	26,626	(10,296)	-39%	26,626
Financial position									
Total current assets	(12,526)	(17,989)	(47,397)		(14,876)				(47,397)
Total non current assets	(11,970)	351,292	342,195		3,645				342,195
Total current liabilities	(11,742)	29,011	14,712		(19,868)				14,712
Total non current liabilities	7,751	37,082	44,833		-				44,833
Community wealth/Equity	(15,416)	249,857	237,775		(236)				237,775
Cash flows									
Net cash from (used) operating	338	18,836	10,590	86,822	217,873	10,590	(207,284)	-1957%	10,590
Net cash from (used) investing	6,949	(23,767)	(26,639)	(13)	(13)	(26,639)	(26,626)	100%	(26,639)
Net cash from (used) financing	(91)	-	-	(4)	(99)	-	99	#DIV/0!	-
Cash/cash equivalents at the month/year end	7,196	37,556	32,755	-	217,757	32,755	(185,002)	-565%	(16,054)
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	1,569	2,376	2,177	1,948	1,965	2,096	10,894	81,253	104,277
Creditors Age Analysis									
Total Creditors	5,509	3,773	6,771	5,056	40,818	-	-	-	61,926

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) - M12 June										
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	2,142	25,891	25,522	369	1%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,162	64,750	62,578	2,172	3%	62,578
Service charges - water revenue		18,013	20,787	20,746	1,569	20,365	20,746	(381)	-2%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	705	8,706	8,738	(32)	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	699	8,583	8,617	(34)	0%	8,617
Rental of facilities and equipment		606	631	533	48	552	533	19	3%	533
Interest earned - external investments		1,150	864	880	101	1,232	880	352	40%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	513	4,984	4,628	356	8%	4,628
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	15	5	16	15	1	4%	15
Licences and permits		217	378	361	14	159	361	(202)	-56%	361
Agency services		1,083	1,087	1,200	92	1,098	1,200	(102)	-8%	1,200
Transfers and subsidies		42,601	45,128	42,097	1,334	39,954	42,097	(2,142)	-5%	42,097
Other revenue		769	974	576	88	548	576	(27)	-5%	576
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	176,492	12,471	176,840	176,492	349	0%	176,492

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

- **Interest earned on external investments (40% variance)** - Exceeds the forecast due to the cyclical nature of funds received and it being ring-fencing in call accounts. The budget was exceeded due to the slow spending of conditional grants.
- **Interest earned on outstanding debtors (8% variance)** - Exceeds the budget due to a drop-off in the collection rate and the budget assumption of an 85% collection rate not realizing because of the lack of implementation of the budget funding plan.
- **Licence and Permits (-56%)** - The reason for this variance is due to a breakdown in the equipment needed for the testing and issuing of licenses.
- **Agency Services (-8% variances)** – This is a difficult item to budget for with revenue realizing lower than the previous financial year in real terms when discounting the annual increase.
- **Transfer and subsidies (-5% variances)** – Not all operational grants were spent, and the municipality had an unspent amount to be carried over, if approved.
- **Other revenue (-5%)** – This is a very unpredictable item and revenue can be difficult to predict with it being very incidental in nature.

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
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										
<u>Expenditure By Type</u>										
Employee related costs		66,652	65,553	71,709	6,041	71,001	71,709	(708)	-1%	71,709
Remuneration of councillors		3,184	3,637	3,637	318	3,672	3,637	36	1%	3,637
Debt impairment		21,016	20,723	24,401	16	38,627	24,401	14,227	58%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	3,175	12,698	12,698	0	0%	12,698
Finance charges		3,188	382	2,318	5	793	2,318	(1,525)	-66%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	(9,142)	33,717	52,650	(18,933)	-36%	52,650
Inventory consumed		5,536	7,193	5,715	176	3,685	5,715	(2,030)	-36%	5,715
Contracted services		8,030	17,971	15,613	2,119	11,220	15,613	(4,394)	-28%	15,613
Transfers and subsidies		246	838	448	40	240	448	(208)	-46%	448
Other expenditure		17,815	13,895	15,447	1,414	11,202	15,447	(4,245)	-27%	15,447
Losses		50	-	-	-	-	-	-	-	-
Total Expenditure		182 033	191 830	204 637	4 162	186 857	204 637	(17 780)	-9%	204 637

- **Debt Impairment (58% 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.
- **Finance Charges (-66% variances)** – The budget accounted for interest on employee cost related provisions (PEMA & LSA) and interest on the provision for 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 (-36% variance) – Not all Eskom accounts were accounted for to date and this are being addressed as part of the year-end procedures. It should be noted that the financial year has not been closed at the time of reporting.

- **Inventory Consumed (-36%), Contracted Services (-28%), Transfers and Subsidies (-46%) and Other Expenditure (-27%),** This deviates from the budget as result of the municipality only incurring expenditure in terms of revenue realising. Not all expenditure are also accounted for at the time of reporting due to the delay in the closing of the financial year.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June										
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	90	774	833	(59)	-7%	833
Vote 3 - FINANCIAL SERVICES		(138)	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2,026	-	1,944	2,026	(83)	-4%	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	90	2,718	2,859	(141)	-5%	2,859
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	105	192	(87)	-45%	192
Vote 2 - CORPORATE SERVICES		(12,115)	1,023	1,023	99	178	1,023	(845)	-83%	1,023
Vote 3 - FINANCIAL SERVICES		9,618	1,664	1,664	910	1,257	1,664	(407)	-24%	1,664
Vote 4 - TECHNICAL SERVICES		10,308	20,888	20,901	3,465	12,084	20,901	(8,816)	-42%	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	4,475	13,625	23,780	(10,155)	-43%	23,780
Total Capital Expenditure	3	8,490	23,767	26,639	4,564	16,343	26,639	(10,296)	-39%	26,639
Capital Expenditure - Functional Classification										
Governance and administration		9,480	2,001	2,001	910	1,425	2,001	(575)	-29%	2,001
Executive and council		-	192	192	-	105	192	(87)	-45%	192
Finance and administration		9,480	1,809	1,809	910	1,320	1,809	(488)	-27%	1,809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(11,297)	378	1,211	189	873	1,211	(338)	-28%	1,211
Community and social services		(11,467)	-	833	90	774	833	(59)	-7%	833
Sport and recreation		170	378	378	99	99	378	(279)	-74%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	500	513	13	28	513	(484)	-94%	513
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	513	13	28	513	(484)	-94%	513
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		10,308	20,888	22,915	3,453	14,016	22,915	(8,899)	-39%	22,915
Energy sources		797	2,699	2,699	93	328	2,699	(2,371)	-88%	2,699
Water management		9,510	18,189	20,216	3,360	13,688	20,216	(6,528)	-32%	20,216
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	8,490	23,767	26,639	4,564	16,343	26,639	(10,296)	-39%	26,639
Funded by:										
National Government		10,245	22,763	22,763	4,462	13,344	22,763	(9,419)	-41%	22,763
Provincial Government		(11,154)	-	2,859	90	2,718	2,859	(141)	-5%	2,859
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(909)	22,763	25,622	4,552	16,062	25,622	(9,560)	-37%	25,622
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		614	1,004	1,004	-	268	1,004	(736)	-73%	1,004
Total Capital Funding		(295)	23,767	26,626	4,552	16,331	26,626	(10,296)	-39%	26,626

- The total year to date expenditure amounts to **R 16 million** for grant funded projects. The YTD figures indicate a 37% under-spending from the YTD budget, some progress was made in ensuring the optimal expenditure on all capital grant funding.

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 a coordinated effort and with giving the necessary and all-important consideration to the excessive increase in fuel prices and threatening inflation (increase in interest rates) 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) - M12 June										
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	2,142	25,891	25,522	369	1%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,162	64,750	62,578	2,172	3%	62,578
Service charges - water revenue		18,013	20,787	20,746	1,569	20,365	20,746	(381)	-2%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	705	8,706	8,738	(32)	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	699	8,583	8,617	(34)	0%	8,617
Rental of facilities and equipment		606	631	533	48	552	533	19	3%	533
Interest earned - external investments		1,150	864	880	101	1,232	880	352	40%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	513	4,984	4,628	356	8%	4,628
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5,547	15	5	16	15	1	4%	15
Licences and permits		217	378	361	14	159	361	(202)	-56%	361
Agency services		1,083	1,087	1,200	92	1,098	1,200	(102)	-8%	1,200
Transfers and subsidies		42,601	45,128	42,097	1,334	39,954	42,097	(2,142)	-5%	42,097
Other revenue		769	974	576	88	548	576	(27)	-5%	576
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	176,492	12,471	176,840	176,492	349	0%	176,492
Expenditure By Type										
Employee related costs		66,652	65,553	71,709	6,041	71,001	71,709	(708)	-1%	71,709
Remuneration of councillors		3,184	3,637	3,637	318	3,672	3,637	36	1%	3,637
Debt impairment		21,016	20,723	24,401	16	38,627	24,401	14,227	58%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	3,175	12,698	12,698	0	0%	12,698
Finance charges		3,188	382	2,318	5	793	2,318	(1,525)	-66%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	(9,142)	33,717	52,650	(18,933)	-36%	52,650
Inventory consumed		5,536	7,193	5,715	176	3,685	5,715	(2,030)	-36%	5,715
Contracted services		8,030	17,971	15,613	2,119	11,220	15,613	(4,394)	-28%	15,613
Transfers and subsidies		246	838	448	40	240	448	(208)	-46%	448
Other expenditure		17,815	13,895	15,447	1,414	11,202	15,447	(4,245)	-27%	15,447
Losses		50	—	—	—	—	—	—	—	—
Total Expenditure		182,033	191,830	204,637	4,162	186,857	204,637	(17,780)	-9%	204,637
Surplus/(Deficit)		(24,645)	(5,411)	(28,145)	8,309	(10,016)	(28,145)	18,129	(0)	(28,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,524	22,763	25,622	5,714	18,889	25,622	(6,734)	(0)	25,622
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		34	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(5,087)	17,352	(2,522)	14,023	8,873	(2,522)			(2,522)
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		(5,087)	17,352	(2,522)	14,023	8,873	(2,522)			(2,522)
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		(5,087)	17,352	(2,522)	14,023	8,873	(2,522)			(2,522)
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		(5,087)	17,352	(2,522)	14,023	8,873	(2,522)			(2,522)

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M12 June

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)	924	(21,150)
Call investment deposits		2,374	37,862	40,236	(12,944)	40,236
Consumer debtors		(532)	6,755	3,083	(12,973)	3,083
Other debtors		(19,106)	(46,381)	(67,939)	8,976	(67,939)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2,867)	(1,627)	1,141	(1,627)
Total current assets		(12,526)	(17,989)	(47,397)	(14,876)	(47,397)
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	3,676	340,916
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	28	(31)	28
Other non-current assets		-	-	-	-	-
Total non current assets		(11,970)	351,292	342,195	3,645	342,195
TOTAL ASSETS		(24,495)	333,303	294,798	(11,232)	294,798
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(127)	586	459	(647)	459
Consumer deposits		91	1,027	1,119	99	1,119
Trade and other payables		(12,675)	14,780	5,837	(19,320)	5,837
Provisions		968	12,619	7,296	-	7,296
Total current liabilities		(11,742)	29,011	14,712	(19,868)	14,712
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	59,545	(19,868)	59,545
NET ASSETS	2	(20,504)	267,209	235,253	8,636	235,253
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		(15,886)	238,953	237,306	-	237,306
Reserves		470	10,904	470	(236)	470
TOTAL COMMUNITY WEALTH/EQUITY	2	(15,416)	249,857	237,775	(236)	237,775

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M12 June

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	1,444	13,679	20,227	(6,548)	-32%	20,227
Service charges		26,341	89,407	86,739	5,820	68,439	86,739	(18,300)	-21%	86,739
Other revenue		1,379	9,833	3,895	213	1,216	3,895	(2,680)	-69%	3,895
Government - operating		43,137	44,598	41,567	1,682	25,975	41,567	(15,592)	-38%	41,567
Government - capital		22,164	22,763	25,622	—	6,546	25,622	(19,076)	-74%	25,622
Interest		9	3,961	3,905	2	18	3,905	(3,888)	-100%	3,905
Dividends		—	—	—	—	—	—	—	—	—
Payments										
Suppliers and employees		(100,051)	(171,940)	(171,366)	77,661	102,001	(171,366)	(273,367)	160%	(171,366)
Finance charges		—	—	—	—	—	—	—	—	—
Transfers and Grants		(137)	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		338	18,836	10,590	86,822	217,873	10,590	(207,284)	-1957%	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)	(13)	(13)	(26,639)	(26,626)	100%	(26,639)
NET CASH FROM/(USED) INVESTING ACTIVITIES		6,949	(23,767)	(26,639)	(13)	(13)	(26,639)	(26,626)	100%	(26,639)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		(91)	—	—	(4)	(99)	—	(99)	0%	—
Payments										
Repayment of borrowing		—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(91)	—	—	(4)	(99)	—	99	0%	—
NET INCREASE/ (DECREASE) IN CASH HELD		7,196	(4,931)	(16,049)	86,806	217,761	(16,049)			(16,049)
Cash/cash equivalents at beginning:		—	42,488	48,805		(5)	48,805			(5)
Cash/cash equivalents at month/year end:		7,196	37,556	32,755		217,757	32,755			(16,054)

There was 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 **June 2022** were as follow;

- Standard Bank Main Account is: **R 981 thousand;**
- The Traffic Account: **R 376 thousand;**
- Deposit Account: **R 1 289 million; and**
- Call Account: **R 10 million (unspent grants)**

The lack of revenue streams has left the municipality 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) - M12 June										
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	3,544	59,832	42,232	17,599	42%	42,232
Executive and council		34,237	6,402	7,365	813	27,043	7,365	19,678	267%	7,365
Finance and administration		25,196	34,571	34,867	2,731	32,789	34,867	(2,079)	-6%	34,867
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,409	20,827	17,541	1,697	15,140	17,541	(2,401)	-14%	17,541
Community and social services		15,193	14,727	15,820	1,693	14,551	15,820	(1,268)	-8%	15,820
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	3	57	-	57	#DIV/0!	-
Housing		(36)	6,100	1,721	-	532	1,721	(1,189)	-69%	1,721
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,677	7,047	2,151	113	1,756	2,151	(395)	-18%	2,151
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,677	7,047	2,151	113	1,756	2,151	(395)	-18%	2,151
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,426	140,336	140,190	12,831	119,002	140,190	(21,188)	-15%	140,190
Energy sources		56,671	74,321	68,974	7,037	71,371	68,974	2,397	3%	68,974
Water management		27,712	35,358	37,908	4,193	28,386	37,908	(9,522)	-25%	37,908
Waste water management		8,188	15,079	16,137	797	9,618	16,137	(6,520)	-40%	16,137
Waste management		7,855	15,578	17,170	803	9,627	17,170	(7,543)	-44%	17,170
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	176,945	209,182	202,114	18,185	195,729	202,114	(6,385)	-3%	202,114
Expenditure - Functional										
<i>Governance and administration</i>		56,053	57,383	68,435	6,492	61,328	68,435	(7,107)	-10%	68,435
Executive and council		14,176	17,062	23,700	3,455	23,646	23,700	(54)	0%	23,700
Finance and administration		41,877	40,321	44,735	3,037	37,682	44,735	(7,052)	-16%	44,735
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,562	17,233	13,240	1,278	12,271	13,240	(970)	-7%	13,240
Community and social services		7,726	9,166	9,856	521	9,083	9,856	(773)	-8%	9,856
Sport and recreation		380	549	379	72	400	379	20	5%	379
Public safety		1,579	375	220	75	1,276	220	1,056	479%	220
Housing		877	7,143	2,785	610	1,512	2,785	(1,273)	-46%	2,785
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8,845	16,083	11,749	1,259	9,673	11,749	(2,076)	-18%	11,749
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		8,845	16,083	11,749	1,259	9,673	11,749	(2,076)	-18%	11,749
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106,574	101,131	111,212	(4,867)	103,585	111,212	(7,627)	-7%	111,212
Energy sources		56,175	59,169	63,538	(7,905)	42,915	63,538	(20,623)	-32%	63,538
Water management		29,635	18,684	21,254	1,493	28,485	21,254	7,231	34%	21,254
Waste water management		5,754	9,711	10,995	900	14,928	10,995	3,933	36%	10,995
Waste management		15,010	13,566	15,425	645	17,256	15,425	1,831	12%	15,425
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	182,033	191,830	204,637	4,162	186,857	204,637	(17,779)	-9%	204,637
Surplus/ (Deficit) for the year		(5,088)	17,352	(2,522)	14,023	8,872	(2,522)	11,394	-452%	(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) - M12 June										
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	813	27,043	7,365	19,678	267,2%	7,365
Vote 2 - CORPORATE SERVICES		15,822	26,377	18,175	1,866	15,443	18,175	(2,732)	-15,0%	18,175
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,432	2,669	32,352	34,432	(2,080)	-6,0%	34,432
Vote 4 - TECHNICAL SERVICES		102,096	142,274	142,141	12,836	120,891	142,141	(21,251)	-15,0%	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	18,185	195,729	202,114	(6,385)	-3,2%	202,114
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14,176	17,062	23,700	3,455	23,646	23,700	(54)	-0,2%	23,700
Vote 2 - CORPORATE SERVICES		22,037	34,547	28,806	2,836	26,600	28,806	(2,206)	-7,7%	28,806
Vote 3 - FINANCIAL SERVICES		32,333	29,387	31,689	1,905	24,513	31,689	(7,176)	-22,6%	31,689
Vote 4 - TECHNICAL SERVICES		113,358	109,345	119,161	(4,077)	111,435	119,161	(7,726)	-6,5%	119,161
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		130	1,490	1,280	43	662	1,280	(618)	-48,2%	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	4,162	186,857	204,637	(17,779)	-8,7%	204,637
Surplus/ (Deficit) for the year	2	(5,088)	17,352	(2,522)	14,023	8,872	(2,522)	11,394	-451,7%	(2,522)

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' Analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

2021/22 Rainaldia - Supporting Table 003 Monthly Budget Statement - aged debtors - in R thousands													
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	121-150 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	808	792	767	657	731	918	3,348	19,022	27,043	24,677	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	746	218	187	128	128	90	341	1,697	3,535	2,383	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,007	486	394	346	309	303	2,528	14,852	20,225	18,337	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	264	246	246	246	245	245	1,445	10,977	13,913	13,157	-	-
Receivables from Exchange Transactions - Waste Management	1600	603	438	408	398	390	385	2,226	14,123	18,971	17,522	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	23	23	23	-	-
Interest on Arrear Debtor Accounts	1810	0	14	25	34	28	42	403	17,785	18,331	18,292	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1,860)	182	149	139	134	114	603	2,774	2,234	3,764	-	-
Total By Income Source	2000	1,569	2,376	2,177	1,948	1,965	2,096	10,894	81,253	104,277	98,155	-	-
2020/21 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(459)	82	65	53	16	16	390	607	770	1,081	-	-
Commercial	2300	309	232	219	172	163	120	621	3,006	4,843	4,083	-	-
Households	2400	1,966	1,918	1,760	1,603	1,673	1,844	8,781	67,838	87,383	81,740	-	-
Other	2500	(247)	144	133	120	113	115	1,101	9,801	11,281	11,250	-	-
Total By Customer Group	2600	1,569	2,376	2,177	1,948	1,965	2,096	10,894	81,253	104,277	98,155	-	-

- The total amount owed to Kannaland Municipality amounts to **R 104.28 million** in **June 2022** and **R 88.59 million** in **May 2022** indicating a **15% increase** in outstanding debt on a month-on-month basis;
- **R81.25 million or 78%** of the total outstanding debtors are older than one year; and
- **R98.16 or 94%** 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 - M12 June

W0047 Ramulana - Supporting Table 04 Monthly Budget Statement - aged creditors - in R2 June										
Description	NT Code	Budget Year 2021/22								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,732	4,623	4,960	4,512	18,883	-	-	-	37,710
Bulk Water	0200	22	-	-	-	-	-	-	-	22
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	343	471	463	433	7,534	-	-	-	9,244
Auditor General	0800	110	(1,408)	1,334	112	7,734	-	-	-	7,882
Other	0900	241	87	14	-	6,667	-	-	-	7,009
Total By Customer Type	1000	5,509	3,773	6,771	5,056	40,818	-	-	-	61,926

The total outstanding creditors amounts to **R 61 926 million in June 2022** and **R 56 240 million in May 2022**, this represents a **9.18%** increase.

The biggest outstanding creditors are Eskom (**R37 710 million**), the Auditor-General of South Africa (**R7 882 million**). Combined the beforementioned represents **74%** 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	30.06.2022	30.06.2022	0,00	2,801,70	0,00	2,801,70	275,500,71	272,699,01
Interest Capitalisation	30.06.2022	30.06.2022	0,00	-2,801,70	2,801,70	0,00	275,500,71	275,500,71
Repayment Due	30.06.2022	30.06.2022	-57,198,30	0,00	-2,801,70	-60,000,00	215,500,71	215,500,71

- The total outstanding long-term debt of Kannaland Municipality amounts to **R216 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	R82,803,00	R2,893,803,00	R2,893,803,00	R2,893,803,00	R0,00	
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	R529,700,00	R0,00	
Municipal Infrastructure Grant (Capital)	R10,064,300,00		R10,064,300,00	R10,064,300,00	R9,886,476,23	R177,823,78	R3,370,300,75
Water Service Infrastructure Grant	R10,000,000,00		R10,000,000,00	R10,000,000,00	R5,332,175,75	R4,667,824,25	R8,978,389,43
EPWP Incentive Grant	R1,359,000,00	R12,500,00	R1,371,500,00	R1,371,500,00	R1,371,500,00	R0,00	
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	R799,599,79	R33,203,11	
MRF (Municipal Replacement Fund)	R3,217,000,00	R288,519,14	R3,505,519,14	R3,217,000,00	R3,129,321,84	R376,197,30	
Local Government Employee Support Grant		R900,000,00	R900,000,00	R900,000,00	R773,763,60	R126,236,40	
CDW Grant	113,000,00	R62,943,00	R175,943,00	R175,943,00	R39,475,79	R136,467,21	
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:

1. **Financial Management Grant** amounts to **R191 thousand**
2. **Municipal Infrastructure Grant PMU** amounts to **R 5 719 thousand**
3. **Expanded Public Works Programme Grant** amounts to **R 140 thousand**

Provincial Government Grants:

1. Library Grant amounts to **R 368 thousand**.
2. Library Grant Capital amounts to **R 91 thousand**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

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	265	3,116	2,895	221	8%	2,895
Pension and UIF Contributions		0	–	–	3	26	–	26	#DIV/0!	–
Medical Aid Contributions		133	220	220	5	67	220	(154)	-70%	220
Motor Vehicle Allowance		189	172	172	19	157	172	(15)	-9%	172
Cellphone Allowance		311	349	349	26	307	349	(42)	-12%	349
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		3,184	3,637	3,637	318	3,672	3,637	36	1%	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	239	1,670	3,937	(2,267)	-58%	3,937
Pension and UIF Contributions		0	3	3	0	1	3	(2)	-67%	3
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		64	168	168	3	130	168	(38)	-22%	168
Cellphone Allowance		35	75	75	6	37	75	(39)	-51%	75
Housing Allowances		–	17	17	–	–	17	(17)	-100%	17
Other benefits and allowances		29	272	552	2	172	552	(381)	-69%	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	251	2,009	4,753	(2,743)	-58%	4,753
% increase	4		58,6%	146,3%						146,3%
Other Municipal Staff										
Basic Salaries and Wages		41,773	41,120	44,519	4,224	45,367	44,519	848	2%	44,519
Pension and UIF Contributions		5,472	7,271	7,258	586	6,740	7,258	(518)	-7%	7,258
Medical Aid Contributions		2,768	2,162	2,162	190	2,047	2,162	(115)	-5%	2,162
Overtime		5,118	4,106	4,893	7	4,747	4,893	(146)	-3%	4,893
Performance Bonus		2,012	–	–	–	1,354	–	1,354	#DIV/0!	–
Motor Vehicle Allowance		2,026	2,133	2,133	237	2,367	2,133	235	11%	2,133
Cellphone Allowance		119	80	80	18	165	80	85	106%	80
Housing Allowances		269	279	279	21	353	279	74	26%	279
Other benefits and allowances		2,408	4,651	4,712	507	5,796	4,712	1,084	23%	4,712
Payments in lieu of leave		688	–	130	–	34	130	(96)	-74%	130
Long service awards		(518)	–	100	–	–	100	(100)	-100%	100
Post-retirement benefit obligations	2	2,589	692	692	–	22	692	(670)	-97%	692
Sub Total - Other Municipal Staff		64,722	62,493	66,957	5,790	68,992	66,957	2,035	3%	66,957
% increase	4		-3,4%	3,5%						3,5%
Total Parent Municipality		69,836	69,189	75,346	6,358	74,674	75,346	(672)	-1%	75,346
Unpaid salary, allowances & benefits in arrears:										
Other Staff 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		–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4									
Total Municipal Entities		0	–	–	0	1	–	1	#DIV/0!	–
TOTAL SALARY, ALLOWANCES & BENEFITS		69,837	69,189	75,346	6,358	74,674	75,346	(672)	-1%	75,346
% increase	4		-0,9%	7,9%						7,9%
TOTAL MANAGERS AND STAFF		66,652	65,553	71,709	6,041	71,001	71,709	(708)	-1%	71,709

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 - M12 June									
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	589	11,779	24,419	12,640	51,8%	50%
June	(1,411)	1,981	2,220	4,564	16,343	26,639	10,296	38,7%	69%
Total Capital expenditure	8,490	23,767	26,639	16,343					

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)