



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for January 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 **January 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 has been developed and is being implemented, aimed at ensuring that revenue will be sufficient to cover expenses and long outstanding creditors.

The adverse impact of Covid-19 on the local economy will be felt for some time to come. The situation remains unpredictable, and the finances of the municipality should be managed with care.

### Section 2 – Resolutions

#### Recommendation:

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

## Section 3 – Executive Summary

### 1.1 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](http://www.kannaland.gov.za)

### 1.2 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 186 867	R109 006	R 97 983	R (11 023)	- 10%
Operating Expenditure	R 191 830	R 192 265	R 112 153	R 124 731	R 12578	11 %
Capital	R 23 767	R 26 567	R 15 539	R 9743	R (5 797)	- 37%

#### Operating Revenue

The year-to-date operating revenue realized 10% below the forecast for the same 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 revenue will be evaluated and adjusted, if necessary, within the annual adjustments budget.

#### Operating expenditure

The year-to-date operating expenditure variance indicated that the year-to-date budget was exceeded by 11%. Prescription and indigent related debt, to the amount of R38.5 million, was written-off and caused expenditure to exceed the forecasted amount. The forecast was based on straight-line budgeting, that did account for a specific period single amount transaction of

that magnitude. 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. The municipality is in the process of addressing the issue. 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 175 thousand** for grant funded projects for the month of **January 2022**. The year-to-date actual capital expenditure is 37% of the total Capital budget and 63% 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)	10 824 844.01	-				

The collection rate on billed services came in at 80% 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 January payments in respect of December billing realized at 82.9%, with February payments in respect of January 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.

**TABLE C1 – MONTHLY BUDGET SUMMARY**

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M07 January									
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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	19 337	24 562	24 562	2 158	15 126	14 328	799	6%	24 562
Service charges	87 941	104 162	104 162	10 101	59 976	60 761	(785)	-1%	104 162
Investment revenue	1 150	864	864	91	636	504	132	26%	864
Transfers and subsidies	42 601	45 128	45 576	1 152	18 119	26 586	(8 466)	-32%	45 576
Other own revenue	6 358	11 704	11 704	746	4 125	6 827	(2 702)	-40%	11 704
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>157 387</b>	<b>186 419</b>	<b>186 867</b>	<b>14 249</b>	<b>97 983</b>	<b>109 006</b>	<b>(11 023)</b>	<b>-10%</b>	<b>186 867</b>
Employee costs	65 446	65 553	65 481	5 920	41 495	38 196	3 299	9%	65 481
Remuneration of Councillors	3 117	3 637	3 637	288	2 069	2 121	(53)	-2%	3 637
Depreciation & asset impairment	13 459	12 698	12 698	–	5 291	7 407	(2 116)	-29%	12 698
Finance charges	835	382	382	19	142	223	(81)	-36%	382
Materials and bulk purchases	46 585	56 133	56 143	14 583	25 600	32 750	(7 150)	-22%	56 143
Transfers and subsidies	246	838	498	40	40	291	(251)	-86%	498
Other expenditure	50 067	52 589	53 426	1 153	50 095	31 164	18 931	61%	53 426
<b>Total Expenditure</b>	<b>179 754</b>	<b>191 830</b>	<b>192 265</b>	<b>22 003</b>	<b>124 731</b>	<b>112 153</b>	<b>12 578</b>	<b>11%</b>	<b>192 265</b>
<b>Surplus/(Deficit)</b>	<b>(22 366)</b>	<b>(5 411)</b>	<b>(5 399)</b>	<b>(7 754)</b>	<b>(26 748)</b>	<b>(3 148)</b>	<b>(23 601)</b>	<b>750%</b>	<b>(5 399)</b>
Transfers and subsidies - capital (monetary allocations)	19 524	22 763	27 199	4 071	5 848	15 866	(10 018)	-63%	27 199
Contributions & Contributed assets	34	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(2 809)</b>	<b>17 352</b>	<b>21 800</b>	<b>(3 684)</b>	<b>(20 900)</b>	<b>12 718</b>	<b>(33 618)</b>	<b>-264%</b>	<b>21 800</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(2 809)</b>	<b>17 352</b>	<b>21 800</b>	<b>(3 684)</b>	<b>(20 900)</b>	<b>12 718</b>	<b>(33 618)</b>	<b>-264%</b>	<b>21 800</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>15 954</b>	<b>23 767</b>	<b>26 639</b>	<b>175</b>	<b>9 743</b>	<b>15 539</b>	<b>(5 797)</b>	<b>-37%</b>	<b>26 639</b>
Capital transfers recognised	1 831	22 763	25 622	624	9 580	14 946	(5 367)	-36%	25 622
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	555	1 004	954	(449)	163	556	(394)	-71%	954
<b>Total sources of capital funds</b>	<b>2 386</b>	<b>23 767</b>	<b>26 576</b>	<b>175</b>	<b>9 743</b>	<b>15 503</b>	<b>(5 760)</b>	<b>-37%</b>	<b>26 576</b>
<b>Financial position</b>									
Total current assets	(2 063)	(17 989)	(14 793)		(22 107)				(14 793)
Total non current assets	(10 530)	351 292	354 164		4 452				354 164
Total current liabilities	(8 943)	29 011	30 632		3 404				30 632
Total non current liabilities	8 197	37 082	37 082		–				37 082
<b>Community wealth/Equity</b>	<b>(9 038)</b>	<b>249 857</b>	<b>249 857</b>		<b>(158)</b>				<b>249 857</b>
<b>Cash flows</b>									
Net cash from (used) operating	11 234	18 836	23 624	66 357	97 362	13 780	(83 582)	-607%	23 624
Net cash from (used) investing	(513)	(23 767)	(26 639)	–	–	(15 539)	(15 539)	100%	(26 639)
Net cash from (used) financing	(91)	1 027	1 027	2	(85)	–	85	#DIV/0!	1 027
<b>Cash/cash equivalents at the month/year end</b>	<b>10 630</b>	<b>38 584</b>	<b>40 500</b>	<b>–</b>	<b>97 273</b>	<b>40 729</b>	<b>(56 544)</b>	<b>-139%</b>	<b>(1 992)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	6 834	2 972	2 750	2 561	2 617	2 331	8 709	51 675	80 448
<b>Creditors Age Analysis</b>									
Total Creditors	7 094	1 272	26 704	147	24 320	–	–	–	59 538

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) - M07 January										
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	24 562	2 158	15 126	14 328	799	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	6 702	37 928	39 635	(1 707)	-4%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 963	11 817	12 126	(309)	-3%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	726	5 151	4 678	474	10%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	710	5 080	4 322	758	18%	7 410
Rental of facilities and equipment		606	631	631	44	309	368	(60)	-16%	631
Interest earned - external investments		1 150	864	864	91	636	504	132	26%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	8	26	1 801	(1 775)	-99%	3 087
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5 547	5 547	433	2 604	3 236	(631)	-20%	5 547
Licences and permits		217	378	378	7	92	220	(129)	-58%	378
Agency services		1 083	1 087	1 087	169	759	634	125	20%	1 087
Transfers and subsidies		42 601	45 128	45 576	1 152	18 119	26 586	(8 466)	-32%	45 576
Other revenue		769	974	974	85	335	568	(233)	-41%	974
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	186 867	14 249	97 983	109 006	(11 023)	-10%	186 867

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

- **Property Rates (6% variance) – R2.16 million was billed in January 2022** no increase from the amount reported in **December 2021 R2.16 million**. A new valuation roll was implemented during 2021/2022 financial year, and the impact of the pending appeals process will be monitored and reported upon. The variation was caused by a change in category (classification by use) and therefor the higher than forecasted amount that was billed.
- **Service Charges Sanitation Revenue (10% variance)** - amounted to **R726 thousand in January 2022**. A slight increase from the amount reported in **December 2021 R721 thousand**. The variance can be explained by the lower number of registered indigent households, causing a lower rebate and therefor a higher net amount being billed.
- **Service Charges Refuse Revenue (18% variances)** - amounted to **R710 thousand in January 2022**. A slight decrease from the amount reported in **December 2021 R714 thousand**. The variance can be explained by the lower number of registered indigent households, causing a lower rebate and therefor a higher net amount being billed.
- **Rental of facilities and equipment (-16% variance)**. The variance can be explained by the problem of straight-line budgeting not considering that the annual increase in rent is based on contractual stipulations that is not necessarily aligned with the financial year of the municipality. It should also be noted that there was a significant drop-off in revenue deriving from the rental of community facilities.

- **Interest earned on external investments (26% 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.
- **Interest earned on outstanding debtors (-99% variance)** - deviated significantly from the year-to-date budget and this can be explained by an incorrect allocation to Fines, Penalties, and Forfeits **(-20% variance)**.
- **Fines, Penalties & Forfeits (-20% variance)** – The actual variance will be -99% due to interest charged on outstanding debtors that was incorrectly allocated to this item, with there being no actual activity relating to this item. The reason for the lack of activity, is that there are no speed cameras in use, with very few traffic fines being issued.
- **Revenue from Agency Services (20% variances), Transfers & Subsidies (-32% variances) and Other Revenue (-41% variances)** deviate from the year-to-date budget due to the cyclical nature of the revenue that was not considered in the straight-line budgeting approach followed in the annual budget.

## Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January										
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		65 446	65 553	65 481	5 920	41 495	38 196	3 299	9%	65 481
Remuneration of councillors		3 117	3 637	3 637	288	2 069	2 121	(53)	-2%	3 637
Debt impairment		19 658	20 723	20 723	–	38 611	12 088	26 523	219%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	–	5 291	7 407	(2 116)	-29%	12 698
Finance charges		835	382	382	19	142	223	(81)	-36%	382
Bulk purchases - electricity		41 046	48 940	48 940	14 201	23 044	28 548	(5 504)	-19%	48 940
Inventory consumed		5 539	7 193	7 203	382	2 556	4 202	(1 646)	-39%	7 203
Contracted services		8 113	17 971	19 577	111	5 569	11 420	(5 851)	-51%	19 577
Transfers and subsidies		246	838	498	40	40	291	(251)	-86%	498
Other expenditure		17 805	13 895	13 126	1 042	5 915	7 656	(1 741)	-23%	13 126
Losses		4 492	–	–	–	–	–	–	–	–
Total Expenditure		179 754	191 830	192 265	22 003	124 731	112 153	12 578	11%	192 265

- **Employee Related Costs (9% variance)** – The employee related costs amounted to **R5.92 million for January 2022**. Actual expenditure is above with the year-to-date budget, and this should be addressed within the adjustments budget. The municipality paid the once-off gratuity during the period of **January 2022** as per wage agreement.
- **Debt Impairment (219% 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 Management (-29% variation)** – The variation is as a result of monthly depreciation journals not being processed and the actuals will still be within the budget parameters. Action will be taken to ensure the timeous processing of month-end journals.
- **Finance Charges (-36% variances)** – The budget set-up was done using straight-line budgeting and the reallocation of finance charges should be addressed, as it is currently incorrectly being recognised as part of the expense that is not being paid in time.
- **Bulk Purchases (-19% variances)** - deviated from the year-to-date budget due to Eskom bulk expenditure only being recognised when the municipality is making a payment. This is a significant error that the municipality will address as a matter of urgency.
- **Inventory Consumed (-39%), Contracted Services (-51%) and Other Expenditure (-23%),** 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 is of concern.

## Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

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									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		817	-	833	449	499	486	13	3%	833
Vote 3 - FINANCIAL SERVICES		38	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2 026	57	1 110	1 182	(72)	-6%	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]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	855	-	2 859	506	1 608	1 668	(59)	-4%	2 859
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	28	112	(84)	-75%	192
Vote 2 - CORPORATE SERVICES		(12 115)	1 023	1 023	(449)	51	597	(546)	-91%	1 023
Vote 3 - FINANCIAL SERVICES		14 167	1 664	1 664	-	347	971	(624)	-64%	1 664
Vote 4 - TECHNICAL SERVICES		13 047	20 888	20 901	118	7 708	12 192	(4 484)	-37%	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]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	15 099	23 767	23 780	(331)	8 134	13 872	(5 737)	-41%	23 780
<b>Total Capital Expenditure</b>	3	15 954	23 767	26 639	175	9 743	15 539	(5 797)	-37%	26 639
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		14 205	2 001	2 001	-	426	1 167	(741)	-64%	2 001
Executive and council		-	192	192	-	28	112	(84)	-75%	192
Finance and administration		14 205	1 809	1 809	-	398	1 055	(657)	-62%	1 809
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		(11 297)	378	1 211	449	499	706	(208)	-29%	1 211
Community and social services		(11 467)	-	833	449	499	486	13	3%	833
Sport and recreation		170	378	378	-	-	221	(221)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	500	513	(449)	-	299	(299)	-100%	513
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	513	(449)	-	299	(299)	-100%	513
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		13 047	20 888	22 915	175	8 818	13 367	(4 549)	-34%	22 915
Energy sources		797	2 699	2 699	88	235	1 574	(1 339)	-85%	2 699
Water management		12 249	18 189	20 216	86	8 583	11 792	(3 210)	-27%	20 216
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	15 954	23 767	26 639	175	9 743	15 539	(5 797)	-37%	26 639
<b>Funded by:</b>										
National Government		12 984	22 763	22 763	118	7 971	13 279	(5 307)	-40%	22 763
Provincial Government		(11 154)	-	2 859	506	1 608	1 668	(59)	-4%	2 859
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		1 831	22 763	25 622	624	9 580	14 946	(5 367)	-36%	25 622
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		555	1 004	954	(449)	163	556	(394)	-71%	954
<b>Total Capital Funding</b>		2 386	23 767	26 576	175	9 743	15 503	(5 760)	-37%	26 576

- The total year to date expenditure amounts to **R 9.7 million** for grant funded projects. The YTD figures indicate a -37% under-spending from the YTD budget, some progress is made in ensuring the optimal expenditure on all capital grant funding.

### **1.3 Material differences to the SDBIP**

Material differences to the SDBIP will be discussed under Section 10.

### **1.4 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.

## Section 4 – In-year budget statement tables

**TABLE C4 – MONTHLY FINANCIAL PERFORMANCE**

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January										
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	24 562	2 158	15 126	14 328	799	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	6 702	37 928	39 635	(1 707)	-4%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 963	11 817	12 126	(309)	-3%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	726	5 151	4 678	474	10%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	710	5 080	4 322	758	18%	7 410
Rental of facilities and equipment		606	631	631	44	309	368	(60)	-16%	631
Interest earned - external investments		1 150	864	864	91	636	504	132	26%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	8	26	1 801	(1 775)	-99%	3 087
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5 547	5 547	433	2 604	3 236	(631)	-20%	5 547
Licences and permits		217	378	378	7	92	220	(129)	-58%	378
Agency services		1 083	1 087	1 087	169	759	634	125	20%	1 087
Transfers and subsidies		42 601	45 128	45 576	1 152	18 119	26 586	(8 466)	-32%	45 576
Other revenue		769	974	974	85	335	568	(233)	-41%	974
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	186 867	14 249	97 983	109 006	(11 023)	-10%	186 867
Expenditure By Type										
Employee related costs		65 446	65 553	65 481	5 920	41 495	38 196	3 299	9%	65 481
Remuneration of councillors		3 117	3 637	3 637	288	2 069	2 121	(53)	-2%	3 637
Debt impairment		19 658	20 723	20 723	—	38 611	12 088	26 523	219%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	—	5 291	7 407	(2 116)	-29%	12 698
Finance charges		835	382	382	19	142	223	(81)	-36%	382
Bulk purchases - electricity		41 046	48 940	48 940	14 201	23 044	28 548	(5 504)	-19%	48 940
Inventory consumed		5 539	7 193	7 203	382	2 556	4 202	(1 646)	-39%	7 203
Contracted services		8 113	17 971	19 577	111	5 569	11 420	(5 851)	-51%	19 577
Transfers and subsidies		246	838	498	40	40	291	(251)	-86%	498
Other expenditure		17 805	13 895	13 126	1 042	5 915	7 656	(1 741)	-23%	13 126
Losses		4 492	—	—	—	—	—	—	—	—
Total Expenditure		179 754	191 830	192 265	22 003	124 731	112 153	12 578	11%	192 265
Surplus/(Deficit)		(22 366)	(5 411)	(5 399)	(7 754)	(26 748)	(3 148)	(23 601)	0	(5 399)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19 524	22 763	27 199	4 071	5 848	15 866	(10 018)	(0)	27 199
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		(2 809)	17 352	21 800	(3 684)	(20 900)	12 718			21 800
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		(2 809)	17 352	21 800	(3 684)	(20 900)	12 718			21 800
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		(2 809)	17 352	21 800	(3 684)	(20 900)	12 718			21 800
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		(2 809)	17 352	21 800	(3 684)	(20 900)	12 718			21 800

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M07 January						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b><u>ASSETS</u></b>						
<b>Current assets</b>						
Cash		14 838	(13 359)	(10 148)	(2 925)	(10 148)
Call investment deposits		2 374	37 862	37 862	(4 172)	37 862
Consumer debtors		(532)	6 755	6 755	(21 909)	6 755
Other debtors		(19 538)	(46 381)	(46 381)	6 194	(46 381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2 867)	(2 882)	705	(2 882)
<b>Total current assets</b>		<b>(2 063)</b>	<b>(17 989)</b>	<b>(14 793)</b>	<b>(22 107)</b>	<b>(14 793)</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	1 364	1 364	-	1 364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(10 405)	349 890	352 761	4 465	352 761
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	38	(13)	38
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>(10 530)</b>	<b>351 292</b>	<b>354 164</b>	<b>4 452</b>	<b>354 164</b>
<b>TOTAL ASSETS</b>		<b>(12 593)</b>	<b>333 303</b>	<b>339 371</b>	<b>(17 655)</b>	<b>339 371</b>
<b><u>LIABILITIES</u></b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	586	586	(367)	586
Consumer deposits		91	1 027	1 027	85	1 027
Trade and other payables		(9 247)	14 780	16 400	3 686	16 400
Provisions		785	12 619	12 619	-	12 619
<b>Total current liabilities</b>		<b>(8 943)</b>	<b>29 011</b>	<b>30 632</b>	<b>3 404</b>	<b>30 632</b>
<b>Non current liabilities</b>						
Borrowing		-	(429)	(429)	-	(429)
Provisions		8 197	37 511	37 511	-	37 511
<b>Total non current liabilities</b>		<b>8 197</b>	<b>37 082</b>	<b>37 082</b>	<b>-</b>	<b>37 082</b>
<b>TOTAL LIABILITIES</b>		<b>(746)</b>	<b>66 094</b>	<b>67 714</b>	<b>3 404</b>	<b>67 714</b>
<b>NET ASSETS</b>	2	<b>(11 847)</b>	<b>267 209</b>	<b>271 657</b>	<b>(21 059)</b>	<b>271 657</b>
<b><u>COMMUNITY WEALTH/EQUITY</u></b>						
Accumulated Surplus/(Deficit)		(9 052)	238 953	238 953	-	238 953
Reserves		14	10 904	10 904	(158)	10 904
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>(9 038)</b>	<b>249 857</b>	<b>249 857</b>	<b>(158)</b>	<b>249 857</b>

**TABLE C7 – MONTHLY BUDGETED CASH FLOW**

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M07 January										
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
<b>R thousands</b>	<b>1</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		7 496	20 213	20 213	1 113	8 365	11 791	(3 426)	-29%	20 213
Service charges		26 341	89 407	89 407	3 932	40 949	52 154	(11 205)	-21%	89 407
Other revenue		1 379	9 833	9 833	63	661	5 736	(5 075)	-88%	9 833
Government - operating		43 137	44 598	45 046	955	22 706	26 277	(3 570)	-14%	45 046
Government - capital		22 164	22 763	27 199	—	6 546	15 866	(9 320)	-59%	27 199
Interest		9	3 961	3 961	7	13	2 311	(2 297)	-99%	3 961
Dividends		—	—	—	—	—	—	—	—	—
<b>Payments</b>										
Suppliers and employees		(89 156)	(171 940)	(172 035)	60 286	18 122	(100 354)	(118 476)	118%	(172 035)
Finance charges		—	—	—	—	—	—	—	—	—
Transfers and Grants		(137)	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>11 234</b>	<b>18 836</b>	<b>23 624</b>	<b>66 357</b>	<b>97 362</b>	<b>13 780</b>	<b>(83 582)</b>	<b>-607%</b>	<b>23 624</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—
<b>Payments</b>										
Capital assets		(513)	(23 767)	(26 639)	—	—	(15 539)	(15 539)	100%	(26 639)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(513)</b>	<b>(23 767)</b>	<b>(26 639)</b>	<b>—</b>	<b>—</b>	<b>(15 539)</b>	<b>(15 539)</b>	<b>100%</b>	<b>(26 639)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		(91)	1 027	1 027	2	(85)	—	(85)	0%	1 027
<b>Payments</b>										
Repayment of borrowing		—	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(91)</b>	<b>1 027</b>	<b>1 027</b>	<b>2</b>	<b>(85)</b>	<b>—</b>	<b>85</b>	<b>0%</b>	<b>1 027</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>10 630</b>	<b>(3 904)</b>	<b>(1 988)</b>	<b>66 359</b>	<b>97 277</b>	<b>(1 759)</b>			<b>(1 988)</b>
Cash/cash equivalents at beginning:		—	42 488	42 488		(5)	42 488			(5)
Cash/cash equivalents at month/year end:		10 630	38 584	40 500		97 273	40 729			(1 992)

The year-to-date deviation from the cash flow forecast was caused by the timing on 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 policy support and organisational capacity that requires attention.

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

- Standard Bank Main Account is: **– R1.992 million; (Overdraft facility used)**
- The Traffic Account: **R367 thousand;**
- Deposit Account: **R2 158 million; and**
- Call Account: **R40 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) - M07 January										
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									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		59 433	40 973	41 119	2 907	34 004	23 986	10 018	42%	41 119
Executive and council		34 237	6 402	6 465	–	12 730	3 771	8 959	238%	6 465
Finance and administration		25 196	34 571	34 654	2 907	21 274	20 215	1 060	5%	34 654
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		15 409	20 827	21 961	5 038	8 682	12 811	(4 129)	-32%	21 961
Community and social services		15 193	14 727	15 861	5 038	8 636	9 252	(617)	-7%	15 861
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		251	–	–	–	46	–	46	#DIV/0!	–
Housing		(36)	6 100	6 100	–	–	3 558	(3 558)	-100%	6 100
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		1 677	7 047	7 047	267	1 156	4 110	(2 955)	-72%	7 047
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		1 677	7 047	7 047	267	1 156	4 110	(2 955)	-72%	7 047
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		100 426	140 336	143 938	10 107	59 989	83 964	(23 975)	-29%	143 938
Energy sources		56 671	74 321	75 897	6 708	37 941	44 273	(6 332)	-14%	75 897
Water management		27 712	35 358	37 384	1 963	11 817	21 808	(9 991)	-46%	37 384
Waste water management		8 188	15 079	15 079	726	5 151	8 796	(3 645)	-41%	15 079
Waste management		7 855	15 578	15 578	710	5 080	9 087	(4 007)	-44%	15 578
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	176 945	209 182	214 066	18 319	103 831	124 871	(21 040)	-17%	214 066
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		52 346	57 383	57 529	4 066	70 463	33 558	36 904	110%	57 529
Executive and council		14 176	17 062	18 140	1 630	12 035	10 581	1 453	14%	18 140
Finance and administration		38 171	40 321	39 389	2 436	58 428	22 977	35 451	154%	39 389
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		10 562	17 233	17 622	880	7 223	10 279	(3 057)	-30%	17 622
Community and social services		7 726	9 166	9 556	682	5 644	5 574	70	1%	9 556
Sport and recreation		380	549	549	34	126	320	(194)	-61%	549
Public safety		1 579	375	375	88	862	219	644	294%	375
Housing		877	7 143	7 143	75	590	4 166	(3 576)	-86%	7 143
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		8 860	16 083	15 983	662	4 991	9 323	(4 332)	-46%	15 983
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		8 860	16 083	15 983	662	4 991	9 323	(4 332)	-46%	15 983
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		107 986	101 131	101 131	16 395	42 056	58 993	(16 937)	-29%	101 131
Energy sources		57 389	59 169	59 169	14 679	26 984	34 515	(7 532)	-22%	59 169
Water management		29 689	18 684	18 684	808	7 090	10 899	(3 809)	-35%	18 684
Waste water management		5 754	9 711	9 711	268	3 085	5 665	(2 580)	-46%	9 711
Waste management		15 154	13 566	13 566	640	4 897	7 913	(3 017)	-38%	13 566
<i>Other</i>		–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	179 754	191 830	192 265	22 003	124 732	112 153	12 579	11%	192 265
<b>Surplus/ (Deficit) for the year</b>		(2 809)	17 352	21 800	(3 684)	(20 901)	12 718	(33 619)	-264%	21 800

**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) - M07 January										
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	6 465	–	12 730	3 771	8 959	237,5%	6 465
Vote 2 - CORPORATE SERVICES		15 822	26 377	27 499	4 708	8 797	16 041	(7 244)	-45,2%	27 499
Vote 3 - FINANCIAL SERVICES		24 791	34 128	34 211	2 883	21 098	19 957	1 141	5,7%	34 211
Vote 4 - TECHNICAL SERVICES		102 096	142 274	145 890	10 729	61 207	85 102	(23 896)	-28,1%	145 890
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	214 066	18 319	103 831	124 871	(21 040)	-16,8%	214 066
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 176	17 062	18 140	1 630	12 035	10 581	1 453	13,7%	18 140
Vote 2 - CORPORATE SERVICES		22 092	34 547	34 821	2 069	15 308	20 312	(5 004)	-24,6%	34 821
Vote 3 - FINANCIAL SERVICES		28 568	29 387	28 470	1 339	51 124	16 607	34 517	207,8%	28 470
Vote 4 - TECHNICAL SERVICES		114 730	109 345	109 345	16 906	45 922	63 784	(17 862)	-28,0%	109 345
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		189	1 490	1 490	59	343	869	(526)	-60,5%	1 490
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	179 754	191 830	192 265	22 003	124 732	112 153	12 579	11,2%	192 265
Surplus/ (Deficit) for the year	2	(2 809)	17 352	21 800	(3 684)	(20 901)	12 718	(33 619)	-264,3%	21 800

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January													
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	2 531	925	831	707	838	648	2 493	9 129	18 102	13 816	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	2 985	166	139	88	83	69	259	429	4 218	928	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 640	779	700	659	619	567	1 425	15 848	23 238	19 118	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	670	322	321	330	323	319	1 386	5 771	9 442	8 129	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 344	546	534	539	517	501	2 116	8 691	14 789	12 364	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	21	36	50	61	77	82	444	10 030	10 802	10 694	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3 357)	199	175	177	160	144	585	1 776	(142)	2 842	-	-
Total By Income Source	2000	6 834	2 972	2 750	2 561	2 617	2 331	8 709	51 675	80 448	67 892	-	-
2020/21 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(2 195)	129	59	44	34	31	70	762	(1 065)	941	-	-
Commercial	2300	3 027	182	171	150	150	143	628	2 618	7 070	3 690	-	-
Households	2400	5 789	2 412	2 294	2 147	2 214	1 941	7 345	37 899	62 042	51 547	-	-
Other	2500	212	248	226	219	218	215	666	10 395	12 401	11 714	-	-
Total By Customer Group	2600	6 834	2 972	2 750	2 561	2 617	2 331	8 709	51 675	80 448	67 892	-	-

- The total amount owed to Kannaland Municipality amounts to **R 80.45 million** in **January 2022** and **R 75.34 million** in **December 2021** indicating a **6% increase** in outstanding debt
- **R51.68 million or 64%** of the total outstanding debtors are older than one year.
- **R67.89 or 84%** 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. Policy support of credit control is also a necessity and the limitations of the indigent and property rates policy in terms of the poverty rebate should be addressed.

## Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January											
Description	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
		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	4 625	820	25 941	-	5 742	-	-	-	37 127	-
Bulk Water	0200	33	29	-	-	-	-	-	-	62	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60	-
Trade Creditors	0700	232	259	641	91	7 287	-	-	-	8 510	-
Auditor General	0800	2 031	83	52	53	8 784	-	-	-	11 004	-
Other	0900	113	81	70	3	2 507	-	-	-	2 774	-
Total By Customer Type	1000	7 094	1 272	26 704	147	24 320	-	-	-	59 538	-

The total outstanding creditors amounts to **R 59 538 million in January 2022** and **R 63 139 in December 2021** a **6%** decrease.

The biggest outstanding creditors are Eskom (**R37 127 million**), the Auditor-General of South Africa (**R11 004 million**). Combined the before mentioned represents **81%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative influence 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		31.01.2022	31.01.2022	0,00	5,838,16	0,00	5,838,16	555,755,19	549,917,03
Interest Capitalisation		31.01.2022	31.01.2022	0,00	-5,838,16	5,838,16	0,00	555,755,19	555,755,19
Repayment Due		31.01.2022	31.01.2022	-54,161,84	0,00	-5,838,16	-60,000,00	495,755,19	495,755,19

- The total outstanding long-term debt of Kannaland Municipality amounts to **R496 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

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January										
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										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		3 076	(3 341)	(3 424)	190	2 627	(1 997)	4 624	-231,5%	(3 424)
Operational Revenue:General Revenue:Equitable Share		-	-	-	-	-	-	-	-	-
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Agriculture, Conservation and Environmental		-	-	-	-	-	-	-	-	-
Arts and Culture Sustainable Resource Management		2 564	(2 811)	(2 894)	100	2 281	(1 688)	3 969	-235,1%	(2 894)
Community Library		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		512	(530)	(530)	90	346	(309)	655	-211,9%	(530)
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Provincial Government:		3 172	(9 680)	(10 032)	430	1 891	(5 852)	7 743	-132,3%	(10 032)
Specify (Add grant description)		3 035	-	-	430	1 891	-	1 891	#DIV/0!	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	(9 317)	(9 607)	-	-	(5 604)	5 604	-100,0%	(9 607)
Specify (Add grant description)		-	(113)	(176)	-	-	(103)	103	-100,0%	(176)
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	(250)	(250)	-	-	(146)	146	-100,0%	(250)
Specify (Add grant description)		137	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		39	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		39	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		6 287	(13 021)	(13 456)	621	4 518	(7 849)	12 367	-157,6%	(13 456)
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		16 747	(17 365)	(15 789)	4 071	5 848	(9 210)	15 058	-163,5%	(15 789)
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1 123	2 699	4 275	-	-	2 494	(2 494)	-100,0%	4 275
Municipal Infrastructure Grant [Schedule 5B]		8 987	(10 064)	(10 064)	4 071	5 848	(5 871)	11 719	-199,6%	(10 064)
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		6 637	(10 000)	(10 000)	-	-	(5 833)	5 833	-100,0%	(10 000)
WIFI Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Provincial Government:		2 777	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		817	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		1 960	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-Profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		19 524	(17 365)	(15 789)	4 071	5 848	(9 210)	15 058	-163,5%	(15 789)
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		25 811	(30 386)	(29 245)	4 691	10 366	(17 060)	27 426	-160,8%	(29 245)

**The Following Grants were received:**

**Provincial Government Grants:**

- Library Grant amounts to **R1.07 million**.

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

**Operational:**

**Financial Management Grant** amounts to **R 100 thousand** it includes the expenditure for **December 2021** and **January 2022**.

**Municipal Infrastructure Grant PMU** amounts to **R 90 thousand**, it includes the expenditure for **December 2021** and **January 2022**.

**Expanded Public Works Programme Grant** amounts to **R 386 thousand** it includes the expenditure for **December 2021** and **January 2022**.

**Provincial Government Grants:**

Library Grant amounts to **R 430 thousand** it includes the expenditure for **December 2021** and **January 2022**.

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January										
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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		2 484	2 895	2 895	243	1 760	1 689	72	4%	2 895
Pension and UIF Contributions		0	–	–	5	14	–	14	#DIV/0!	–
Medical Aid Contributions		133	220	220	5	40	129	(89)	-69%	220
Motor Vehicle Allowance		189	172	172	9	77	100	(23)	-23%	172
Cellphone Allowance		311	349	349	26	178	204	(26)	-13%	349
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>		<b>3 117</b>	<b>3 637</b>	<b>3 637</b>	<b>288</b>	<b>2 069</b>	<b>2 121</b>	<b>(53)</b>	<b>-2%</b>	<b>3 637</b>
<b>% increase</b>	4		<b>16,7%</b>	<b>16,7%</b>						<b>16,7%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		1 802	2 525	2 525	175	1 174	1 473	(299)	-20%	2 525
Pension and UIF Contributions		0	3	3	0	1	2	(1)	-52%	3
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		64	168	168	15	99	98	1	1%	168
Cellphone Allowance		35	75	75	3	28	44	(16)	-37%	75
Housing Allowances		–	17	17	–	–	10	(10)	-100%	17
Other benefits and allowances		29	272	272	4	170	159	11	7%	272
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>1 930</b>	<b>3 060</b>	<b>3 060</b>	<b>197</b>	<b>1 471</b>	<b>1 785</b>	<b>(314)</b>	<b>-18%</b>	<b>3 060</b>
<b>% increase</b>	4		<b>58,6%</b>	<b>58,6%</b>						<b>58,6%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		40 749	41 120	41 048	3 998	25 485	23 945	1 541	6%	41 048
Pension and UIF Contributions		5 472	7 271	7 271	574	3 861	4 241	(380)	-9%	7 271
Medical Aid Contributions		2 768	2 162	2 162	168	1 146	1 261	(115)	-9%	2 162
Overtime		5 118	4 106	4 106	397	2 876	2 395	481	20%	4 106
Performance Bonus		2 012	–	–	–	1 354	–	1 354	#DIV/0!	–
Motor Vehicle Allowance		2 026	2 133	2 133	192	1 288	1 244	44	4%	2 133
Cellphone Allowance		119	80	80	13	77	47	30	65%	80
Housing Allowances		269	279	279	23	211	163	48	30%	279
Other benefits and allowances		2 408	4 651	4 651	347	3 670	2 713	957	35%	4 651
Payments in lieu of leave		505	–	–	–	34	–	34	#DIV/0!	–
Long service awards		(153)	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		2 224	692	692	11	22	403	(382)	-95%	692
<b>Sub Total - Other Municipal Staff</b>		<b>63 516</b>	<b>62 493</b>	<b>62 421</b>	<b>5 723</b>	<b>40 024</b>	<b>36 411</b>	<b>3 612</b>	<b>10%</b>	<b>62 421</b>
<b>% increase</b>	4		<b>-1,6%</b>	<b>-1,7%</b>						<b>-1,7%</b>
<b>Total Parent Municipality</b>		<b>68 563</b>	<b>69 189</b>	<b>69 117</b>	<b>6 208</b>	<b>43 564</b>	<b>40 318</b>	<b>3 246</b>	<b>8%</b>	<b>69 117</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
<b>Sub Total - Board Members of Entities</b>		<b>0</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>#DIV/0!</b>	<b>–</b>
<b>% increase</b>	4									
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	–
Cellphone Allowance		–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>% increase</b>	4									
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Staff of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>% increase</b>	4									
<b>Total Municipal Entities</b>		<b>0</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>#DIV/0!</b>	<b>–</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>68 563</b>	<b>69 189</b>	<b>69 117</b>	<b>6 208</b>	<b>43 564</b>	<b>40 318</b>	<b>3 246</b>	<b>8%</b>	<b>69 117</b>
<b>% increase</b>	4		<b>0,9%</b>	<b>0,8%</b>						<b>0,8%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>65 446</b>	<b>65 553</b>	<b>65 481</b>	<b>5 920</b>	<b>41 495</b>	<b>38 196</b>	<b>3 299</b>	<b>9%</b>	<b>65 481</b>

## 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 - M07 January									
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									
<b>Monthly expenditure performance trend</b>									
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	–	9 743	17 759	8 017	45,1%	41%
March	11	1 981	2 220	–	9 743	19 979	10 237	51,2%	41%
April	614	1 981	2 220	–	9 743	22 199	12 456	56,1%	41%
May	823	1 981	2 220	–	9 743	24 419	14 676	60,1%	41%
June	6 054	1 981	2 220	–	9 743	26 639	16 896	63,4%	41%
<b>Total Capital expenditure</b>	<b>15 954</b>	<b>23 767</b>	<b>26 639</b>	<b>9 743</b>					

## **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**

Annexure B.

## Section 14 – Quality certification

I, **I Avontuur**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **January 2022**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**Print name:** I Avontuur

**Signature:** .....

**Date:** .....

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

Positive cash flows - Revenue from other Sources	Other Revenue	Improved Contract Management	Legal / CFO / Manager Revenue / Asset Accountant	<ul style="list-style-type: none"> <li>Improved / complete rent register that reconciles to actual billing for rent</li> <li>Improved record-keeping</li> <li>Additional revenue - R30k</li> </ul>	<ul style="list-style-type: none"> <li>Continuous strengthening of activity</li> <li>Improved Revenue 5% (R30k) - Full year R60k</li> <li>Evaluate where applicable market related rent &amp; economical viability of rent-generating / underlying asset</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>	<ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>	<ul style="list-style-type: none"> <li>Rental contracts for all properties are a WIP.</li> <li>Corrections on rental in addressing prior year audit findings were made</li> <li>Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&amp;M on municipal houses vs rent income makes them uneconomical to keep) - a WIP</li> <li>Asset Account vacant and management of lease contracts - no progress</li> </ul>
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> <li>Realize budget relating to traffic fines -</li> <li>AARTO Implementation - at an cost effective cost and ensuring administrative costs are minimised.</li> <li>Revenue projection first 4 months R1.5 million</li> </ul>	<ul style="list-style-type: none"> <li>Revenue target Dec - Jun 2022 = R3.5 million</li> <li>Continuous improvement &amp; increase in productivity</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Appoint vendor</li> <li>Obtain experienced support on AARTO implementation &amp; effective management practises of administrative demands</li> <li>spot fines to improve collection rate</li> <li>Increase section 56 fines</li> </ul>	<ul style="list-style-type: none"> <li>Improved productivity &amp; Performance</li> <li>Incorporate best practice practises</li> </ul>	Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked. Financial impact is significant - no AARTO much easier to address but progress to slow
			Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> <li>Improve vehicle testing experience &amp; improve service</li> <li>Additional revenue potential R100k</li> <li>Not to be subsidised - break-even</li> </ul>	<ul style="list-style-type: none"> <li>Transport Cpy's use local</li> <li>Issuing of drivers licenses</li> <li>Additional revenue R250k</li> <li>Become profitable</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Appoint a Head of Traffic Services</li> <li>Increase staff discipline &amp; productivity + clear targets</li> <li>Liaise with transport &amp; earthmoving cpy's</li> <li>Analyse current performance</li> </ul>	<ul style="list-style-type: none"> <li>Build K53 test course</li> <li>Improve customer relations</li> <li>Monitor progress</li> </ul>	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"> <li>Manage Overtime, Stand-by,</li> <li>Cut Empl costs by R500k</li> <li>Leave, Allowances, S&amp;T</li> <li>Reduce leave liability</li> <li>Increase productivity &amp;</li> <li>Improved org. culture</li> </ul>	<ul style="list-style-type: none"> <li>Continues improvement in effectiveness &amp; productivity in the use of HR</li> <li>Cut Empl cost by R1.5mil Y/E</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Review all HR policies in context of the cost containment measures</li> <li>Phased-in implementation of cost cutting measures on allowances</li> <li>Ensure completeness of HR records and related party transactions</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that all policies be workshopped and well understood</li> <li>promote implementation. To be monitored on a monthly basis</li> <li>Cost containment measures implemented &amp; report upon</li> </ul>	<ul style="list-style-type: none"> <li>All municipal officials service account details communicated and monitored to be paid on a monthly basis / HR monitor - no progress</li> <li>Ensure that payroll data correspond with HR records - WIP - was done for the 2020/21 audit</li> <li>Cost Containment Measures Policy to be strengthened by HR policies. Reporting quarterly on implementation as required in terms of regulation</li> <li>Progress not sufficient</li> </ul>
	Contract Management	Appointment & Monitoring of the contract function.	Legal / SCM / CFO / Director Technical Services	<ul style="list-style-type: none"> <li>Manage cost of consultants &amp; legal expenses.</li> <li>All outsourced contract costs justifiable</li> <li>Build internal capacity &amp; reduce dependence</li> <li>R100k reduction</li> </ul>	<ul style="list-style-type: none"> <li>Ensure completeness of contracts in place</li> <li>Performance measures in place - improved performance</li> <li>Y/E reduction of R500k</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Policy for the appointment of consultants, stringent monitoring and see to value for money.</li> <li>A "need" analysis must be completed and ensure that the appointment is justifiable.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of consultant performance on a regular base</li> <li>ensure capacity building</li> <li>In-house activities instead of using consultants to do the job of officials</li> </ul>	<ul style="list-style-type: none"> <li>Draft Contract Management Policy with a value for money and needs assessment checklist was drafted and stands to be workshopped and approved.</li> <li>Consultant performance to be monitored and not to overlap with current employee functions / or replace - WIP</li> </ul>
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"> <li>Pay all current creditors on 30 days</li> <li>Affordable Eskom payment arrangement</li> <li>Reduction of Finance charges</li> </ul>	<ul style="list-style-type: none"> <li>Pay Current creditors and reduce old outstanding debt</li> <li>R800k saving in finance charges (F&amp;W)</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Recognise expenditure when incurred and capture immediately on the system / Use GRN's</li> <li>Improve accuracy of reporting</li> <li>Monthly cash flow planning &amp; address straight lining of cash flows in the budget</li> <li>Establish a budget steering committee in line with MBRR</li> </ul>	<ul style="list-style-type: none"> <li>Monthly payable reconciliations</li> <li>Develop a strategy to deal with creditors in arrears and interest charges</li> <li>AG fees to 1% of Exp</li> </ul>	<ul style="list-style-type: none"> <li>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)</li> <li>Budget Steering committee to be established by new council - sit once a month &amp; monitor budget implementation</li> <li>Little progress to date - significant impact on planning and ability to manage finances</li> </ul>
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"> <li>Spending of conditional grants</li> <li>Improved grant and retention management practices</li> <li>No grants to revert back to PT /NT</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>An accurate grant and retention registers in place.</li> <li>Account cash &amp; accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue</li> <li>Administration responsibilities of PMU allocated</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> <li>Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jnl's</li> </ul>	<ul style="list-style-type: none"> <li>Retention register accurate and functional, grant register to be improved and linked to projects</li> <li>Role of PMU i.t.o retention, grant and contract register be defined</li> <li>Progress but improvement needed</li> </ul>

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