



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for November 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– Capital programme performance.....	24
Section 11 – Implementation of the budget funding plan .....	24
Section 12 – 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 **November 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 **November 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](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 %
<b>Operating Revenue</b>	R 186 419	R 186 867	R 77 861	R 74 377	R 3 484	- 4 %
<b>Operating Expenditure</b>	R 191 830	R 192 265	R 80 109	R 95 052	(R 14 943)	19 %
<b>Capital</b>	R 23 767	R 26 567	R 11 074	R 5 288	R 5 786	- 52%

### Operating Revenue

The actual year-to-date operating revenue realized 4% below the year-to-date forecast. 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.

### Payment statistics

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)	10 470 142.07	(6 192 505.73)	-59.14	10 470 142.07	(6 192 505.73)	59.14
Aug-21	11 083 479.27	(11 300 212.54)	(661 154.90)	10 422 324.37	(11 300 212.54)	-108.42	20 892 466.44	(17 492 718.27)	83.73
Sep-21	11 269 448.88	(8 351 169.59)	160 655.15	11 430 104.03	(8 351 169.59)	-73.06	32 322 570.47	(25 843 887.86)	79.96
Oct-21	10 156 779.22	(8 465 485.99)	74 321.81	10 156 779.22	(8 465 485.99)	-83.35	42 479 349.69	(34 309 373.85)	80.77
Nov-21	9 949 353.39	(7 338 353.68)	20 495.91	9 949 353.39	(7 338 353.68)	-73.76	52 428 703.08	(41 647 727.53)	79.44

The payment percentage for the month under review is 73.8%, with a year-to-date average of 79.44%. It should be noted the collection rate do not include any cash services, only billed services and account for cash received in respect of billed revenue during the month under review as well as all levies relating to the month under review. Quarterly reports in terms of section 52 of the MFMA will contain an additional format indicating collections in respect of the billing, in other words a prior month billing, paid (due) within the current month.

## **Operating expenditure**

The year-to-date operating expenditure variance indicated the year-to-date budget being exceeded by 19%. 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 once-off 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 **R482 thousand** for grant funded projects and **R214 thousand** funded from own funds, for the month of **November 2021**. The year-to-date actuals is 20% of the total Capital budget and 52% 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.

## **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. The lag in procurement processes in the appointment of consulting engineers and contractors etc. automatically causes a deviation from a straight-line budget and a continuous process of catching up.

The activities within the budget funding plan should be implemented within the set timelines to ensure that the budget assumptions remain relevant and creditable.

## TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M05 November									
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									
<b>Financial Performance</b>									
Property rates	19 337	24 562	24 562	2 159	10 809	10 234	575	6%	24 562
Service charges	87 941	104 162	104 162	8 068	43 233	43 401	(168)	-0%	104 162
Investment revenue	1 150	864	864	109	444	360	84	23%	864
Transfers and subsidies	42 601	45 128	45 576	476	16 967	18 990	(2 023)	-11%	45 576
Other own revenue	6 358	11 704	11 704	637	2 924	4 876	(1 952)	-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>11 448</b>	<b>74 377</b>	<b>77 861</b>	<b>(3 484)</b>	<b>-4%</b>	<b>186 867</b>
Employee costs	64 229	65 553	65 481	7 891	29 481	27 283	2 198	8%	65 481
Remuneration of Councillors	3 117	3 637	3 637	251	1 494	1 515	(21)	-1%	3 637
Depreciation & asset impairment	13 459	12 698	12 698	1 058	5 291	5 291	0	0%	12 698
Finance charges	1 485	382	382	33	96	159	(63)	-40%	382
Materials and bulk purchases	46 585	56 133	56 128	828	10 915	23 387	(12 472)	-53%	56 128
Transfers and subsidies	246	838	548	-	-	228	(228)	-100%	548
Other expenditure	46 788	52 589	53 391	720	47 776	22 246	25 530	115%	53 391
<b>Total Expenditure</b>	<b>175 908</b>	<b>191 830</b>	<b>192 265</b>	<b>10 781</b>	<b>95 052</b>	<b>80 109</b>	<b>14 943</b>	<b>19%</b>	<b>192 265</b>
<b>Surplus/(Deficit)</b>	<b>(18 521)</b>	<b>(5 411)</b>	<b>(5 399)</b>	<b>668</b>	<b>(20 675)</b>	<b>(2 248)</b>	<b>(18 427)</b>	<b>820%</b>	<b>(5 399)</b>
Transfers and subsidies - capital (monetary allocations)	19 524	22 763	27 199	-	1 777	11 333	(9 555)	-84%	27 199
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>	<b>(27 982)</b>	<b>-308%</b>	<b>21 800</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>	<b>(27 982)</b>	<b>-308%</b>	<b>21 800</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>15 405</b>	<b>23 767</b>	<b>26 639</b>	<b>696</b>	<b>5 288</b>	<b>11 100</b>	<b>(5 812)</b>	<b>-52%</b>	<b>26 639</b>
Capital transfers recognised	1 831	22 763	25 622	482	4 700	10 676	(5 976)	-56%	25 622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	555	1 004	954	214	588	397	191	48%	954
<b>Total sources of capital funds</b>	<b>2 386</b>	<b>23 767</b>	<b>26 576</b>	<b>696</b>	<b>5 288</b>	<b>11 074</b>	<b>(5 786)</b>	<b>-52%</b>	<b>26 576</b>
<b>Financial position</b>									
Total current assets	(3 274)	(9 839)	(14 778)	-	(22 016)	-	-	-	(14 778)
Total non current assets	(11 080)	689 534	354 164	-	(3)	-	-	-	354 164
Total current liabilities	(14 549)	87 172	30 647	-	(2 965)	-	-	-	30 647
Total non current liabilities	8 197	75 457	37 082	-	-	-	-	-	37 082
<b>Community wealth/Equity</b>	<b>(9 038)</b>	<b>499 714</b>	<b>249 857</b>	<b>(157)</b>	<b>(157)</b>	<b>(157)</b>	<b>(157)</b>	<b>(157)</b>	<b>249 857</b>
<b>Cash flows</b>									
Net cash from (used) operating	11 326	18 836	23 624	5 091	27 379	9 843	(17 536)	-178%	23 624
Net cash from (used) investing	37	(23 767)	(26 639)	-	-	(11 100)	(11 100)	100%	(26 639)
Net cash from (used) financing	(91)	1 027	1 027	(13)	(81)	-	81	#DIV/0!	1 027
<b>Cash/cash equivalents at the month/year end</b>	<b>11 272</b>	<b>38 584</b>	<b>40 500</b>	<b>-</b>	<b>27 294</b>	<b>41 231</b>	<b>13 937</b>	<b>34%</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>

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.

## Operational deficit/surplus

The total operating revenue reported was **R 11.45 million** with expenditure of **R 10.78 million**. The result is a surplus of **R 688 thousand**. It should be noted that expenditure was only recognised once paid and not in terms of GRAP when incurred. The surplus in fact will be a significant loss if only bulk purchases were recognised on an accrual basis.

## Revenue by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November										
Description	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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		19 337	24 562	24 562	2 159	10 809	10 234	575	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	4 832	27 628	28 311	(682)	-2%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 796	8 244	8 661	(418)	-5%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	726	3 704	3 341	363	11%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	713	3 657	3 087	569	18%	7 410
Rental of facilities and equipment		606	631	631	44	220	263	(43)	-16%	631
Interest earned - external investments		1 150	864	864	109	444	360	84	23%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	2	14	1 286	(1 273)	-99%	3 087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5 547	5 547	372	1 804	2 311	(507)	-22%	5 547
Licences and permits		217	378	378	14	75	157	(82)	-52%	378
Agency services		1 083	1 087	1 087	170	571	453	118	26%	1 087
Transfers and subsidies		42 601	45 128	45 576	476	16 967	18 990	(2 023)	-11%	45 576
Other revenue		769	974	974	35	239	406	(166)	-41%	974
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>157 387</b>	<b>186 419</b>	<b>186 867</b>	<b>11 448</b>	<b>74 377</b>	<b>77 861</b>	<b>(3 484)</b>	<b>-4%</b>	<b>186 867</b>

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

- **Property Rates (6% variance)** – The variation can be explained by significant changes in category. Several Nature Reserves were identified (WWF Property) that were initially classified as agriculture in addition to an abnormal increase in pension rebate applications. The before-mentioned were not known at the time of budgeting and should be considered during the adjustment budget process.
- **Service Charges Sanitation Revenue (11% variance)** - amounted to **R726 thousand** in **November 2021**. A slight decrease from the amount reported in **October R741 thousand**. The deviation will be investigated but an initial indication is that not all rebates are accounted for, and the number of indigent households can be expected to increase in due course and the month-on-month decrease substantiates the argument.
- **Service Charges Refuse Revenue (18% variances)** - amounted to **R738 thousand** in **November 2021**. A slight increase from the amount reported in **October R713 thousand**. The deviation will be investigated, with an initial indication that not all rebates are accounted for and the number of indigent households can be expected to increase in due course and the month-on-month decrease substantiates the argument.

- **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 (23% 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 (26% variances), Transfers & Subsidies (- 10% 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.

All revenue deviations will be investigated and accounted for in the adjustment budget.

## Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November										
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 By Type</b>										
Employee related costs		64 229	65 553	65 481	7 891	29 481	27 283	2 198	8%	65 481
Remuneration of councillors		3 117	3 637	3 637	251	1 494	1 515	(21)	-1%	3 637
Debt impairment		19 658	20 723	20 723	28	38 578	8 635	29 943	347%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	1 058	5 291	5 291	0	0%	12 698
Finance charges		1 485	382	382	33	96	159	(63)	-40%	382
Bulk purchases - electricity		41 046	48 940	48 940	-	8 843	20 392	(11 549)	-57%	48 940
Inventory consumed		5 539	7 193	7 188	828	2 072	2 995	(923)	-31%	7 188
Contracted services		8 113	17 971	19 877	124	5 006	8 282	(3 276)	-40%	19 877
Transfers and subsidies		246	838	548	-	-	228	(228)	-100%	548
Other expenditure		14 526	13 895	12 791	567	4 192	5 329	(1 137)	-21%	12 791
Losses		4 492	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>175 908</b>	<b>191 830</b>	<b>192 265</b>	<b>10 781</b>	<b>95 052</b>	<b>80 109</b>	<b>14 943</b>	<b>19%</b>	<b>192 265</b>

- Employee Related Costs (8% variance)** – The employee related costs amounted to **R7.89 million for November 2021**. The increase is as a result of arbitration awards / agreements entered into and paid during of November 2021. Actuals are surpassing the year-to-date budget but if the impact of straight-line budgeting is taken in account, the variance can be attributed to annual bonuses paid in November 2021.
- Finance Charges (-40% variances)** – deviation from the year-to-date budget and actuals. The system uses straight-line budgeting and the re-allocation of interest incorrectly allocated will be addressed as a matter of urgency.
- Bulk Purchases (-57% variances)** - deviated from the year-to-date budget due to the 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 (31%), Contracted Services (-40%) 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.

Expenditure will be reassessed during the annual adjustment budget and aligned with revised revenue projections.

## Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M05 November										
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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 2 - CORPORATE SERVICES		817	-	833	-	-	347	(347)	-100%	833
Vote 3 - FINANCIAL SERVICES		38	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2 026	-	-	844	(844)	-100%	2 026
<b>Total Capital Multi-year expenditure</b>	<b>4,7</b>	<b>855</b>	<b>-</b>	<b>2 859</b>	<b>-</b>	<b>-</b>	<b>1 191</b>	<b>(1 191)</b>	<b>-100%</b>	<b>2 859</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	28	80	(52)	-65%	192
Vote 2 - CORPORATE SERVICES		(12 115)	1 023	1 023	144	477	426	50	12%	1 023
Vote 3 - FINANCIAL SERVICES		13 617	1 664	1 664	210	290	693	(403)	-58%	1 664
Vote 4 - TECHNICAL SERVICES		13 047	20 888	20 901	342	4 493	8 709	(4 215)	-48%	20 901
<b>Total Capital single-year expenditure</b>	<b>4</b>	<b>14 550</b>	<b>23 767</b>	<b>23 780</b>	<b>696</b>	<b>5 288</b>	<b>9 908</b>	<b>(4 620)</b>	<b>-47%</b>	<b>23 780</b>
<b>Total Capital Expenditure</b>	<b>3</b>	<b>15 405</b>	<b>23 767</b>	<b>26 639</b>	<b>696</b>	<b>5 288</b>	<b>11 100</b>	<b>(5 812)</b>	<b>-52%</b>	<b>26 639</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>13 655</b>	<b>2 001</b>	<b>2 001</b>	<b>210</b>	<b>346</b>	<b>834</b>	<b>(488)</b>	<b>-59%</b>	<b>-</b>
Executive and council		-	192	192	-	28	80	(52)	-65%	-
Finance and administration		13 655	1 809	1 809	210	318	754	(436)	-58%	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>(11 297)</b>	<b>378</b>	<b>1 211</b>	<b>-</b>	<b>-</b>	<b>505</b>	<b>(505)</b>	<b>-100%</b>	<b>-</b>
Community and social services		(11 467)	-	833	-	-	347	(347)	-100%	-
Sport and recreation		170	378	378	-	-	158	(158)	-100%	-
<b>Economic and environmental services</b>		<b>-</b>	<b>500</b>	<b>513</b>	<b>144</b>	<b>449</b>	<b>214</b>	<b>235</b>	<b>110%</b>	<b>-</b>
Road transport		-	500	513	144	449	214	235	110%	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>13 047</b>	<b>20 888</b>	<b>22 915</b>	<b>342</b>	<b>4 493</b>	<b>9 548</b>	<b>(5 054)</b>	<b>-53%</b>	<b>-</b>
Energy sources		797	2 699	2 699	147	147	1 125	(978)	-87%	-
Water management		12 249	18 189	20 216	195	4 346	8 423	(4 077)	-48%	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>15 405</b>	<b>23 767</b>	<b>26 639</b>	<b>696</b>	<b>5 288</b>	<b>11 100</b>	<b>(5 812)</b>	<b>-52%</b>	<b>-</b>
<b>Funded by:</b>										
National Government		12 984	22 763	22 763	482	4 700	9 485	(4 785)	-50%	-
Provincial Government		(11 154)	-	2 859	-	-	1 191	(1 191)	-100%	-
Transfers recognised - capital		1 831	22 763	25 622	482	4 700	10 676	(5 976)	-56%	-
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		555	1 004	954	214	588	397	191	48%	-
<b>Total Capital Funding</b>		<b>2 386</b>	<b>23 767</b>	<b>26 576</b>	<b>696</b>	<b>5 288</b>	<b>11 074</b>	<b>(5 786)</b>	<b>-52%</b>	<b>-</b>

- The total year to date expenditure amounts to **R4.7 million** for grant funded projects and **R588 thousand** from own funding. This is due to the Capital projects that lag straight-line budgeting. The YTD figures indicate a -52% 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) Those strategic decisions /resolutions to improve the capital expenditure be implemented;
- (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) - M05 November										
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>Revenue By Source</b>										
Property rates		19 337	24 562	24 562	2 159	10 809	10 234	575	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	4 832	27 628	28 311	(682)	-2%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 796	8 244	8 661	(418)	-5%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	726	3 704	3 341	363	11%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	713	3 657	3 087	569	18%	7 410
Rental of facilities and equipment		606	631	631	44	220	263	(43)	-16%	631
Interest earned - external investments		1 150	864	864	109	444	360	84	23%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	2	14	1 286	(1 273)	-99%	3 087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5 547	5 547	372	1 804	2 311	(507)	-22%	5 547
Licences and permits		217	378	378	14	75	157	(82)	-52%	378
Agency services		1 083	1 087	1 087	170	571	453	118	26%	1 087
Transfers and subsidies		42 601	45 128	45 576	476	16 967	18 990	(2 023)	-11%	45 576
Other revenue		769	974	974	35	239	406	(166)	-41%	974
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>157 387</b>	<b>186 419</b>	<b>186 867</b>	<b>11 448</b>	<b>74 377</b>	<b>77 861</b>	<b>(3 484)</b>	<b>-4%</b>	<b>186 867</b>
<b>Expenditure By Type</b>										
Employee related costs		64 229	65 553	65 481	7 891	29 481	27 283	2 198	8%	65 481
Remuneration of councillors		3 117	3 637	3 637	251	1 494	1 515	(21)	-1%	3 637
Debt impairment		19 658	20 723	20 723	28	38 578	8 635	29 943	347%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	1 058	5 291	5 291	0	0%	12 698
Finance charges		1 485	382	382	33	96	159	(63)	-40%	382
Bulk purchases - electricity		41 046	48 940	48 940	-	8 843	20 392	(11 549)	-57%	48 940
Inventory consumed		5 539	7 193	7 188	828	2 072	2 995	(923)	-31%	7 188
Contracted services		8 113	17 971	19 877	124	5 006	8 282	(3 276)	-40%	19 877
Transfers and subsidies		246	838	548	-	-	228	(228)	-100%	548
Other expenditure		14 526	13 895	12 791	567	4 192	5 329	(1 137)	-21%	12 791
Losses		4 492	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>175 908</b>	<b>191 830</b>	<b>192 265</b>	<b>10 781</b>	<b>95 052</b>	<b>80 109</b>	<b>14 943</b>	<b>19%</b>	<b>192 265</b>
<b>Surplus/(Deficit)</b>		<b>(18 521)</b>	<b>(5 411)</b>	<b>(5 399)</b>	<b>668</b>	<b>(20 675)</b>	<b>(2 248)</b>	<b>(18 427)</b>	<b>0</b>	<b>(5 399)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19 524	22 763	27 199	-	1 777	11 333	(9 555)	(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	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>			<b>21 800</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>			<b>21 800</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>			<b>21 800</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>			<b>21 800</b>

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M05 November						
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>ASSETS</b>						
<b>Current assets</b>						
Cash		14 120	(8 734)	(10 148)	(5 035)	(10 148)
Call investment deposits		2 374	75 725	37 862	8 268	37 862
Consumer debtors		(532)	15 106	6 755	(29 330)	6 755
Other debtors		(20 030)	(91 512)	(46 381)	3 424	(46 381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(424)	(2 867)	657	(2 867)
<b>Total current assets</b>		<b>(3 274)</b>	<b>(9 839)</b>	<b>(14 778)</b>	<b>(22 016)</b>	<b>(14 778)</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	2 729	1 364	-	1 364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(10 955)	686 728	352 761	10	352 761
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	77	38	(13)	38
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>(11 080)</b>	<b>689 534</b>	<b>354 164</b>	<b>(3)</b>	<b>354 164</b>
<b>TOTAL ASSETS</b>		<b>(14 354)</b>	<b>679 695</b>	<b>339 386</b>	<b>(22 019)</b>	<b>339 386</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	1 172	586	(259)	586
Consumer deposits		91	2 055	1 027	81	1 027
Trade and other payables		(14 854)	58 708	16 415	(2 786)	16 415
Provisions		785	25 237	12 619	-	12 619
<b>Total current liabilities</b>		<b>(14 549)</b>	<b>87 172</b>	<b>30 647</b>	<b>(2 965)</b>	<b>30 647</b>
<b>Non current liabilities</b>						
Borrowing		-	435	(429)	-	(429)
Provisions		8 197	75 022	37 511	-	37 511
<b>Total non current liabilities</b>		<b>8 197</b>	<b>75 457</b>	<b>37 082</b>	<b>-</b>	<b>37 082</b>
<b>TOTAL LIABILITIES</b>		<b>(6 353)</b>	<b>162 629</b>	<b>67 729</b>	<b>(2 965)</b>	<b>67 729</b>
<b>NET ASSETS</b>	2	<b>(8 001)</b>	<b>517 066</b>	<b>271 657</b>	<b>(19 054)</b>	<b>271 657</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		(9 052)	477 907	238 953	-	238 953
Reserves		14	21 807	10 904	(157)	10 904
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>(9 038)</b>	<b>499 714</b>	<b>249 857</b>	<b>(157)</b>	<b>249 857</b>

**TABLE C7 – MONTHLY BUDGETED CASH FLOW**

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M05 November										
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>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		7 496	20 213	20 213	1 243	6 147	8 422	(2 275)	-27%	20 213
Service charges		26 341	89 407	89 407	5 450	31 083	37 253	(6 170)	-17%	89 407
Other revenue		1 379	9 833	9 833	79	504	4 097	(3 593)	-88%	9 833
Government - operating		43 230	44 598	45 046	2 377	21 602	18 769	2 833	15%	45 046
Government - capital		22 164	22 763	27 199	1 000	6 546	11 333	(4 787)	-42%	27 199
Interest		9	3 961	3 961	-	5	1 650	(1 646)	-100%	3 961
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(89 156)	(171 940)	(172 035)	(5 058)	(38 507)	(71 681)	(33 174)	46%	(172 035)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>11 326</b>	<b>18 836</b>	<b>23 624</b>	<b>5 091</b>	<b>27 379</b>	<b>9 843</b>	<b>(17 536)</b>	<b>-178%</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		37	(23 767)	(26 639)	-	-	(11 100)	(11 100)	100%	(26 639)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>37</b>	<b>(23 767)</b>	<b>(26 639)</b>	<b>-</b>	<b>-</b>	<b>(11 100)</b>	<b>(11 100)</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	(13)	(81)	-	(81)	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>(13)</b>	<b>(81)</b>	<b>-</b>	<b>81</b>	<b>0%</b>	<b>1 027</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>11 272</b>	<b>(3 904)</b>	<b>(1 988)</b>	<b>5 078</b>	<b>27 298</b>	<b>(1 256)</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:		11 272	38 584	40 500		27 294	41 231			(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.

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

- Standard Bank Main Account - **R3 183 million; (Overdraft facility used)**
- Traffic Account - **R915 thousand;**
- Deposit Account - **R1 244 thousand;** and
- Call Account - **R42 million.**

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

**TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)**

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 November										
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>	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		59 433	40 973	41 119	2 767	28 418	17 133	11 285	66%	41 119
Executive and council		34 237	6 402	6 465	-	12 730	2 694	10 036	373%	6 465
Finance and administration		25 196	34 571	34 654	2 767	15 688	14 439	1 249	9%	34 654
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 409	20 827	21 961	385	3 640	9 151	(5 511)	-60%	21 961
Community and social services		15 193	14 727	15 861	383	3 594	6 609	(3 015)	-46%	15 861
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	2	46	-	46	#DIV/0!	-
Housing		(36)	6 100	6 100	-	-	2 542	(2 542)	-100%	6 100
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 677	7 047	7 047	229	860	2 936	(2 076)	-71%	7 047
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 677	7 047	7 047	229	860	2 936	(2 076)	-71%	7 047
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100 426	140 336	143 938	8 068	43 237	59 974	(16 737)	-28%	143 938
Energy sources		56 671	74 321	75 897	4 832	27 633	31 624	(3 991)	-13%	75 897
Water management		27 712	35 358	37 384	1 796	8 244	15 577	(7 333)	-47%	37 384
Waste water management		8 188	15 079	15 079	726	3 704	6 283	(2 579)	-41%	15 079
Waste management		7 855	15 578	15 578	713	3 657	6 491	(2 834)	-44%	15 578
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	176 945	209 182	214 066	11 448	76 155	89 194	(13 039)	-15%	214 066
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		49 337	57 383	57 529	4 860	62 239	23 970	38 269	160%	57 529
Executive and council		14 176	17 062	18 140	1 272	9 087	7 558	1 529	20%	18 140
Finance and administration		35 161	40 321	39 389	3 588	53 152	16 412	36 740	224%	39 389
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10 562	17 233	17 622	1 303	5 351	7 342	(1 992)	-27%	17 622
Community and social services		7 726	9 166	9 556	792	4 136	3 981	155	4%	9 556
Sport and recreation		380	549	549	16	91	229	(138)	-60%	549
Public safety		1 579	375	375	362	694	156	538	344%	375
Housing		877	7 143	7 143	133	430	2 976	(2 546)	-86%	7 143
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 098	16 083	15 983	801	3 825	6 659	(2 835)	-43%	15 983
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9 098	16 083	15 983	801	3 825	6 659	(2 835)	-43%	15 983
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106 912	101 131	101 131	3 817	23 638	42 138	(18 500)	-44%	101 131
Energy sources		56 314	59 169	59 169	734	11 962	24 654	(12 692)	-51%	59 169
Water management		29 689	18 684	18 684	1 553	5 592	7 785	(2 193)	-28%	18 684
Waste water management		5 754	9 711	9 711	567	2 523	4 046	(1 523)	-38%	9 711
Waste management		15 154	13 566	13 566	964	3 560	5 652	(2 092)	-37%	13 566
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	175 908	191 830	192 265	10 781	95 052	80 109	14 943	19%	192 265
<b>Surplus/ (Deficit) for the year</b>		1 037	17 352	21 800	668	(18 898)	9 084	(27 982)	-308%	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) - M05 November										
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
<b>R thousands</b>										
<b>Revenue by Vote</b>										
Vote 1 - MUNICIPAL MANAGER	1	34 237	6 402	6 465	-	12 730	2 694	10 036	372,5%	6 465
Vote 2 - CORPORATE SERVICES		15 822	26 377	27 499	550	4 055	11 458	(7 403)	-64,6%	27 499
Vote 3 - FINANCIAL SERVICES		24 791	34 128	34 211	2 742	15 537	14 255	1 283	9,0%	34 211
Vote 4 - TECHNICAL SERVICES		102 096	142 274	145 890	8 157	43 833	60 787	(16 955)	-27,9%	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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>176 945</b>	<b>209 182</b>	<b>214 066</b>	<b>11 448</b>	<b>76 155</b>	<b>89 194</b>	<b>(13 039)</b>	<b>-14,6%</b>	<b>214 066</b>
<b>Expenditure by Vote</b>										
Vote 1 - MUNICIPAL MANAGER	1	14 176	17 062	18 140	1 272	9 087	7 558	1 529	20,2%	18 140
Vote 2 - CORPORATE SERVICES		22 092	34 547	34 821	2 753	11 193	14 508	(3 316)	-22,9%	34 821
Vote 3 - FINANCIAL SERVICES		25 558	29 387	28 470	2 060	48 016	11 862	36 154	304,8%	28 470
Vote 4 - TECHNICAL SERVICES		113 894	109 345	109 345	4 586	26 512	45 560	(19 048)	-41,8%	109 345
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		189	1 490	1 490	110	244	621	(377)	-60,8%	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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>175 908</b>	<b>191 830</b>	<b>192 265</b>	<b>10 781</b>	<b>95 052</b>	<b>80 109</b>	<b>14 943</b>	<b>18,7%</b>	<b>192 265</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>1 037</b>	<b>17 352</b>	<b>21 800</b>	<b>668</b>	<b>(18 898)</b>	<b>9 084</b>	<b>(27 982)</b>	<b>-308,0%</b>	<b>21 800</b>

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - 05 November													
Description	NR Code	Budget Year 2021/22									Total over 60 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts to Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,174	759	870	667	495	370	2,401	8,464	16,199	12,396	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,244	221	140	101	77	46	215	402	2,446	840	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2,467	754	679	604	290	257	1,362	15,518	21,952	18,052	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	673	385	327	323	235	232	1,378	5,381	8,885	7,489	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,315	598	539	514	371	363	2,098	8,057	13,825	11,403	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Asset Debtor Accounts	1810	20	33	49	57	47	49	405	9,411	10,071	9,969	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3,859)	211	177	153	114	109	569	1,640	(882)	2,579	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>4,034</b>	<b>2,882</b>	<b>2,761</b>	<b>2,419</b>	<b>1,629</b>	<b>1,421</b>	<b>8,449</b>	<b>48,823</b>	<b>72,437</b>	<b>62,740</b>	<b>-</b>	<b>-</b>
<b>2020/21 - to date only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organ of State	2200	(2,551)	193	59	38	24	15	60	746	(1,422)	882	-	-
Commercial	2300	924	175	181	157	124	115	532	2,491	4,719	3,498	-	-
Households	2400	5,523	2,287	2,325	2,009	1,365	1,175	7,191	35,467	57,342	47,207	-	-
Other	2500	190	227	221	215	116	116	645	10,119	11,739	11,212	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>4,034</b>	<b>2,882</b>	<b>2,761</b>	<b>2,419</b>	<b>1,629</b>	<b>1,421</b>	<b>8,449</b>	<b>48,823</b>	<b>72,437</b>	<b>62,740</b>	<b>-</b>	<b>-</b>

- The total amount owed to Kannaland Municipality amounts to **R72.44 million**.
- **R48.82 million or 67%** of the total outstanding debtors are older than one year.
- **R62.74 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 - M05 November

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	
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	4,406	1,371	2,675	10,519	13,977	-	-	-	32,948
Bulk Water	0200	-	21	24	-	-	-	-	-	44
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	429	68	73	76	7,498	-	-	-	8,144
Auditor General	0800	551	52	53	95	8,764	-	-	-	9,516
Other	0900	138	194	10	10	6,789	-	-	-	7,141
<b>Total By Customer Type</b>	<b>1000</b>	<b>5,584</b>	<b>1,705</b>	<b>2,835</b>	<b>10,700</b>	<b>37,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,853</b>

The total outstanding creditors amounts to **R57 853 million**.

The biggest outstanding creditors are Eskom (**R32.95 million**), the Auditor-General of South Africa (**R9 516million**). Combined the before mentioned represents **73%** 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		30.11.2021	30.11.2021	0.00	6,767.90	0.00	6,767.90	663,509.90	656,742.00
Interest Capitalisation		30.11.2021	30.11.2021	0.00	-6,767.90	6,767.90	0.00	663,509.90	663,509.90
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

- The total outstanding long-term debt of Kannaland Municipality amounts to **R604 thousand**
- A monthly instalment of **R60 thousand** at an interest rate of **12.5%** per annum is being paid.
- The DBSA loan is expected to be completed by 2023.

## Section 8 – Allocation and grant receipts and expenditure

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October										
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>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>	1,2	38,285	35,253	35,253	1,104	15,368	11,751	3,617	30.8%	35,253
Operational Revenue:General Revenue:Equitable Share		34,050	30,553	30,553	-	12,730	10,184	2,546	25.0%	30,553
Operational Revenue:General Revenue:Fuel Levy	3	-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,159	1,359	1,359	-	296	453	(157)	-34.7%	1,359
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelisha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2,564	2,811	2,811	1,059	2,131	937	1,194	127.5%	2,811
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant/Debrs Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		512	530	530	45	211	177	34	19.4%	530
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services]		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizon		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	-	-	-
Disaster and Emergency Services	4	-	-	-	-	-	-	-	-	-
Health	4	-	-	-	-	-	-	-	-	-
Housing	4	-	-	-	-	-	-	-	-	-
Infrastructure	4	-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums	4	-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Public Transport	4	-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
Sports and Recreation	4	-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	145	145	-	-	48	(48)	-100.0%	145
Departmental Agencies and Accounts		-	145	145	-	-	48	(48)	-100.0%	145
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	38,285	35,398	35,398	1,104	15,368	11,799	3,569	30.2%	35,398
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		16,747	22,763	24,340	1,690	1,777	8,113	(6,336)	-78.1%	24,340
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1,123	2,699	4,275	-	-	1,425	(1,425)	-100.0%	4,275
Municipal Infrastructure Grant [Schedule 5B]		8,987	10,064	10,064	1,733	1,777	3,355	(1,577)	-47.0%	10,064
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		6,637	10,000	10,000	(43)	-	3,333	(3,333)	-100.0%	10,000
WiFi Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Aquaponic Project		-	-	-	-	-	-	-	-	-
Restion Settlement		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring Seed Funding		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	16,747	22,763	24,340	1,690	1,777	8,113	(6,336)	-78.1%	24,340
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	55,032	58,161	59,737	2,794	17,145	19,912	(2,767)	-13.9%	59,737

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		2 484	2 895	2 895	234	1 067	965	102	11%	2 895
Pension and UIF Contributions		0	-	-	-	-	-	-	-	-
Medical Aid Contributions		133	220	220	2	25	73	(48)	-65%	220
Motor Vehicle Allowance		189	172	172	13	51	57	(6)	-11%	172
Cellphone Allowance		311	349	349	22	100	116	(16)	-14%	349
<b>Sub Total - Councillors</b>		<b>3 117</b>	<b>3 637</b>	<b>3 637</b>	<b>270</b>	<b>1 243</b>	<b>1 212</b>	<b>31</b>	<b>3%</b>	<b>3 637</b>
<b>% increase</b>	4		16,7%	16,7%						16,7%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	1 802	2 525	2 525	262	696	842	(145)	-17%	2 525
Pension and UIF Contributions		0	3	3	0	1	1	(1)	-50%	3
Motor Vehicle Allowance		64	168	168	15	54	56	(2)	-4%	168
Cellphone Allowance		35	75	75	5	18	25	(8)	-30%	75
Housing Allowances		-	17	17	-	-	6	(6)	-100%	17
Other benefits and allowances		29	272	272	4	162	91	72	79%	272
<b>Sub Total - Senior Managers of Municipality</b>		<b>1 930</b>	<b>3 060</b>	<b>3 060</b>	<b>286</b>	<b>930</b>	<b>1 020</b>	<b>(90)</b>	<b>-9%</b>	<b>3 060</b>
<b>% increase</b>	4		58,6%	58,6%						58,6%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		40 749	41 120	41 048	4 330	13 974	13 683	291	2%	41 048
Pension and UIF Contributions		5 472	7 271	7 271	559	2 149	2 424	(274)	-11%	7 271
Medical Aid Contributions		1 693	2 162	2 162	167	665	721	(55)	-8%	2 162
Overtime		5 118	4 106	4 106	422	1 643	1 369	274	20%	4 106
Performance Bonus		2 012	-	-	-	6	-	6	#DIV/0!	-
Motor Vehicle Allowance		2 026	2 133	2 133	213	713	711	3	0%	2 133
Cellphone Allowance		119	80	80	12	42	27	15	58%	80
Housing Allowances		269	279	279	23	142	93	49	53%	279
Other benefits and allowances		2 408	4 651	4 651	339	1 291	1 550	(259)	-17%	4 651
Payments in lieu of leave		505	-	-	10	34	-	34	#DIV/0!	-
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	1 843	692	692	-	-	231	(231)	-100%	692
<b>Sub Total - Other Municipal Staff</b>		<b>62 298</b>	<b>62 493</b>	<b>62 421</b>	<b>6 074</b>	<b>20 660</b>	<b>20 806</b>	<b>(147)</b>	<b>-1%</b>	<b>62 421</b>
<b>% increase</b>	4		0,3%	0,2%						0,2%
<b>Total Parent Municipality</b>		<b>67 345</b>	<b>69 189</b>	<b>69 117</b>	<b>6 630</b>	<b>22 833</b>	<b>23 039</b>	<b>(206)</b>	<b>-1%</b>	<b>69 117</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>Board Members of Entities</b>										
Other benefits and allowances		0	-	-	0	0	-	0	#DIV/0!	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>	2	<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>										
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<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		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
<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>67 346</b>	<b>69 189</b>	<b>69 117</b>	<b>6 630</b>	<b>22 833</b>	<b>23 039</b>	<b>(205)</b>	<b>-1%</b>	<b>69 117</b>
<b>% increase</b>	4		2,7%	2,6%						2,6%
<b>TOTAL MANAGERS AND STAFF</b>		<b>64 228</b>	<b>65 553</b>	<b>65 481</b>	<b>6 360</b>	<b>21 590</b>	<b>21 827</b>	<b>(237)</b>	<b>-1%</b>	<b>65 481</b>

## Section 10– Capital programme performance

### TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M05 November									
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	–	5,288	13,319	8,032	60,3%	22%
January	–	1,981	2,220	–	5,288	15,539	10,251	66,0%	22%
February	108	1,981	2,220	–	5,288	17,759	12,471	70,2%	22%
March	11	1,981	2,220	–	5,288	19,979	14,691	73,5%	22%
April	614	1,981	2,220	–	5,288	22,199	16,911	76,2%	22%
May	823	1,981	2,220	–	5,288	24,419	19,131	78,3%	22%
June	5,504	1,981	2,220	–	5,288	26,639	21,351	80,1%	22%
<b>Total Capital expenditure</b>	<b>15,405</b>	<b>23,767</b>	<b>26,639</b>	<b>5,288</b>					

## Section 11 – 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 12 – SCM Deviations

Annexures

## Section 14 – Quality certification

I, **M.M Hoogbaard**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **November 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:** .....

## 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> </ul>	<ul style="list-style-type: none"> <li>Maintain at least an average collection rate of 85% for the full financial year.</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                             <ul style="list-style-type: none"> <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> </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 80%</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>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>R6.2 million additional revenue in total R9.3 additional / annum</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 FBS 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	Improve Revenue generation by R500 000	<ul style="list-style-type: none"> <li>Improve Revenue generation by 2%</li> </ul>	<ul style="list-style-type: none"> <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>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>			<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>Impedative that the pay-point 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 recordkeeping</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> </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>	<ul style="list-style-type: none"> <li>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.</li> <li>No revenue from speed camera fines - targets will be missed</li> </ul>
			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>Laisse 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>	<ul style="list-style-type: none"> <li>Leadership vacuum to be addressed - under-performing department.</li> </ul>
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, Cut Empl costs by R600k</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 AFS tender)</li> <li>Budget Steering committee to be establish by new council - sit once a month &amp; monitor budget implementation</li> <li>Little progress to date</li> </ul>
			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 m\$COA 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 m\$COA 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>
5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed										

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 20.1% during Q1</li> <li>Water losses dropped to 17% but Zoar bulk meter is impacting accuracy.</li> <li>Pre-paid water meters is much needed</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>Czd Losses (19.1%) to be addressed as it pulled down the average losses to 13.1% - 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> </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-Gradings)</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 61% of all cash expenditure transactions relative to the financial year (Income Statement related)</li> </ul>