



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for December 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.....	5
1.1 Introduction	5
1.2 Consolidated Performance	6
1.3 Material differences to the SDBIP.....	13
1.4 Remedial actions.....	13
Section 4 – In-year budget statement tables.....	14
PART 2 SUPPORTING DOCUMENTATION.....	19
Section 5 – Debtors' analysis.....	19
Section 6 – Creditors' analysis.....	20
Section 7 – Investment portfolio analysis.....	21
Section 8 – Allocation and grant receipts and expenditure.....	22
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	23
Section 10 – Material variances to the SDBIP	24
Section 11– Capital programme performance.....	24
Section 12 – Implementation of the budget funding plan	24
Section 13 – SCM Deviations	24
Section 14 – Quality certification.....	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 **December 2021**, 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 **December 2021**.

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

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	R 93 433	R 83 734	R (9 699)	- 10%
Operating Expenditure	R 191 830	R 192 265	R 96 131	R 102 728	R 6597	7 %
Capital	R 23 767	R 26 567	R 13 288	R 9 568	R 3 720	- 28%

Operating Revenue

The year-to-date operating revenue realised 10% below the year-to-date budget. The municipality will have to address straight-line budgeting as periodic transfers and the cyclical nature of the local economy is not accounted for within the monthly breakdown of the budget.

Operating expenditure

The year-to-date operating expenditure variance indicated the year-to-date budget being exceeded by 7%. Prescription and indigent related debt, to the amount of R38.5 million, was written-off and caused expenditure to exceed the forecasted amount that was based on straight-line budgeting that did account for a specific period single amount 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 8.9 million** for grant funded projects and **R612 thousand** funded from own funds, for the month of **December 2021**. The year-to-date actuals is 36% of the total Capital budget, with a variance of 28% from 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.

Comments from the Chief Financial Officer

It is critical that management must collectively plan to effectively speed up the 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 - M06 December									
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	24,562	2,159	12,968	12,281	687	6%	24,562
Service charges	87,941	104,162	104,162	6,643	49,875	52,081	(2,206)	-4%	104,162
Investment revenue	1,150	864	864	101	546	432	114	26%	864
Transfers and subsidies	42,601	45,128	45,576	-	16,967	22,788	(5,820)	-26%	45,576
Other own revenue	6,358	11,704	11,704	454	3,378	5,852	(2,473)	-42%	11,704
Total Revenue (excluding capital transfers and contributions)	157,387	186,419	186,867	9,357	83,734	93,433	(9,699)	-10%	186,867
Employee costs	64,228	65,553	65,481	6,095	35,575	32,740	2,835	9%	65,481
Remuneration of Councillors	3,117	3,637	3,637	287	1,781	1,818	(37)	-2%	3,637
Depreciation & asset impairment	13,459	12,698	12,698	-	5,291	6,349	(1,058)	-17%	12,698
Finance charges	1,485	382	382	26	122	191	(69)	-36%	382
Materials and bulk purchases	46,585	56,133	56,093	102	11,017	28,047	(17,030)	-61%	56,093
Transfers and subsidies	246	838	548	-	-	274	(274)	-100%	548
Other expenditure	46,788	52,589	53,426	1,014	48,942	26,712	22,230	83%	53,426
Total Expenditure	175,908	191,830	192,265	7,524	102,728	96,131	6,597	7%	192,265
Surplus/(Deficit)	(18,520)	(5,411)	(5,399)	1,833	(18,994)	(2,698)	(16,296)	604%	(5,399)
Transfers and subsidies - capital (monetary allocations)	19,524	22,763	27,199	-	1,777	13,599	(11,822)	-87%	27,199
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,037	17,352	21,800	1,833	(17,217)	10,901	(28,118)	-258%	21,800
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1,037	17,352	21,800	1,833	(17,217)	10,901	(28,118)	-258%	21,800
Capital expenditure & funds sources									
Capital expenditure	15,405	23,767	26,639	4,280	9,568	13,319	(3,752)	-28%	26,639
Capital transfers recognised	1,831	22,763	25,622	4,257	8,956	12,811	(3,855)	-30%	25,622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	555	1,004	954	23	612	477	135	28%	954
Total sources of capital funds	2,386	23,767	26,576	4,280	9,568	13,288	(3,720)	-28%	26,576
Financial position									
Total current assets	(3,274)	(17,989)	(14,743)	-	(17,816)	-	-	-	(14,743)
Total non current assets	(11,080)	351,292	354,164	-	4,277	-	-	-	354,164
Total current liabilities	(14,549)	29,011	30,682	-	3,835	-	-	-	30,682
Total non current liabilities	8,197	37,082	37,082	-	-	-	-	-	37,082
Community wealth/Equity	(9,038)	249,857	249,857	(157)	(157)	(157)	(157)	(157)	249,857
Cash flows									
Net cash from (used) operating	11,234	18,836	23,624	3,626	31,006	11,812	(19,194)	-162%	23,624
Net cash from (used) investing	37	(23,767)	(26,639)	-	-	(13,319)	(13,319)	100%	(26,639)
Net cash from (used) financing	(91)	1,027	1,027	(6)	(87)	-	87	#DIV/0!	1,027
Cash/cash equivalents at the month/year end	11,180	38,584	40,500	-	30,914	40,980	10,066	25%	(1,992)
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	4,264	2,987	2,655	2,707	2,384	1,618	8,497	50,225	75,337
Creditors Age Analysis									
Total Creditors	7,483	542	982	989	53,143	-	-	-	63,139

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) - M06 December										
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	2,159	12,968	12,281	687	6%	24,562
Service charges - electricity revenue		55,432	67,946	67,946	3,598	31,226	33,973	(2,747)	-8%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,609	9,853	10,394	(540)	-5%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	721	4,425	4,009	416	10%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	714	4,371	3,705	666	18%	7,410
Rental of facilities and equipment		606	631	631	44	264	316	(51)	-16%	631
Interest earned - external investments		1,150	864	864	101	546	432	114	26%	864
Interest earned - outstanding debtors		3,541	3,087	3,087	4	18	1,544	(1,526)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	5,547	367	2,171	2,773	(602)	-22%	5,547
Licences and permits		217	378	378	9	85	189	(104)	-55%	378
Agency services		1,083	1,087	1,087	19	590	543	47	9%	1,087
Transfers and subsidies		42,601	45,128	45,576	-	16,967	22,788	(5,820)	-26%	45,576
Other revenue		769	974	974	11	251	487	(236)	-49%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	186,867	9,357	83,734	93,433	(9,699)	-10%	186,867

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

- **Property Rates (6% variance) – R2.16 million was billed in December 2021..** The variation can be explained by significant changes in category.
- **Service Charges Electricity revenue (-8% variance) – Amounted to R3.60 million in December 2021.** A decrease from November 2021 reported figures of **R4.83 million**. Electricity is very much seasonal, and the actuals are still within the budget parameters.
- **Service Charges Sanitation Revenue (10% variance) - amounted to R721 thousand in December 2021.** The deviation is the result of a reduced number of indigent registrations and therefor, free basic services being overstated.
- **Service Charges Refuse Revenue (18% variances) - amounted to R714 thousand in December 2021.** The deviation is the result of a reduced number of indigent registrations and therefor, free basic services being overstated.
- **Rental of facilities and equipment (-16% variance).** This 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.
- **Interest earned on external investments (26% variance) - Exceeds the year-to-date forecast** due to the cyclical nature of funding received and ringfencing through call accounts 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 (-22% variance).
- **Fines, penalties, and forfeits (-22% variances):** deviations even more than indicated as there is almost no income to register under this line-item due to the fact that the municipality has not yet appoint a vendor and don't have speed cameras of their own.
- **Revenue from Agency Services (9% variances), and Other Revenue (-49% 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.
- **Transfers and Subsidies The variance is 26%.** The municipality rollover application for infrastructure related projects was rejected by National Treasury and was offset with the December 2021 equitable share allocation of R 13 million.

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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		64,228	65,553	65,481	6,095	35,575	32,740	2,835	9%	65,481
Remuneration of councillors		3,117	3,637	3,637	287	1,781	1,818	(37)	-2%	3,637
Debt impairment		19,658	20,723	20,723	34	38,611	10,361	28,250	273%	20,723
Depreciation & asset impairment		13,459	12,698	12,698	-	5,291	6,349	(1,058)	-17%	12,698
Finance charges		1,485	382	382	26	122	191	(69)	-36%	382
Bulk purchases - electricity		41,046	48,940	48,940	-	8,843	24,470	(15,627)	-64%	48,940
Inventory consumed		5,539	7,193	7,153	102	2,174	3,577	(1,403)	-39%	7,153
Contracted services		8,113	17,971	19,677	452	5,458	9,838	(4,380)	-45%	19,677
Transfers and subsidies		246	838	548	-	-	274	(274)	-100%	548
Other expenditure		14,526	13,895	13,026	528	4,873	6,512	(1,640)	-25%	13,026
Losses		4,492	-	-	-	-	-	-	-	-
Total Expenditure		175,908	191,830	192,265	7,524	102,728	96,131	6,597	7%	192,265

- **Employee Related Costs (9% variance)** – The employee related costs amounted to **R6.10 million for December 2021**. Actuals are above with the year-to-date budget. The municipality paid the once-off gratuity during the period of December 2021 as per wage agreements.
- **Debt impairment** exceeded the year-to-date budget due to the write-off of irrecoverable debt during August. Straight-line budget does not give the necessary context and the amount the budget was exceeded by should've been off-set against the provision for bad debt.
- **Depreciation and Impairment** – was not accounted for during December 2021 and therefore the variation of 17% from the YTD budget.

- **Finance Charges (-36% variances)** – deviation from the year-to-date budget needs to be investigated and addressed within the annual adjustment budget. The current year budget will not be sufficient, and this will have a negative impact on fruitless and wasteful expenditure as well.

Bulk Purchases (-64% variances) - deviated from the year-to-date budget due to the Eskom bulk liability only being recognised when the municipality is making a payment. This is a significant risk that the municipality will address as a matter of urgency.

- **Inventory Consumed (-39%), Contracted Services (-45%) and Other Expenditure (-21%),** 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.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21	Budget Year 2021/22							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		817	-	833	50	50	416	(366)	-88%	833
Vote 3 - FINANCIAL SERVICES		38	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2 026	1 053	1 053	1 013	40	4%	2 026
Total Capital Multi-year expenditure	4,7	855	-	2 859	1 103	1 103	1 430	(327)	-23%	2 859
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	28	96	(68)	-71%	192
Vote 2 - CORPORATE SERVICES		(12 115)	1 023	1 023	23	500	512	(12)	-2%	1 023
Vote 3 - FINANCIAL SERVICES		13 617	1 664	1 664	57	347	832	(485)	-58%	1 664
Vote 4 - TECHNICAL SERVICES		13 047	20 888	20 901	3 097	7 591	10 450	(2 860)	-27%	20 901
Total Capital single-year expenditure	4	14 550	23 767	23 780	3 177	8 465	11 890	(3 425)	-29%	23 780
Total Capital Expenditure	3	15 405	23 767	26 639	4 280	9 568	13 319	(3 752)	-28%	26 639
Capital Expenditure - Functional Classification										
Governance and administration		13 655	2 001	2 001	80	426	1 000	(575)	-57%	2 001
Executive and council		-	192	192	-	28	96	(68)	-71%	192
Finance and administration		13 655	1 809	1 809	80	398	904	(507)	-56%	1 809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(11 297)	378	1 211	50	50	606	(558)	-92%	1 211
Community and social services		(11 467)	-	833	50	50	416	(366)	-88%	833
Sport and recreation		170	378	378	-	-	189	(189)	-100%	378
Economic and environmental services		-	500	513	-	449	256	193	75%	513
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	513	-	449	256	193	75%	513
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		13 047	20 888	22 915	4 150	8 643	11 457	(2 814)	-25%	22 915
Energy sources		797	2 699	2 699	-	147	1 349	(1 202)	-89%	2 699
Water management		12 249	18 189	20 216	4 150	8 496	10 108	(1 611)	-16%	20 216
Total Capital Expenditure - Functional Classification	3	15 405	23 767	26 639	4 280	9 568	13 319	(3 752)	-28%	26 639
Funded by:										
National Government		12 984	22 763	22 763	3 154	7 854	11 382	(3 528)	-31%	22 763
Provincial Government		(11 154)	-	2 859	1 103	1 103	1 430	(327)	-23%	2 859
Transfers recognised - capital		1 831	22 763	25 622	4 257	8 956	12 811	(3 855)	-30%	25 622
Internally generated funds		555	1 004	954	23	612	477	135	28%	954
Total Capital Funding		2 386	23 767	26 576	4 280	9 568	13 288	(3 720)	-28%	26 576

- The total year to date expenditure amounts to **R8.9 million** for grant funded projects and **R612 thousand** from own funding. The YTD figures indicate a -28% 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 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 will cover 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.

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.

Also see comments from the CFO on page 7 which supports the above-mentioned remedial actions.

Section 4 – In-year budget statement tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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	2,159	12,968	12,281	687	6%	24,562
Service charges - electricity revenue		55,432	67,946	67,946	3,598	31,226	33,973	(2,747)	-8%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,609	9,853	10,394	(540)	-5%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	721	4,425	4,009	416	10%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	714	4,371	3,705	666	18%	7,410
Rental of facilities and equipment		606	631	631	44	264	316	(51)	-16%	631
Interest earned - external investments		1,150	864	864	101	546	432	114	26%	864
Interest earned - outstanding debtors		3,541	3,087	3,087	4	18	1,544	(1,526)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	5,547	367	2,171	2,773	(602)	-22%	5,547
Licences and permits		217	378	378	9	85	189	(104)	-55%	378
Agency services		1,083	1,087	1,087	19	590	543	47	9%	1,087
Transfers and subsidies		42,601	45,128	45,576	-	16,967	22,788	(5,820)	-26%	45,576
Other revenue		769	974	974	11	251	487	(236)	-49%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	186,867	9,357	83,734	93,433	(9,699)	-10%	186,867
Expenditure By Type										
Employee related costs		64,228	65,553	65,481	6,095	35,575	32,740	2,835	9%	65,481
Remuneration of councillors		3,117	3,637	3,637	287	1,781	1,818	(37)	-2%	3,637
Debt impairment		19,658	20,723	20,723	34	38,611	10,361	28,250	273%	20,723
Depreciation & asset impairment		13,459	12,698	12,698	-	5,291	6,349	(1,058)	-17%	12,698
Finance charges		1,485	382	382	26	122	191	(69)	-36%	382
Bulk purchases - electricity		41,046	48,940	48,940	-	8,843	24,470	(15,627)	-64%	48,940
Inventory consumed		5,539	7,193	7,153	102	2,174	3,577	(1,403)	-39%	7,153
Contracted services		8,113	17,971	19,677	452	5,458	9,838	(4,380)	-45%	19,677
Transfers and subsidies		246	838	548	-	-	274	(274)	-100%	548
Other expenditure		14,526	13,895	13,026	528	4,873	6,512	(1,640)	-25%	13,026
Losses		4,492	-	-	-	-	-	-	-	-
Total Expenditure		175,908	191,830	192,265	7,524	102,728	96,131	6,597	7%	192,265
Surplus/(Deficit)		(18,520)	(5,411)	(5,399)	1,833	(18,994)	(2,698)	(16,296)	0	(5,399)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,524	22,763	27,199	-	1,777	13,599	(11,822)	(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		1,037	17,352	21,800	1,833	(17,217)	10,901			21,800
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1,037	17,352	21,800	1,833	(17,217)	10,901			21,800
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1,037	17,352	21,800	1,833	(17,217)	10,901			21,800
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		1,037	17,352	21,800	1,833	(17,217)	10,901			21,800

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		14,120	(13,359)	(10,148)	8,629	(10,148)
Call investment deposits		2,374	37,862	37,862	(4,158)	37,862
Consumer debtors		(532)	6,755	6,755	(26,921)	6,755
Other debtors		(20,030)	(46,381)	(46,381)	3,958	(46,381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2,867)	(2,832)	677	(2,832)
Total current assets		(3,274)	(17,989)	(14,743)	(17,816)	(14,743)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	1,364	1,364	-	1,364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(10,955)	349,890	352,761	4,290	352,761
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	38	(13)	38
Other non-current assets		-	-	-	-	-
Total non current assets		(11,080)	351,292	354,164	4,277	354,164
TOTAL ASSETS		(14,354)	333,303	339,421	(13,539)	339,421
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	586	586	(313)	586
Consumer deposits		91	1,027	1,027	87	1,027
Trade and other payables		(14,854)	14,780	16,450	4,061	16,450
Provisions		785	12,619	12,619	-	12,619
Total current liabilities		(14,549)	29,011	30,682	3,835	30,682
Non current liabilities						
Borrowing		-	(429)	(429)	-	(429)
Provisions		8,197	37,511	37,511	-	37,511
Total non current liabilities		8,197	37,082	37,082	-	37,082
TOTAL LIABILITIES		(6,353)	66,094	67,764	3,835	67,764
NET ASSETS	2	(8,001)	267,209	271,657	(17,374)	271,657
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(9,052)	238,953	238,953	-	238,953
Reserves		14	10,904	10,904	(157)	10,904
TOTAL COMMUNITY WEALTH/EQUITY	2	(9,038)	249,857	249,857	(157)	249,857

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		7,496	20,213	20,213	1,105	7,252	10,106	(2,854)	-28%	20,213
Service charges		26,341	89,407	89,407	5,934	37,017	44,704	(7,687)	-17%	89,407
Other revenue		1,379	9,833	9,833	93	597	4,916	(4,319)	-88%	9,833
Government - operating		43,137	44,598	45,046	149	21,751	22,523	(772)	-3%	45,046
Government - capital		22,164	22,763	27,199	-	6,546	13,599	(7,053)	-52%	27,199
Interest		9	3,961	3,961	2	7	1,981	(1,974)	-100%	3,961
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(89,156)	(171,940)	(172,035)	(3,657)	(42,164)	(86,018)	(43,854)	51%	(172,035)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11,234	18,836	23,624	3,626	31,006	11,812	(19,194)	-162%	23,624
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		37	(23,767)	(26,639)	-	-	(13,319)	(13,319)	100%	(26,639)
NET CASH FROM/(USED) INVESTING ACTIVITIES		37	(23,767)	(26,639)	-	-	(13,319)	(13,319)	100%	(26,639)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(91)	1,027	1,027	(6)	(87)	-	(87)	0%	1,027
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(91)	1,027	1,027	(6)	(87)	-	87	0%	1,027
NET INCREASE/ (DECREASE) IN CASH HELD		11,180	(3,904)	(1,988)	3,620	30,919	(1,508)			(1,988)
Cash/cash equivalents at beginning:		-	42,488	42,488		(5)	42,488			(5)
Cash/cash equivalents at month/year end:		11,180	38,584	40,500		30,914	40,980			(1,992)

The year-to-date deviation from the cash flow forecast was negatively impacted 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. This particular schedule is also significantly affected by mSCOA cash flow budgeting challenges.

The total bank balance ending of **December 2021** was as follow;

- Standard Bank Main Account is – **R1 140 million; (Overdraft facility used)**
- Traffic Account - **R915 thousand;**
- Deposit Account - **R3 558 million;** and
- Call Account - **R40 million (includes Grants received not yet spent).**

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) - M06 December										
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	41,119	2,680	31,098	20,560	10,538	51%	41,119
Executive and council		34,237	6,402	6,465	-	12,730	3,233	9,497	294%	6,465
Finance and administration		25,196	34,571	34,654	2,680	18,368	17,327	1,041	6%	34,654
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,409	20,827	21,961	4	3,643	10,981	(7,337)	-67%	21,961
Community and social services		15,193	14,727	15,861	4	3,597	7,931	(4,333)	-55%	15,861
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	-	46	-	46	#DIV/0!	-
Housing		(36)	6,100	6,100	-	-	3,050	(3,050)	-100%	6,100
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,677	7,047	7,047	29	889	3,523	(2,635)	-75%	7,047
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,677	7,047	7,047	29	889	3,523	(2,635)	-75%	7,047
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,426	140,336	143,938	6,645	49,882	71,969	(22,087)	-31%	143,938
Energy sources		56,671	74,321	75,897	3,600	31,233	37,949	(6,716)	-18%	75,897
Water management		27,712	35,358	37,384	1,609	9,853	18,692	(8,839)	-47%	37,384
Waste water management		8,188	15,079	15,079	721	4,425	7,539	(3,114)	-41%	15,079
Waste management		7,855	15,578	15,578	714	4,371	7,789	(3,418)	-44%	15,578
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	176,945	209,182	214,066	9,357	85,512	107,033	(21,521)	-20%	214,066
Expenditure - Functional										
<i>Governance and administration</i>		49,337	57,383	57,529	4,153	66,397	28,764	37,632	131%	57,529
Executive and council		14,176	17,062	18,140	1,318	10,405	9,070	1,335	15%	18,140
Finance and administration		35,161	40,321	39,389	2,836	55,992	19,694	36,297	184%	39,389
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,562	17,233	17,622	911	6,343	8,811	(2,468)	-28%	17,622
Community and social services		7,726	9,166	9,556	746	4,962	4,778	184	4%	9,556
Sport and recreation		380	549	549	0	92	275	(182)	-66%	549
Public safety		1,579	375	375	80	774	187	586	313%	375
Housing		877	7,143	7,143	85	515	3,571	(3,056)	-86%	7,143
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,098	16,083	15,983	471	4,329	7,991	(3,663)	-46%	15,983
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,098	16,083	15,983	471	4,329	7,991	(3,663)	-46%	15,983
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106,912	101,131	101,131	1,989	25,660	50,565	(24,905)	-49%	101,131
Energy sources		56,314	59,169	59,169	335	12,304	29,585	(17,280)	-58%	59,169
Water management		29,689	18,684	18,684	677	6,282	9,342	(3,060)	-33%	18,684
Waste water management		5,754	9,711	9,711	280	2,817	4,856	(2,039)	-42%	9,711
Waste management		15,154	13,566	13,566	697	4,257	6,783	(2,526)	-37%	13,566
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	175,908	191,830	192,265	7,524	102,729	96,131	6,597	7%	192,265
Surplus/ (Deficit) for the year		1,037	17,352	21,800	1,833	(17,217)	10,901	(28,118)	-258%	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) - M06 December										
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										
Vote 1 - MUNICIPAL MANAGER	1	34,237	6,402	6,465	-	12,730	3,233	9,497	293,8%	6,465
Vote 2 - CORPORATE SERVICES		15,822	26,377	27,499	34	4,089	13,750	(9,660)	-70,3%	27,499
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,211	2,678	18,215	17,106	1,109	6,5%	34,211
Vote 4 - TECHNICAL SERVICES		102,096	142,274	145,890	6,645	50,478	72,945	(22,467)	-30,8%	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	9,357	85,512	107,033	(21,521)	-20,1%	214,066
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	14,176	17,062	18,140	1,318	10,405	9,070	1,335	14,7%	18,140
Vote 2 - CORPORATE SERVICES		22,092	34,547	34,821	1,965	13,239	17,410	(4,171)	-24,0%	34,821
Vote 3 - FINANCIAL SERVICES		25,558	29,387	28,470	1,764	49,785	14,235	35,550	249,7%	28,470
Vote 4 - TECHNICAL SERVICES		113,894	109,345	109,345	2,437	29,016	54,672	(25,656)	-46,9%	109,345
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		189	1,490	1,490	41	284	745	(461)	-61,8%	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	175,908	191,830	192,265	7,524	102,729	96,131	6,597	6,9%	192,265
Surplus/ (Deficit) for the year	2	1,037	17,352	21,800	1,833	(17,217)	10,901	(28,118)	-257,9%	21,800

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December													
Description	NT Code	Budget Year 2021/22									Total over 90 days	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			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,069	910	723	855	657	490	2,387	8,799	16,890	13,189	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,141	181	104	122	94	74	228	419	2,363	937	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2,529	793	713	649	585	284	1,398	15,680	22,631	18,595	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	677	323	331	324	320	234	1,383	5,550	9,142	7,812	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,348	550	550	526	509	367	2,108	8,375	14,334	11,886	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	21	36	47	64	70	56	421	9,691	10,406	10,302	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3,520)	194	187	166	149	112	573	1,711	(429)	2,711	-	-
Total By Income Source	2000	4,264	2,987	2,655	2,707	2,384	1,618	8,497	50,225	75,337	65,431	-	-
2020/21 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(2,314)	108	68	38	31	22	64	752	(1,233)	906	-	-
Commercial	2300	814	259	164	179	156	122	595	2,554	4,843	3,606	-	-
Households	2400	5,532	2,387	2,200	2,269	1,980	1,359	7,181	36,669	59,577	49,458	-	-
Other	2500	232	232	224	221	217	115	658	10,251	12,150	11,461	-	-
Total By Customer Group	2600	4,264	2,987	2,655	2,707	2,384	1,618	8,497	50,225	75,337	65,431	-	-

- The total amount owed to Kannaland Municipality amounts to **R75.34 million** in December 2021 and **R 72.44 million** in November 2021. This represents a **4% increase** in outstanding debt
- **R50.23 million or 67%** of the total outstanding debtors are older than one year.
- **R65.43 or 87%** 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 - M06 December

Description	NT Code	Budget Year 2021/22								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,190	-	822	852	30,276	-	-	-	36,140
Bulk Water	0200	26	-	-	-	-	-	-	-	26
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	1,039	280	104	82	7,331	-	-	-	8,836
Auditor General	0800	2,031	83	52	53	8,784	-	-	-	11,004
Other	0900	137	179	5	0	6,751	-	-	-	7,072
Total By Customer Type	1000	7,483	542	982	989	53,143	-	-	-	63,139

The total outstanding creditors amounts to **R63 139 million in December 2021** and **R57 853 in November 2021** a **9%** increase.

The biggest outstanding creditors are Eskom (**R36 140 million**), the Auditor-General of South Africa (**R11 004 million**). Combined the before mentioned represents **75%** 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

Repayment Due	30.11.2021	30.11.2021	-53,232.10	0.00	-6,767.90	-60,000.00	603,509.90	603,509.90
Interest Accrual	31.12.2021	31.12.2021	0.00	6,407.13	0.00	6,407.13	609,917.03	603,509.90
Interest Capitalisation	31.12.2021	31.12.2021	0.00	-6,407.13	6,407.13	0.00	609,917.03	609,917.03
Repayment Due	31.12.2021	31.12.2021	-53,592.87	0.00	-6,407.13	-60,000.00	549,917.03	549,917.03

- The total outstanding long-term debt of Kannaland Municipality amounts to **R550 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 - M06 December										
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										
Operating expenditure of Transfers and Grants										
National Government:		3,076	(3,341)	(3,424)	-	2,437	(1,712)	4,149	-242.4%	(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)	-	2,181	(1,447)	3,628	-250.8%	(2,894)
Community Library		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		512	(530)	(530)	-	255	(265)	520	-196.4%	(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)	-	1,461	(5,016)	6,477	-129.1%	(10,032)
Specify (Add grant description)		3,035	-	-	-	1,461	-	1,461	#DIV/0!	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	(9,317)	(9,607)	-	-	(4,803)	4,803	-100.0%	(9,607)
Specify (Add grant description)		-	(113)	(176)	-	-	(88)	88	-100.0%	(176)
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	(250)	(250)	-	-	(125)	125	-100.0%	(250)
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
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)	-	3,897	(6,728)	10,625	-157.9%	(13,456)
Capital expenditure of Transfers and Grants										
National Government:		16,747	(17,365)	(15,789)	-	1,777	(7,895)	9,672	-122.5%	(15,789)
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1,123	2,699	4,275	-	-	2,138	(2,138)	-100.0%	4,275
Municipal Infrastructure Grant [Schedule 5B]		8,987	(10,064)	(10,064)	-	1,777	(5,032)	6,810	-135.3%	(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)	-	-	(5,000)	5,000	-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)		1,960	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
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)	-	1,777	(7,895)	9,672	-122.5%	(15,789)
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		25,811	(30,386)	(29,245)	-	5,675	(14,623)	20,297	-138.8%	(29,245)

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2,484	2,895	2,895	239	1,517	1,447	70	5%	2,895
Pension and UIF Contributions		0	-	-	9	9	-	9	#DIV/0!	-
Medical Aid Contributions		133	220	220	5	35	110	(75)	-68%	220
Motor Vehicle Allowance		189	172	172	9	69	86	(17)	-20%	172
Cellphone Allowance		311	349	349	26	152	175	(23)	-13%	349
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3,117	3,637	3,637	287	1,781	1,818	(37)	-2%	3,637
% increase	4		16,7%	16,7%						16,7%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,802	2,525	2,525	128	999	1,262	(264)	-21%	2,525
Pension and UIF Contributions		0	3	3	-	1	2	(1)	-55%	3
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		64	168	168	15	84	84	(0)	0%	168
Cellphone Allowance		35	75	75	3	25	38	(13)	-33%	75
Housing Allowances		-	17	17	-	-	8	(8)	-100%	17
Other benefits and allowances		29	272	272	-	166	136	30	22%	272
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		1,930	3,060	3,060	146	1,274	1,530	(256)	-17%	3,060
% increase	4		58,6%	58,6%						58,6%
Other Municipal Staff										
Basic Salaries and Wages		40,749	41,120	41,048	4,108	21,488	20,524	964	5%	41,048
Pension and UIF Contributions		5,472	7,271	7,271	568	3,286	3,635	(349)	-10%	7,271
Medical Aid Contributions		1,693	2,162	2,162	156	978	1,081	(103)	-9%	2,162
Overtime		5,118	4,106	4,106	369	2,479	2,053	426	21%	4,106
Performance Bonus		2,012	-	-	177	1,354	-	1,354	#DIV/0!	-
Motor Vehicle Allowance		2,026	2,133	2,133	192	1,096	1,066	29	3%	2,133
Cellphone Allowance		119	80	80	11	64	40	24	60%	80
Housing Allowances		269	279	279	23	188	140	48	35%	279
Other benefits and allowances		2,408	4,651	4,651	333	3,324	2,325	998	43%	4,651
Payments in lieu of leave		505	-	-	-	34	-	34	#DIV/0!	-
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		1,843	692	692	11	11	346	(335)	-97%	692
Sub Total - Other Municipal Staff		62,298	62,493	62,421	5,949	34,301	31,210	3,091	10%	62,421
% increase	4		0,3%	0,2%						0,2%
Total Parent Municipality		67,345	69,189	69,117	6,382	37,356	34,558	2,798	8%	69,117
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		0	-	-	0	0	-	0	#DIV/0!	-
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Total Municipal Entities		0	-	-	0	0	-	0	#DIV/0!	-
TOTAL SALARY, ALLOWANCES & BENEFITS		67,346	69,189	69,117	6,382	37,356	34,558	2,798	8%	69,117
% increase	4		2,7%	2,6%						2,6%
TOTAL MANAGERS AND STAFF		64,228	65,553	65,481	6,095	35,575	32,740	2,835	9%	65,481

Section 10 – Material variances to the SDBIP

Variances already dealt with and nothing to add.

Section 11– Capital programme performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December									
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	–	9,568	15,539	5,971	38,4%	40%
February	108	1,981	2,220	–	9,568	17,759	8,191	46,1%	40%
March	11	1,981	2,220	–	9,568	19,979	10,411	52,1%	40%
April	614	1,981	2,220	–	9,568	22,199	12,631	56,9%	40%
May	823	1,981	2,220	–	9,568	24,419	14,851	60,8%	40%
June	5,504	1,981	2,220	–	9,568	26,639	17,071	64,1%	40%
Total Capital expenditure	15,405	23,767	26,639	9,568					

Section 12 – Implementation of the budget funding plan

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

See Annexure – Budget Funding Plan Monthly Activity Update

Section 13 – SCM Deviations

See Annexures if any.

Section 14 – Quality certification

I, **M.M Hoogbaard**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **December 2021**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Mornè Marshall Hoogbaard

Signature:

Date:

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 80% 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 FBS 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 	<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 recordkeeping 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
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> Realize budget relating to traffic fines - AARTO Implementation - at a 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 56 fines 	<ul style="list-style-type: none"> Improved productivity & Performance Incorporate best practice practises 	<ul style="list-style-type: none"> Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked. Evaluate the needs of AARTO and address the requirements. Financial impact is significant. No revenue from speed camera fines - targets will be missed
			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 Laise with transport & earthmoving cpy's Analyse current performance 	<ul style="list-style-type: none"> Build K53 test course Improve customer relations Monitor progress 	<ul style="list-style-type: none"> Leadership vacuum to be addressed - under-performing department.
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 workshoped 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 workshoped 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 AFS tender) Budget Steering committee to be establish by new council - sit once a month & monitor budget implementation Little progress to date
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 JnIs 	<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 20.1% during Q1 Water losses dropped to 17% but Zaar bulk meter is impacting accuracy. Pre-paid water meters is much needed
		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 Cz3 Losses (19.1%) to be addressed as it pulled down the average losses to 13.1% - 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
	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 filing of critical vacancies will improve revenue. Prioritise expense. 	<ul style="list-style-type: none"> Review grading of positions (I-Gradings) 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 61% of all cash expenditure transactions relative to the financial year (Income Statement related)