



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for February 2021/22



Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009

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GLOSSARY

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

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

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

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

IDP - Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current year's financial position.

Operating expenditure - Spending on the day-to-day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

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

Virement - A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

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

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

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

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 **February 2022**.

Section 3 – Executive Summary

3.1 Introduction

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

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

3.2 Consolidated Performance

The performance against the budget can be summarized as follow:

	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 186 419	R 176 492	R 117 661	R 109 744	R (7917)	- 7%
Operating Expenditure	R 191 830	R 204 637	R 136 423	R 138 960	R 2 538	2%
Capital	R 23 767	R 25 622	R 17 082	R 9 765	R (7 316)	- 43%

Operating Revenue

The year-to-date operating revenue realized -7% below the forecast for the period. The municipality will have to address straight-line budgeting as periodic transfers and the cyclical nature of the local economy is not accounted for within the monthly breakdown of the budget.

Operating expenditure

The year-to-date operating expenditure variance indicated that the year-to-date budget was exceeded by 2%. 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 185 thousand** for grant funded projects for the month of **February 2022**. The year-to-date actual capital expenditure is 43% of the total Capital budget and 57% of the year-to-date budget. Straight-line-budgeting did not consider the finalisation of procurement processes before expenditure will be incurred. Monthly capital expenditure will be aligned with project progress as planned and the budget will be broken down to align with the before mentioned. The municipality's capital budget is mainly funded from conditional grants.

Collection Rate

Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10,594,968,62	(6,192,505,73)	- 124,826,55	9,933,813,72	- 11,300,212,54	-113,76	9,933,813,72	(11,300,212,54)	113,76
Aug-21	11,083,479,27	- 11,300,212,54	- 661,154,90	11,244,134,42	- 8,351,169,59	-74,27	21,177,948,14	(19,651,382,13)	92,79
Sep-21	11,269,448,88	- 8,351,169,59	160,655,15	11,343,770,69	- 8,465,485,99	-74,63	32,521,718,83	(28,116,868,12)	86,46
Oct-21	10,156,779,22	- 8,465,485,99	74,321,81	10,177,275,13	- 7,338,353,68	-72,11	42,698,993,96	(35,455,221,80)	83,04
Nov-21	9,949,353,39	- 7,338,353,68	20,495,91	10,163,521,30	- 6,639,666,28	-65,33	52,862,515,26	(42,094,888,08)	79,63
Dec-21	10,053,334,98	- 6,639,666,28	214,167,91	9,672,895,02	- 8,021,502,88	-82,93	62,535,410,28	(50,116,390,96)	80,14
Jan-22	10,824,844,01	- 8,021,502,88	- 380,439,96	10,969,907,28	- 7,849,651,68	-71,56	73,505,317,56	(57,966,042,64)	78,86

The collection rate on billed services came in at 78.9% on a year-to-date basis, which is below the 85% used as per budget assumption on average. The attached schedule indicates the payment made in respect of the month it was billed. This mean that January payments in respect of February billing realized at 71.56%, with March payments in respect of February billing not known at the time of reporting.

Comments from the Chief Financial Officer

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

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M08 February									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	19 337	24 562	25 522	2 163	17 290	17 015	275	2%	25 522
Service charges	87 941	104 162	100 680	8 576	68 552	67 120	1 433	2%	100 680
Investment revenue	1 150	864	880	87	723	587	136	23%	880
Transfers and subsidies	42 601	45 128	42 097	376	18 496	28 064	(9 569)	-34%	42 097
Other own revenue	6 358	11 704	7 313	558	4 683	4 875	(193)	-4%	7 313
Total Revenue (excluding capital transfers and contributions)	157 387	186 419	176 492	11 761	109 744	117 661	(7 917)	-7%	176 492
Employee costs	66 652	65 553	71 649	5 394	46 889	47 765	(876)	-2%	71 649
Remuneration of Councillors	3 184	3 637	3 637	318	2 386	2 424	(38)	-2%	3 637
Depreciation & asset impairment	13 459	12 698	12 698	3 175	8 466	8 466	0	0%	12 698
Finance charges	3 188	382	2 318	17	159	1 545	(1 387)	-90%	2 318
Materials and bulk purchases	49 814	56 133	58 284	4 217	29 816	38 856	(9 039)	-23%	58 284
Transfers and subsidies	246	838	498	80	120	332	(212)	-64%	498
Other expenditure	51 435	52 589	55 553	1 029	51 124	37 035	14 089	38%	55 553
Total Expenditure	187 978	191 830	204 637	14 229	138 960	136 423	2 538	2%	204 637
Surplus/(Deficit)	(30 591)	(5 411)	(28 145)	(2 468)	(29 217)	(18 762)	(10 455)	56%	(28 145)
Transfers and subsidies - capital (monetary allocations)	19 524	22 763	25 622	-	5 848	17 082	(11 234)	-66%	25 622
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)	(21 689)	1291%	(2 522)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)	(21 689)	1291%	(2 522)
Capital expenditure & funds sources									
Capital expenditure	15 954	23 767	26 639	185	9 928	17 759	(7 831)	-44%	26 639
Capital transfers recognised	1 831	22 763	25 622	185	9 765	17 082	(7 316)	-43%	25 622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	555	1 004	1 004	-	163	669	(506)	-76%	1 004
Total sources of capital funds	2 386	23 767	26 626	185	9 928	17 751	(7 823)	-44%	26 626
Financial position									
Total current assets	(10 394)	(17 989)	(31 615)		(21 919)				(31 615)
Total non current assets	(10 530)	351 292	354 164		1 463				354 164
Total current liabilities	(9 060)	29 011	38 132		3 070				38 132
Total non current liabilities	7 751	37 082	37 082		-				37 082
Community wealth/Equity	(8 582)	249 857	249 857		(157)				249 857
Cash flows									
Net cash from (used) operating	2 471	18 836	10 590	49 659	147 021	6 341	(140 680)	-2218%	10 590
Net cash from (used) investing	(513)	(23 767)	(26 639)	-	-	(17 759)	(17 759)	100%	(26 639)
Net cash from (used) financing	(537)	307	307	(3)	(88)	(480)	(392)	82%	307
Cash/cash equivalents at the month/year end	1 422	37 864	26 745	-	146 929	30 590	(116 339)	-380%	(15 747)
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	5 315	2 815	2 747	2 625	2 470	2 556	9 458	53 084	81 070
Creditors Age Analysis									
Total Creditors	8 599	1 482	26 696	214	24 307	-	-	-	61 298

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) - M08 February										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		19 337	24 562	25 522	2 163	17 290	17 015	275	2%	25 522
Service charges - electricity revenue		55 432	67 946	62 578	5 369	43 297	41 718	1 578	4%	62 578
Service charges - water revenue		18 013	20 787	20 746	1 774	13 591	13 831	(240)	-2%	20 746
Service charges - sanitation revenue		7 456	8 019	8 738	728	5 879	5 826	53	1%	8 738
Service charges - refuse revenue		7 040	7 410	8 617	706	5 786	5 745	41	1%	8 617
Rental of facilities and equipment		606	631	533	45	354	355	(2)	-1%	533
Interest earned - external investments		1 150	864	880	87	723	587	136	23%	880
Interest earned - outstanding debtors		3 541	3 087	4 628	4	30	3 086	(3 055)	-99%	4 628
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		142	5 547	15	426	3 031	10	3 021	30230%	15
Licences and permits		217	378	361	11	102	241	(139)	-58%	361
Agency services		1 083	1 087	1 200	48	808	800	8	1%	1 200
Transfers and subsidies		42 601	45 128	42 097	376	18 496	28 064	(9 569)	-34%	42 097
Other revenue		769	974	576	24	359	384	(25)	-7%	576
Gains		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	176 492	11 761	109 744	117 661	(7 917)	-7%	176 492

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

- **Interest earned on external investments (23% variance)** - Exceeds the year-to-date forecast due to the cyclical nature of funds received and ring-fencing through the use call accounts that were not accounted for within the budget.
- **Interest earned on outstanding debtors (-99% variance)** - deviated significantly from the year-to-date budget and this can be explained by an incorrect allocation to Fines, Penalties, and Forfeits **(3021% variance)** This variance has subsequently been rectified.
- **Fines, Penalties & Forfeits (3021% variance)** –The reason for the large variance is due to budget that was adjusted with the adjustment budget, it would not realize because the municipality has no speed cameras in use, with very few traffic fines being issued.
- **Transfers & Subsidies (-34% variances)** – Late recognition to adjust for conditional grant funding reverting back to National Treasury.

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		66 652	65 553	71 649	5 394	46 889	47 765	(876)	-2%	71 649
Remuneration of councillors		3 184	3 637	3 637	318	2 386	2 424	(38)	-2%	3 637
Debt impairment		21 016	20 723	24 401	–	38 611	16 267	22 344	137%	24 401
Depreciation & asset impairment		13 459	12 698	12 698	3 175	8 466	8 466	0	0%	12 698
Finance charges		3 188	382	2 318	17	159	1 545	(1 387)	-90%	2 318
Bulk purchases - electricity		44 277	48 940	52 650	4 036	27 080	35 100	(8 020)	-23%	52 650
Inventory consumed		5 537	7 193	5 634	180	2 736	3 756	(1 019)	-27%	5 634
Contracted services		8 113	17 971	15 716	378	5 947	10 478	(4 531)	-43%	15 716
Transfers and subsidies		246	838	498	80	120	332	(212)	-64%	498
Other expenditure		17 815	13 895	15 436	651	6 566	10 290	(3 724)	-36%	15 436
Losses		4 492	–	–	–	–	–	–	–	–
Total Expenditure		187 978	191 830	204 637	14 229	138 960	136 423	2 538	2%	204 637

- **Debt Impairment (137% variance)** – The municipality has written-off R38.5 million of prescription and indigent related debt during **August 2021**. The debt was meant to be written-off during the previous financial year and therefor the deviation from the current year budget.
- **Finance Charges (-90% variances)** – The budget set-up was done using straight-line budgeting and the reallocation of finance charges should be addressed, as it is currently incorrectly being recognised as part of the expense that is not being paid in time.
- **Bulk Purchases (-23% variances)** - deviated from the year-to-date budget due to Eskom bulk expenditure only being recognised when the municipality is making a payment. The municipality envisages to make prompt payment to Eskom and keep up to date with the current account.
- **Inventory Consumed (-27%), Contracted Services (-43%) and Other Expenditure (-36%),** deviates from the year-to-date budget as result of the municipality only incurring expenditure in terms of revenue realising. The impact of expenditure not recognised when incurred and the cyclical nature of expenditure should also be considered, and the impact cannot be quantified for the purposes of this report with any degree of certainty and is of concern.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		817	–	833	185	684	555	129	23%	833
Vote 3 - FINANCIAL SERVICES		38	–	–	–	–	–	–		–
Vote 4 - TECHNICAL SERVICES		–	–	2 026	–	1 110	1 351	(241)	-18%	2 026
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–		–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	855	–	2 859	185	1 794	1 906	(112)	-6%	2 859
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	192	192	–	28	128	(100)	-78%	192
Vote 2 - CORPORATE SERVICES		(12 115)	1 023	1 023	–	51	682	(631)	-93%	1 023
Vote 3 - FINANCIAL SERVICES		14 167	1 664	1 664	–	347	1 109	(762)	-69%	1 664
Vote 4 - TECHNICAL SERVICES		13 047	20 888	20 901	–	7 708	13 934	(6 225)	-45%	20 901
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–		–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	15 099	23 767	23 780	–	8 134	15 853	(7 719)	-49%	23 780
Total Capital Expenditure	3	15 954	23 767	26 639	185	9 928	17 759	(7 831)	-44%	26 639
Capital Expenditure - Functional Classification										
Governance and administration		14 205	2 001	2 001	–	426	1 334	(908)	-68%	2 001
Executive and council		–	192	192	–	28	128	(100)	-78%	192
Finance and administration		14 205	1 809	1 809	–	398	1 206	(808)	-67%	1 809
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		(11 297)	378	1 211	185	684	807	(123)	-15%	1 211
Community and social services		(11 467)	–	833	185	684	555	129	23%	833
Sport and recreation		170	378	378	–	–	252	(252)	-100%	378
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	500	513	–	–	342	(342)	-100%	513
Planning and development		–	–	–	–	–	–	–		–
Road transport		–	500	513	–	–	342	(342)	-100%	513
Environmental protection		–	–	–	–	–	–	–		–
Trading services		13 047	20 888	22 915	–	8 818	15 276	(6 458)	-42%	22 915
Energy sources		797	2 699	2 699	–	235	1 799	(1 564)	-87%	2 699
Water management		12 249	18 189	20 216	–	8 583	13 477	(4 894)	-36%	20 216
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	15 954	23 767	26 639	185	9 928	17 759	(7 831)	-44%	26 639
Funded by:										
National Government		12 984	22 763	22 763	–	7 971	15 176	(7 204)	-47%	22 763
Provincial Government		(11 154)	–	2 859	185	1 794	1 906	(112)	-6%	2 859
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		–	–	–	–	–	–	–		–
Transfers recognised - capital		1 831	22 763	25 622	185	9 765	17 082	(7 316)	-43%	25 622
Public contributions & donations	5	–	–	–	–	–	–	–		–
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		555	1 004	1 004	–	163	669	(506)	-76%	1 004
Total Capital Funding		2 386	23 767	26 626	185	9 928	17 751	(7 823)	-44%	26 626

- The total year to date expenditure amounts to **R 9.9 million** for grant funded projects. The YTD figures indicate a -43% under-spending from the YTD budget, some progress is made in ensuring the optimal expenditure on all capital grant funding. The municipality intends on speeding up process related to capital expenditure in the last quarter of the year.

3.3 Material differences to the SDBIP

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

3.4 Remedial actions

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

Section 4 – In-Year Budget Statement Tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		19 337	24 562	25 522	2 163	17 290	17 015	275	2%	25 522
Service charges - electricity revenue		55 432	67 946	62 578	5 369	43 297	41 718	1 578	4%	62 578
Service charges - water revenue		18 013	20 787	20 746	1 774	13 591	13 831	(240)	-2%	20 746
Service charges - sanitation revenue		7 456	8 019	8 738	728	5 879	5 826	53	1%	8 738
Service charges - refuse revenue		7 040	7 410	8 617	706	5 786	5 745	41	1%	8 617
Rental of facilities and equipment		606	631	533	45	354	355	(2)	-1%	533
Interest earned - external investments		1 150	864	880	87	723	587	136	23%	880
Interest earned - outstanding debtors		3 541	3 087	4 628	4	30	3 086	(3 055)	-99%	4 628
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5 547	15	426	3 031	10	3 021	30230%	15
Licences and permits		217	378	361	11	102	241	(139)	-58%	361
Agency services		1 083	1 087	1 200	48	808	800	8	1%	1 200
Transfers and subsidies		42 601	45 128	42 097	376	18 496	28 064	(9 569)	-34%	42 097
Other revenue		769	974	576	24	359	384	(25)	-7%	576
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	176 492	11 761	109 744	117 661	(7 917)	-7%	176 492
Expenditure By Type										
Employee related costs		66 652	65 553	71 649	5 394	46 889	47 765	(876)	-2%	71 649
Remuneration of councillors		3 184	3 637	3 637	318	2 386	2 424	(38)	-2%	3 637
Debt impairment		21 016	20 723	24 401	-	38 611	16 267	22 344	137%	24 401
Depreciation & asset impairment		13 459	12 698	12 698	3 175	8 466	8 466	0	0%	12 698
Finance charges		3 188	382	2 318	17	159	1 545	(1 387)	-90%	2 318
Bulk purchases - electricity		44 277	48 940	52 650	4 036	27 080	35 100	(8 020)	-23%	52 650
Inventory consumed		5 537	7 193	5 634	180	2 736	3 756	(1 019)	-27%	5 634
Contracted services		8 113	17 971	15 716	378	5 947	10 478	(4 531)	-43%	15 716
Transfers and subsidies		246	838	498	80	120	332	(212)	-64%	498
Other expenditure		17 815	13 895	15 436	651	6 566	10 290	(3 724)	-36%	15 436
Losses		4 492	-	-	-	-	-	-	-	-
Total Expenditure		187 978	191 830	204 637	14 229	138 960	136 423	2 538	2%	204 637
Surplus/(Deficit)		(30 591)	(5 411)	(28 145)	(2 468)	(29 217)	(18 762)	(10 455)	0	(28 145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19 524	22 763	25 622	-	5 848	17 082	(11 234)	(0)	25 622
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)			(2 522)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)			(2 522)
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)			(2 522)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		(11 033)	17 352	(2 522)	(2 468)	(23 369)	(1 680)			(2 522)

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION
WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		3 943	(13 359)	(25 094)	(5 089)	(25 094)
Call investment deposits		2 374	37 862	37 862	(3 421)	37 862
Consumer debtors		1 601	6 755	4 247	(21 481)	4 247
Other debtors		(19 107)	(46 381)	(46 381)	7 410	(46 381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2 867)	(2 249)	662	(2 249)
Total current assets		(10 394)	(17 989)	(31 615)	(21 919)	(31 615)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	1 364	1 364	-	1 364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(10 405)	349 890	352 761	1 483	352 761
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	38	(21)	38
Other non-current assets		-	-	-	-	-
Total non current assets		(10 530)	351 292	354 164	1 463	354 164
TOTAL ASSETS		(20 924)	333 303	322 549	(20 457)	322 549
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(127)	586	586	(422)	586
Consumer deposits		91	1 027	1 027	88	1 027
Trade and other payables		(9 993)	14 780	23 900	3 404	23 900
Provisions		968	12 619	12 619	-	12 619
Total current liabilities		(9 060)	29 011	38 132	3 070	38 132
Non current liabilities						
Borrowing		(446)	(429)	(429)	-	(429)
Provisions		8 197	37 511	37 511	-	37 511
Total non current liabilities		7 751	37 082	37 082	-	37 082
TOTAL LIABILITIES		(1 309)	66 094	75 215	3 070	75 215
NET ASSETS	2	(19 615)	267 209	247 335	(23 526)	247 335
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		(9 052)	238 953	238 953	-	238 953
Reserves		470	10 904	10 904	(157)	10 904
TOTAL COMMUNITY WEALTH/EQUITY	2	(8 582)	249 857	249 857	(157)	249 857

TABLE C7 – MONTHLY BUDGETED CASH FLOW
WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		7 496	20 213	20 227	1 287	9 652	13 485	(3 832)	-28%	20 227
Service charges		26 341	89 407	86 739	8 468	49 417	57 108	(7 691)	-13%	86 739
Other revenue		1 379	9 833	3 895	172	833	2 597	(1 764)	-68%	3 895
Government - operating		43 137	44 598	41 567	380	23 086	27 711	(4 625)	-17%	41 567
Government - capital		22 164	22 763	25 622	—	6 546	17 082	(10 536)	-62%	25 622
Interest		9	3 961	3 905	2	15	2 603	(2 588)	-99%	3 905
Dividends		—	—	—	—	—	—	—	—	—
Payments										
Suppliers and employees		(97 919)	(171 940)	(171 366)	39 349	57 472	(114 244)	(171 716)	150%	(171 366)
Finance charges		—	—	—	—	—	—	—	—	—
Transfers and Grants		(137)	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 471	18 836	10 590	49 659	147 021	6 341	(140 680)	-2218%	10 590
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivables		—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—
Payments										
Capital assets		(513)	(23 767)	(26 639)	—	—	(17 759)	(17 759)	100%	(26 639)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(513)	(23 767)	(26 639)	—	—	(17 759)	(17 759)	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	(3)	(88)	—	(88)	0%	1 027
Payments										
Repayment of borrowing		(446)	(720)	(720)	—	—	(480)	(480)	100%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(537)	307	307	(3)	(88)	(480)	(392)	82%	307
NET INCREASE/ (DECREASE) IN CASH HELD		1 422	(4 624)	(15 742)	49 656	146 933	(11 898)			(15 742)
Cash/cash equivalents at beginning:		—	42 488	42 488		(5)	42 488			(5)
Cash/cash equivalents at month/year end:		1 422	37 864	26 745		146 929	30 590			(15 747)

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

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

- Standard Bank Main Account is: **R -313 thousand; (Overdraft facility used)**
- The Traffic Account: **R 369 thousand;**
- Deposit Account: **R 3 522 million; and**
- Call Account: **R 26 million (includes unspent grants)**

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

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		59 433	40 973	42 232	2 792	36 797	28 155	8 642	31%	42 232
Executive and council		34 237	6 402	7 365	–	12 730	4 910	7 820	159%	7 365
Finance and administration		25 196	34 571	34 867	2 792	24 067	23 245	822	4%	34 867
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		15 409	20 827	17 541	284	8 966	11 694	(2 728)	-23%	17 541
Community and social services		15 193	14 727	15 820	284	8 920	10 546	(1 627)	-15%	15 820
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		251	–	–	–	46	–	46	#DIV/0!	–
Housing		(36)	6 100	1 721	–	–	1 147	(1 147)	-100%	1 721
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		1 677	7 047	2 151	106	1 261	1 434	(173)	-12%	2 151
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		1 677	7 047	2 151	106	1 261	1 434	(173)	-12%	2 151
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		100 426	140 336	140 190	8 578	68 568	93 460	(24 892)	-27%	140 190
Energy sources		56 671	74 321	68 974	5 371	43 312	45 983	(2 671)	-6%	68 974
Water management		27 712	35 358	37 908	1 774	13 591	25 272	(11 681)	-46%	37 908
Waste water management		8 188	15 079	16 137	728	5 879	10 758	(4 879)	-45%	16 137
Waste management		7 855	15 578	17 170	706	5 786	11 447	(5 661)	-49%	17 170
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	176 945	209 182	202 114	11 761	115 592	134 743	(19 151)	-14%	202 114
Expenditure - Functional										
<i>Governance and administration</i>		56 576	57 383	68 435	(31 102)	39 360	45 623	(6 263)	-14%	68 435
Executive and council		14 176	17 062	23 700	1 446	13 481	15 800	(2 319)	-15%	23 700
Finance and administration		42 400	40 321	44 735	(32 549)	25 879	29 823	(3 944)	-13%	44 735
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		10 562	17 233	13 240	893	8 116	8 826	(711)	-8%	13 240
Community and social services		7 726	9 166	9 856	688	6 332	6 570	(238)	-4%	9 856
Sport and recreation		380	549	379	45	172	253	(81)	-32%	379
Public safety		1 579	375	220	84	946	147	799	544%	220
Housing		877	7 143	2 785	76	666	1 856	(1 191)	-64%	2 785
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		8 900	16 083	11 749	1 178	6 169	7 832	(1 663)	-21%	11 749
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		8 900	16 083	11 749	1 178	6 169	7 832	(1 663)	-21%	11 749
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		111 941	101 131	111 212	43 260	85 316	74 141	11 175	15%	111 212
Energy sources		60 618	59 169	63 538	6 442	33 426	42 359	(8 933)	-21%	63 538
Water management		29 324	18 684	21 254	17 437	24 527	14 169	10 358	73%	21 254
Waste water management		5 754	9 711	10 995	9 749	12 834	7 330	5 504	75%	10 995
Waste management		16 245	13 566	15 425	9 632	14 529	10 283	4 245	41%	15 425
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	187 978	191 830	204 637	14 229	138 961	136 423	2 538	2%	204 637
Surplus/ (Deficit) for the year		(11 033)	17 352	(2 522)	(2 469)	(23 369)	(1 680)	(21 689)	1291%	(2 522)

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

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		34 237	6 402	7 365	–	12 730	4 910	7 820	159,3%	7 365
Vote 2 - CORPORATE SERVICES		15 822	26 377	18 175	276	9 073	12 117	(3 044)	-25,1%	18 175
Vote 3 - FINANCIAL SERVICES		24 791	34 128	34 432	2 782	23 880	22 955	925	4,0%	34 432
Vote 4 - TECHNICAL SERVICES		102 096	142 274	142 141	8 703	69 909	94 761	(24 852)	-26,2%	142 141
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	176 945	209 182	202 114	11 761	115 592	134 743	(19 151)	-14,2%	202 114
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 176	17 062	23 700	1 446	13 481	15 800	(2 319)	-14,7%	23 700
Vote 2 - CORPORATE SERVICES		22 092	34 547	28 806	2 053	17 361	19 204	(1 842)	-9,6%	28 806
Vote 3 - FINANCIAL SERVICES		32 797	29 387	31 689	(33 659)	17 465	21 126	(3 661)	-17,3%	31 689
Vote 4 - TECHNICAL SERVICES		118 725	109 345	119 161	44 288	90 210	79 440	10 770	13,6%	119 161
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		189	1 490	1 280	101	444	853	(409)	-47,9%	1 280
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	187 978	191 830	204 637	14 229	138 961	136 423	2 538	1,9%	204 637
Surplus/ (Deficit) for the year	2	(11 033)	17 352	(2 522)	(2 469)	(23 369)	(1 680)	(21 689)	1291,0%	(2 522)

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' Analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February													
Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2 360	774	866	800	684	822	2 610	9 553	18 468	14 469	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 502	180	124	121	81	71	297	441	2 817	1 011	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 625	780	708	661	632	594	1 726	15 970	23 694	19 582	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	675	318	316	315	323	319	1 465	5 987	9 718	8 409	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 351	537	521	512	517	507	2 246	8 977	15 167	12 759	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	0	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	23	35	51	64	74	90	488	10 321	11 146	11 037	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3 220)	191	162	152	159	153	625	1 836	58	2 925	-	-
Total By Income Source	2000	5 315	2 815	2 747	2 625	2 470	2 556	9 458	53 084	81 070	70 192	-	-
2020/21 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(1 972)	119	47	38	41	32	84	774	(836)	969	-	-
Commercial	2300	1 108	190	174	167	148	146	693	2 666	5 291	3 819	-	-
Households	2400	5 884	2 278	2 304	2 197	2 068	2 166	7 908	39 133	63 938	53 472	-	-
Other	2500	295	227	222	222	213	213	772	10 511	12 677	11 932	-	-
Total By Customer Group	2600	5 315	2 815	2 747	2 625	2 470	2 556	9 458	53 084	81 070	70 192	-	-

- The total amount owed to Kannaland Municipality amounts to **R 81.07 million** in **February 2022** and **R 80.45 million** in **January 2022** indicating a **1% increase** in outstanding debt
- **R53.08 million** or **65%** of the total outstanding debtors are older than one year.
- **R70.19** 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 - M08 February

Description		NT Code	Budget Year 2021/22								Total
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	4 625	820	25 941	–	5 742	–	–	–	37 127	
Bulk Water	0200	33	29	–	–	–	–	–	–	62	
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	
Loan repayments	0600	60	–	–	–	–	–	–	–	60	
Trade Creditors	0700	505	59	602	103	7 381	–	–	–	8 650	
Auditor General	0800	1 675	468	83	52	8 688	–	–	–	10 966	
Other	0900	1 701	106	70	59	2 497	–	–	–	4 433	
Total By Customer Type	1000	8 599	1 482	26 696	214	24 307	–	–	–	61 298	

The total outstanding creditors amounts to **R61 298 million in February 2022** and **R 59 590 million in January 2022** a **3%** increase.

The biggest outstanding creditors are Eskom (**R37 127 million**), the Auditor-General of South Africa (**R10 966 million**). Combined the before mentioned represents **78%** 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	28.02.2022	28.02.2022	0,00	4,753,82	0,00	4,753,82	500,509,01	495,755,19
Interest Capitalisation	28.02.2022	28.02.2022	0,00	-4,753,82	4,753,82	0,00	500,509,01	500,509,01
Repayment Due	28.02.2022	28.02.2022	-55,246,18	0,00	-4,753,82	-60,000,00	440,509,01	440,509,01

- The total outstanding long-term debt of Kannaland Municipality amounts to **R441 thousand**
- A monthly instalment of **R60 thousand** at an interest rate of **12.5%** per annum is being paid.

Section 8 – Allocation and Grant Receipts and Expenditure

Transfers and Grant Receipts 2021/ 2022							
	Original Budget	Roll-over (Approved)	Adjustment Budget	Total Received	Total Spent	Unspent	REJECTED ROLLOVERS
National Government Grants							
Financial Management Grant (FMG)	R2,811,000,00	R82,902,39	R2,893,902,39	R2,893,902,39	R2,414,126,46	R479,775,94	
Integrated National Electrification (INEP)	R2,699,000,00		R2,699,000,00	R1,000,000,00	R0,00	R1,000,000,00	R1,576,282,41
Equitable Share	R30,553,000,00		R30,553,000,00	R12,730,000,00	R12,730,000,00	R0,00	-R13,924,972,59
Municipal Infrastructure Grant (Operational)	529,700,00		R529,700,00	R529,700,00	R390,346,17	R139,353,83	
Municipal Infrastructure Grant (Capital)	R10,064,300,00		R10,064,300,00	R7,570,300,00	R5,848,094,61	R1,722,205,40	R3,370,300,75
Water Service Infrastructure Grant	R10,000,000,00		R10,000,000,00	R1,000,000,00	R147,015,66	R852,984,34	R8,978,389,43
EPWP Incentive Grant	R1,359,000,00	R12,500,00	R1,371,500,00	R963,500,00	R920,352,43	R43,147,57	
Provincial Government							
Human Settlements	R6,100,000,00	-R4,379,000,00	R1,721,000,00				
Libraries (Conditional Grant)		R832,802,90	R832,802,90	R832,802,90	R498,845,79	R333,957,11	
MRF (Municipal Replacement Fund)	R3,217,000,00	R288,519,14	R3,505,519,14	R3,217,000,00	R2,093,048,03	R1,123,951,97	
Local Government Employee Support Grant		R900,000,00	R900,000,00			R900,000,00	
CDW Grant	113,000,00	R62,943,00	R175,943,00	R175,943,00		R175,943,00	
Provincial Government Roads	50,000,00		R50,000,00			R50,000,00	
Drought Relief		R2,026,369,00	R2,026,369,00		R1,109,631,69	R916,737,31	
Departmental Agencies							
Public Sector Seta	R145,000,00		R145,000,00			R145,000,00	

The National Government rejected the Municipality rollover application related to MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation of R 13 million being withheld by National Treasury.

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

Operational:

Financial Management Grant amounts to **R 50 thousand** it includes the expenditure for **February 2022**.

Municipal Infrastructure Grant PMU amounts to **R 44 thousand**, it includes the expenditure **February 2022**.

Expanded Public Works Programme Grant amounts to **R 119 thousand** it includes the expenditure for **February 2022**.

Provincial Government Grants:

Library Grant amounts to **R 202 thousand** it includes the expenditure for **February 2022**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February										
Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 551	2 895	2 895	273	2 034	1 930	104	5%	2 895
Pension and UIF Contributions		0	—	—	—	14	—	14	#DIV/0!	—
Medical Aid Contributions		133	220	220	8	48	147	(99)	-68%	220
Motor Vehicle Allowance		189	172	172	11	88	115	(27)	-23%	172
Cellphone Allowance		311	349	349	26	204	233	(29)	-13%	349
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors		3 184	3 637	3 637	318	2 386	2 424	(38)	-2%	3 637
% increase	4		14,2%	14,2%						14,2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 802	2 525	3 937	51	1 225	2 625	(1 400)	-53%	3 937
Pension and UIF Contributions		0	3	3	—	1	2	(1)	-58%	3
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		64	168	168	8	107	112	(5)	-4%	168
Cellphone Allowance		35	75	75	—	28	50	(23)	-45%	75
Housing Allowances		—	17	17	—	—	11	(11)	-100%	17
Other benefits and allowances		29	272	552	—	170	368	(198)	-54%	552
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		1 930	3 060	4 753	59	1 530	3 168	(1 638)	-52%	4 753
% increase	4		58,6%	146,3%						146,3%
Other Municipal Staff										
Basic Salaries and Wages		41 773	41 120	44 446	3 513	28 999	29 630	(632)	-2%	44 446
Pension and UIF Contributions		5 472	7 271	7 271	564	4 425	4 847	(422)	-9%	7 271
Medical Aid Contributions		2 768	2 162	2 162	184	1 330	1 441	(111)	-8%	2 162
Overtime		5 118	4 106	4 893	449	3 325	3 262	63	2%	4 893
Performance Bonus		2 012	—	—	—	1 354	—	1 354	#DIV/0!	—
Motor Vehicle Allowance		2 026	2 133	2 133	188	1 475	1 422	53	4%	2 133
Cellphone Allowance		119	80	80	13	90	53	37	70%	80
Housing Allowances		269	279	279	41	252	186	66	35%	279
Other benefits and allowances		2 408	4 651	4 712	384	4 054	3 141	913	29%	4 712
Payments in lieu of leave		688	—	130	—	34	87	(53)	-61%	130
Long service awards		(518)	—	100	—	—	67	(67)	-100%	100
Post-retirement benefit obligations		2 589	692	692	—	22	461	(439)	-95%	692
Sub Total - Other Municipal Staff		64 722	62 493	66 896	5 335	45 359	44 597	762	2%	66 896
% increase	4		-3,4%	3,4%						3,4%
Total Parent Municipality		69 836	69 189	75 285	5 712	49 276	50 190	(914)	-2%	75 285
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		69 837	69 189	75 285	5 712	49 276	50 190	(913)	-2%	75 285
% increase	4		-0,9%	7,8%						7,8%
TOTAL MANAGERS AND STAFF		66 652	65 553	71 649	5 394	46 889	47 765	(876)	-2%	71 649

Section 10 – Material Variances to the SDBIP

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

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

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

Section 11– Capital Programme Performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M08 February									
Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	–	1 981	2 220	–	–	2 220	–	0,0%	0%
August	2 744	1 981	2 220	1 453	1 453	4 440	2 987	67,3%	6%
September	2 089	1 981	2 220	802	2 255	6 660	4 405	66,1%	9%
October	588	1 981	2 220	2 338	4 592	8 880	4 287	48,3%	19%
November	1 013	1 981	2 220	696	5 288	11 100	5 812	52,4%	22%
December	1 911	1 981	2 220	4 280	9 568	13 319	3 752	28,2%	40%
January	–	1 981	2 220	175	9 743	15 539	5 797	37,3%	41%
February	108	1 981	2 220	185	9 928	17 759	7 831	44,1%	42%
March	11	1 981	2 220	–	9 928	19 979	10 051	50,3%	42%
April	614	1 981	2 220	–	9 928	22 199	12 271	55,3%	42%
May	823	1 981	2 220	–	9 928	24 419	14 491	59,3%	42%
June	6 054	1 981	2 220	–	9 928	26 639	16 711	62,7%	42%
Total Capital expenditure	15 954	23 767	26 639	9 928					

Section 12 – Implementation of the Budget Funding Plan

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

See Annexure – Budget Funding Plan Monthly Activity Update

Section 13 – SCM Deviations

See Annexure B -If any

Section 14 – Quality Certification

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

Print name: I Avontuur

Signature:

Date:

APPENDIX A: Budget Funding Plan

IMPLEMENTATION PLAN TOWARDS A FUNDED BUDGET										
Main Pillars	Key priority areas	Milestone/Output	Responsible	Target		Did the municipality meet the target?		Activities (To be implemented immediately to 30 November 2021)	Activities (To be implemented longer term Dec 2021 - Jul 2022)	SHORT TERM TARGETS & GENERAL PROGRESS
				Short to Medium Term - July 2021 to 30 Nov 2021	Long Term (Dec 2021 to June 2022)	Medium Term (July 2021 to Nov 2021)	Long Term (Dec 2021 to June 2022)			
Positive cash flows from revenue from trading services	Revenue Management	Improve the monthly Debt Collection Rate	Revenue Manager/ CFO	<ul style="list-style-type: none">• Meet budget assumptions target pertaining to a 85% Collection Rate on billed services.• Needs to improve 6% from the ytd collection rate. (76% to 85%) Note: Collection rate higher during Q1&Q2• Policies adjustments were made in support of activities• R3.1 million additional revenue (4 months)	<ul style="list-style-type: none">• Maintain at least an average collection rate of 85% for the full financial year.• R6.2 million additional revenue in total R9.3 additional / annum	Yes/No	Yes/No	<ul style="list-style-type: none">Award tenders in support of activity including:<ul style="list-style-type: none">• Pre-paid water & Electricity tender with auxiliary function• Tender for issuing of summonses• Bulk SMS's / account notifications	<ul style="list-style-type: none">• Expand the implementation of pre-paid water meters• Address non-technical losses via exception reporting on pre-paid after system clean-up (impact of new pre-paid tender clearing dormant meters)	<ul style="list-style-type: none">• Pre-Paid vendor appointed and operational - auxiliary functions only be active from 31 Jan.• Bulk SMS's are being sent out to inform the public on account status• Collection rate missed the target and is currently on ytd basis 77.3%• Summons tender - budget was secured, specifications were finalized and currently in the procurement process.• Policy deficiencies to be addressed by the newly appointed council - impact on collection rate
				<ul style="list-style-type: none">• Public works• Account disputes (farms)• address issue of unpaid fire levies / disputes• Policy (CreditC) implementation	<ul style="list-style-type: none">• Continuous strengthening & improvement in credit control actions + monitoring of progress	<ul style="list-style-type: none">• Disputes are being handled and government account issues were addressed - will need a council resolution to address some of the issues raised.• Council must advise on debtors book items and cleaning of debtors• Management of debtors will need policy support and a council resolution will be needed to change rebate on property rates to include RDP houses.• Council support for fair and equitable credit control will be needed.• Summons tender imperative to be finalised - impacting credit control negatively				
				<ul style="list-style-type: none">• Implement Auxiliary Services• Introduce pre-paid water to indigent households• Monitor over /above R85 consumption of indigent households	<ul style="list-style-type: none">• Avoid prescription debt & meet requirements of an official demand for payment	<ul style="list-style-type: none">• Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022• Council support needed pertaining to indigent households and indigent management				
		Improve Accuracy of Monthly Billing	Revenue Manager/ CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none">• Improve Revenue generation by R500 000	<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 paypoint at VWD will be restored.• An analysis of the different sewerage systems will be needed in due course to support completeness of billing as well - Technical dept function/ building control regulations• LT goal addressed, ST goal still WIP				

Positive cash flows - Revenue from other Sources	Other Revenue	Improved Contract Management	Legal / CFO / Manager Revenue / Asset Accountant	<ul style="list-style-type: none"> Improved / complete rent register that reconciles to actual billing for rent Improved record-keeping Additional revenue - R30k 	<ul style="list-style-type: none"> Continuous strengthening of activity Improved Revenue 5% (R30k) - Full year R60k Evaluate where applicable market related rent & economical viability of rent-generating / underlying asset 	Yes/No	Yes/No	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Rental contracts for all properties are a WIP. Corrections on rental in addressing prior year audit findings were made Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&M on municipal houses vs rent income makes them uneconomical to keep) - a WIP Asset Account vacant and management of lease contracts - no progress
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> Realize budget relating to traffic fines - AARTO Implementation - at an cost effective cost and ensuring administrative costs are minimised. Revenue projection first 4 months R1.5 million 	<ul style="list-style-type: none"> Revenue target Dec - Jun 2022 = R3.5 million Continuous improvement & increase in productivity 	Yes/No	Yes/No	<ul style="list-style-type: none"> Appoint vendor Obtain experienced support on AARTO implementation & effective management practises of administrative demands spot fines to improve collection rate Increase section 56 fines 	<ul style="list-style-type: none"> Improved productivity & Performance Incorporate best practice practises 	Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked. Financial impact is significant - no AARTO much easier to address but progress to slow
			Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> Improve vehicle testing experience & improve service Additional revenue potential R100k Not to be subsidised - break-even 	<ul style="list-style-type: none"> Transport Cpy's use local Issuing of drivers licenses Additional revenue R250k Become profitable 	Yes/No	Yes/No	<ul style="list-style-type: none"> Appoint a Head of Traffic Services Increase staff discipline & productivity + clear targets Liaise with transport & earthmoving cpy's Analyse current performance 	<ul style="list-style-type: none"> Build K53 test course Improve customer relations Monitor progress 	Manager Traffic Services has been appointed
2. Implementation of cost containment measures and a reduction of expenditure	Human Resource	Review and strengthen the implementation of HR policies.	HR Manager / Manager Technical Services / Director Technical Services / CFO	<ul style="list-style-type: none"> Manage Overtime, Stand-by, Cut Empl costs by R500k Leave, Allowances, S&T Reduce leave liability Increase productivity & Improved org. culture 	<ul style="list-style-type: none"> Continues improvement in effectiveness & productivity in the use of HR Cut Empl cost by R1.5mil. Y/E 	Yes/No	Yes/No	<ul style="list-style-type: none"> Review all HR policies in context of the cost containment measures Phased-in implementation of cost cutting measures on allowances Ensure completeness of HR records and related party transactions 	<ul style="list-style-type: none"> Ensure that all policies be workshopped and well understood promote implementation. To be monitored on a monthly basis Cost containment measures implemented & report upon 	<ul style="list-style-type: none"> All municipal officials service account details communicated and monitored to be paid on a monthly basis / HR monitor - no progress Ensure that payroll data correspond with HR records - WIP - was done for the 2020/21 audit Cost Containment Measures Policy to be strengthened by HR policies. Reporting quarterly on implementation as required in terms of regulation Progress not sufficient
	Contract Management	Appointment & Monitoring of the contract function.	Legal / SCM / CFO / Director Technical Services	<ul style="list-style-type: none"> Manage cost of consultants & legal expenses. All outsourced contract costs justifiable Build internal capacity & reduce dependence R100k reduction 	<ul style="list-style-type: none"> Ensure completeness of contracts in place Performance measures in place - improved performance Y/E reduction of R500k 	Yes/No	Yes/No	<ul style="list-style-type: none"> Policy for the appointment of consultants, stringent monitoring and see to value for money. A "need" analysis must be completed and ensure that the appointment is justifiable. 	<ul style="list-style-type: none"> Monitoring of consultant performance on a regular base ensure capacity building In-house activities instead of using consultants to do the job of officials 	<ul style="list-style-type: none"> Draft Contract Management Policy with a value for money and needs assessment checklist was drafted and stands to be workshopped and approved. Consultant performance to be monitored and not to overlap with current employee functions / or replace - WIP
4. Creditors payment rates that ensure that all fixed obligations, including obligations for bulk purchases, are met	Liability Management	Compliance to section 65 of the MFMA	BTO / CFO	<ul style="list-style-type: none"> Pay all current creditors on 30 days Affordable Eskom payment arrangement Reduction of Finance charges 	<ul style="list-style-type: none"> Pay Current creditors and reduce old outstanding debt R800k saving in finance charges (F&W) 	Yes/No	Yes/No	<ul style="list-style-type: none"> Recognise expenditure when incurred and capture immediately on the system / Use GRN's Improve accuracy of reporting Monthly cash flow planning & address straight lining of cash flows in the budget Establish a budget steering committee in line with MBRR 	<ul style="list-style-type: none"> Monthly payable reconciliations Develop a strategy to deal with creditors in arrears and interest charges AG fees to 1% of Exp 	<ul style="list-style-type: none"> Recognition of expenditure on an accrual basis will be addressed with the help of Ducharme (to be funded out of cost saving on ARS tender) Budget Steering committee to be established by new council - sit once a month & monitor budget implementation Little progress to date - significant impact on planning and ability to manage finances
5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed			BTO / CFO / PMU / Technical Director	<ul style="list-style-type: none"> Spending of conditional grants Improved grant and retention management practices No grants to revert back to PT /NT 	<ul style="list-style-type: none"> Ensure mSCOA compliance and transactional accuracy on SAMRAS 	Yes/No	Yes/No	<ul style="list-style-type: none"> An accurate grant and retention registers in place. Account cash & accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue Administration responsibilities of PMU allocated 	<ul style="list-style-type: none"> Ensure mSCOA compliance and transactional accuracy on SAMRAS Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jnl's 	<ul style="list-style-type: none"> Retention register accurate and functional, grant register to be improved and linked to projects Role of PMU i.t.o retention, grant and contract register be defined Progress but improvement needed

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