



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for March 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 **March 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.

### Section 2 – Resolutions

*Recommendation:*

That the Executive Mayor takes cognisance of the monthly budget statement for **March 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](http://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 132 369	R 139 865	R (7496)	6%
Operating Expenditure	R 191 830	R 204 637	R 153 476	R 159 971	R 6 496	4%
Capital	R 23 767	R 25 622	R 19 217	R 8 712	R (10 505)	- 55%

#### Operating Revenue

The year-to-date operating revenue realized 6% above 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 4%. 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. 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 2.8 million** for grant funded projects for the month of **March 2022**. The year-to-date actual capital expenditure is **34%** of the total Capital budget and **45%** of the year-to-date budget. Straight-line-budgeting did not consider the finalisation of procurement processes before expenditure will be incurred. Monthly capital expenditure will be aligned with project progress as planned and the budget will be broken down to align with the before mentioned. The municipality's capital budget is mainly funded from conditional grants.

## Collection Rate

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10,594,968,62	(6,192,505,73)	-124,826,55	9,933,813,72	-11,300,212,54	-113,76	9,933,813,72	(11,300,212,54)	113,76
Aug-21	11,083,479,27	-11,300,212,54	-661,154,90	11,244,134,42	- 8,351,169,59	-74,27	21,177,948,14	(19,651,382,13)	92,79
Sep-21	11,269,448,88	- 8,351,169,59	160,655,15	11,343,770,69	- 8,465,485,99	-74,63	32,521,718,83	(28,116,868,12)	86,46
Oct-21	10,156,779,22	- 8,465,485,99	74,321,81	10,177,275,13	- 7,338,353,68	-72,11	42,698,993,96	(35,455,221,80)	83,04
Nov-21	9,949,353,39	- 7,338,353,68	20,495,91	10,163,521,30	- 6,639,666,28	-65,33	52,862,515,26	(42,094,888,08)	79,63
Dec-21	10,053,334,98	- 6,639,666,28	214,167,91	9,672,895,02	- 8,021,502,88	-82,93	62,535,410,28	(50,116,390,96)	80,14
Jan-22	10,824,844,01	- 8,021,502,88	-380,439,96	10,969,907,28	- 7,849,651,68	-71,56	73,505,317,56	(57,966,042,64)	78,86
Feb-22	10,571,243,61	- 7,849,651,68	145,063,27	10,829,860,23	- 8,008,036,53	-73,94	84,335,177,79	(65,974,079,17)	78,23
Mar-22	11,005,338,94	- 8,008,036,53	258,616,62	11,005,338,94	-	0,00			

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 March payments in respect of February billing realized at **73.94%**, with April payments in respect of March 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 - M09 March									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	19,337	24,562	25,522	2,159	19,449	19,142	307	2%	25,522
Service charges	87,941	104,162	100,680	9,067	77,619	75,510	2,110	3%	100,680
Investment revenue	1,150	864	880	74	797	660	137	21%	880
Transfers and subsidies	42,601	45,128	42,097	18,224	36,720	31,572	5,148	16%	42,097
Other own revenue	6,358	11,704	7,313	596	5,279	5,485	(206)	-4%	7,313
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>157,387</b>	<b>186,419</b>	<b>176,492</b>	<b>30,121</b>	<b>139,865</b>	<b>132,369</b>	<b>7,496</b>	<b>6%</b>	<b>176,492</b>
Employee costs	66,652	65,553	71,649	5,693	52,583	53,736	(1,153)	-2%	71,649
Remuneration of Councillors	3,184	3,637	3,637	320	2,706	2,727	(21)	-1%	3,637
Depreciation & asset impairment	12,039	12,698	12,698	1,058	9,524	9,524	0	0%	12,698
Finance charges	3,188	382	2,318	285	444	1,738	(1,294)	-74%	2,318
Materials and bulk purchases	49,813	56,133	58,262	11,733	41,549	43,696	(2,147)	-5%	58,262
Transfers and subsidies	246	838	498	-	120	374	(254)	-68%	498
Other expenditure	46,911	52,589	55,575	1,922	53,046	41,680	11,366	27%	55,575
<b>Total Expenditure</b>	<b>182,033</b>	<b>191,830</b>	<b>204,637</b>	<b>21,011</b>	<b>159,971</b>	<b>153,476</b>	<b>6,496</b>	<b>4%</b>	<b>204,637</b>
<b>Surplus/(Deficit)</b>	<b>(24,645)</b>	<b>(5,411)</b>	<b>(28,145)</b>	<b>9,110</b>	<b>(20,107)</b>	<b>(21,107)</b>	<b>1,000</b>	<b>-5%</b>	<b>(28,145)</b>
Transfers and subsidies - capital (monetary allocations)	19,524	22,763	25,622	2,864	8,712	19,217	(10,505)	-55%	25,622
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>	<b>(9,505)</b>	<b>503%</b>	<b>(2,522)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>	<b>(9,505)</b>	<b>503%</b>	<b>(2,522)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>8,490</b>	<b>23,767</b>	<b>26,639</b>	<b>1,190</b>	<b>11,118</b>	<b>19,979</b>	<b>(8,861)</b>	<b>-44%</b>	<b>26,639</b>
Capital transfers recognised	(909)	22,763	25,622	1,113	10,878	19,217	(8,339)	-43%	25,622
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	614	1,004	1,004	77	240	753	(513)	-68%	1,004
<b>Total sources of capital funds</b>	<b>(295)</b>	<b>23,767</b>	<b>26,626</b>	<b>1,190</b>	<b>11,118</b>	<b>19,970</b>	<b>(8,852)</b>	<b>-44%</b>	<b>26,626</b>
<b>Financial position</b>									
Total current assets	(12,526)	(17,989)	(47,204)		(10,144)				(47,204)
Total non current assets	(11,970)	351,292	342,195		1,594				342,195
Total current liabilities	(11,742)	29,011	14,905		3,063				14,905
Total non current liabilities	7,751	37,082	44,833		-				44,833
<b>Community wealth/Equity</b>	<b>(15,416)</b>	<b>249,857</b>	<b>237,775</b>		<b>(217)</b>				<b>237,775</b>
<b>Cash flows</b>									
Net cash from (used) operating	338	18,836	10,590	(18,641)	128,380	6,865	(121,515)	-1770%	10,590
Net cash from (used) investing	6,949	(23,767)	(26,639)	-	-	(19,979)	(19,979)	100%	(26,639)
Net cash from (used) financing	(537)	307	399	(0)	(88)	(540)	(452)	84%	399
<b>Cash/cash equivalents at the month/year end</b>	<b>6,751</b>	<b>37,864</b>	<b>33,154</b>	<b>-</b>	<b>128,287</b>	<b>35,150</b>	<b>(93,137)</b>	<b>-265%</b>	<b>(15,655)</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	5,963	3,065	2,603	2,671	2,563	2,422	10,466	54,386	84,139
<b>Creditors Age Analysis</b>									
Total Creditors	6,294	2,821	23,487	974	19,137	-	-	-	52,712

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) - M09 March										
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	25,522	2,159	19,449	19,142	307	2%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,631	48,928	46,933	1,995	4%	62,578
Service charges - water revenue		18,013	20,787	20,746	2,039	15,630	15,560	70	0%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	698	6,577	6,554	23	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	698	6,485	6,463	22	0%	8,617
Rental of facilities and equipment		606	631	533	46	399	400	(0)	0%	533
Interest earned - external investments		1,150	864	880	74	797	660	137	21%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	3,449	3,480	3,471	8	0%	4,628
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	15	(3,025)	6	11	(5)	-48%	15
Licences and permits		217	378	361	14	116	271	(155)	-57%	361
Agency services		1,083	1,087	1,200	82	889	900	(11)	-1%	1,200
Transfers and subsidies		42,601	45,128	42,097	18,224	36,720	31,572	5,148	16%	42,097
Other revenue		769	974	576	30	389	432	(43)	-10%	576
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>157,387</b>	<b>186,419</b>	<b>176,492</b>	<b>30,121</b>	<b>139,865</b>	<b>132,369</b>	<b>7,496</b>	<b>6%</b>	<b>176,492</b>

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

- **Interest earned on external investments (21% 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.
- **Fines, Penalties & Forfeits (-48% variance)** –The reason for the 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.
- **Licence and Permits (-57%)** – The reason for the variance is unknown and the under performance will be investigated.
- **Transfers & Subsidies (16% variances)** – The variance was caused by straight-line budgeting with all grants being received already.
- **Other revenue (-10%)** – This is a very unpredictable item and revenue can be difficult to predict being very incidental in nature. This will be closely monitored.

## Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March										
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>Expenditure By Type</b>										
Employee related costs		66,652	65,553	71,649	5,693	52,583	53,736	(1,153)	-2%	71,649
Remuneration of councillors		3,184	3,637	3,637	320	2,706	2,727	(21)	-1%	3,637
Debt impairment		21,016	20,723	24,401	-	38,611	18,301	20,311	111%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	1,058	9,524	9,524	0	0%	12,698
Finance charges		3,188	382	2,318	285	444	1,738	(1,294)	-74%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	11,336	38,417	39,488	(1,071)	-3%	52,650
Inventory consumed		5,536	7,193	5,612	396	3,132	4,209	(1,077)	-26%	5,612
Contracted services		8,030	17,971	15,573	762	6,708	11,680	(4,971)	-43%	15,573
Transfers and subsidies		246	838	498	-	120	374	(254)	-68%	498
Other expenditure		17,815	13,895	15,600	1,160	7,726	11,699	(3,974)	-34%	15,600
Losses		50	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>182,033</b>	<b>191,830</b>	<b>204,637</b>	<b>21,011</b>	<b>159,971</b>	<b>153,476</b>	<b>6,496</b>	<b>4%</b>	<b>204,637</b>

- **Debt Impairment (111% 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 (-74% variances)** – The budget accounted for interest on employee cost related to provisions and landfill sites that are not yet accounted for on the accounting system. Eskom related interest also yet not completely accounted for on SAMRAS.
- **Inventory Consumed (-26%), Contracted Services (-43%) and Other Expenditure (-34%),** This 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 will be addressed in due course.

# Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M09 March										
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 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		817	-	833	-	684	625	60	10%	833
Vote 3 - FINANCIAL SERVICES		(138)	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	2,026	834	1,944	1,520	424	28%	2,026
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	<b>679</b>	<b>-</b>	<b>2,859</b>	<b>834</b>	<b>2,628</b>	<b>2,144</b>	<b>484</b>	<b>23%</b>	<b>2,859</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	77	105	144	(39)	-27%	192
Vote 2 - CORPORATE SERVICES		(12,115)	1,023	1,023	-	51	767	(716)	-93%	1,023
Vote 3 - FINANCIAL SERVICES		9,618	1,664	1,664	-	347	1,248	(901)	-72%	1,664
Vote 4 - TECHNICAL SERVICES		10,308	20,888	20,901	279	7,987	15,676	(7,688)	-49%	20,901
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	<b>7,811</b>	<b>23,767</b>	<b>23,780</b>	<b>356</b>	<b>8,490</b>	<b>17,835</b>	<b>(9,345)</b>	<b>-52%</b>	<b>23,780</b>
<b>Total Capital Expenditure</b>	3	<b>8,490</b>	<b>23,767</b>	<b>26,639</b>	<b>1,190</b>	<b>11,118</b>	<b>19,979</b>	<b>(8,861)</b>	<b>-44%</b>	<b>26,639</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>9,480</b>	<b>2,001</b>	<b>2,001</b>	<b>77</b>	<b>503</b>	<b>1,501</b>	<b>(998)</b>	<b>-66%</b>	<b>2,001</b>
Executive and council		-	192	192	77	105	144	(39)	-27%	192
Finance and administration		9,480	1,809	1,809	-	398	1,357	(959)	-71%	1,809
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>(11,297)</b>	<b>378</b>	<b>1,211</b>	<b>-</b>	<b>684</b>	<b>908</b>	<b>(224)</b>	<b>-25%</b>	<b>1,211</b>
Community and social services		(11,467)	-	833	-	684	625	60	10%	833
Sport and recreation		170	378	378	-	-	284	(284)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>-</b>	<b>500</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>(384)</b>	<b>-100%</b>	<b>513</b>
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	513	-	-	384	(384)	-100%	513
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>10,308</b>	<b>20,888</b>	<b>22,915</b>	<b>1,113</b>	<b>9,931</b>	<b>17,186</b>	<b>(7,255)</b>	<b>-42%</b>	<b>22,915</b>
Energy sources		797	2,699	2,699	-	235	2,024	(1,789)	-88%	2,699
Water management		9,510	18,189	20,216	1,113	9,695	15,162	(5,466)	-36%	20,216
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<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>	3	<b>8,490</b>	<b>23,767</b>	<b>26,639</b>	<b>1,190</b>	<b>11,118</b>	<b>19,979</b>	<b>(8,861)</b>	<b>-44%</b>	<b>26,639</b>
<b>Funded by:</b>										
National Government		10,245	22,763	22,763	279	8,250	17,072	(8,822)	-52%	22,763
Provincial Government		(11,154)	-	2,859	834	2,628	2,144	484	23%	2,859
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>(909)</b>	<b>22,763</b>	<b>25,622</b>	<b>1,113</b>	<b>10,878</b>	<b>19,217</b>	<b>(8,339)</b>	<b>-43%</b>	<b>25,622</b>
<b>Public contributions &amp; donations</b>	5	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>614</b>	<b>1,004</b>	<b>1,004</b>	<b>77</b>	<b>240</b>	<b>753</b>	<b>(513)</b>	<b>-68%</b>	<b>1,004</b>
<b>Total Capital Funding</b>		<b>(295)</b>	<b>23,767</b>	<b>26,626</b>	<b>1,190</b>	<b>11,118</b>	<b>19,970</b>	<b>(8,852)</b>	<b>-44%</b>	<b>26,626</b>

- The total year to date expenditure amounts to **R 11 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.
- (f) Adoption of a procurement plan for all capital expenditure particularly grant funded as required by National and Provincial Government.

## Section 4 – In-Year Budget Statement Tables

### TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March										
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	25,522	2,159	19,449	19,142	307	2%	25,522
Service charges - electricity revenue		55,432	67,946	62,578	5,631	48,928	46,933	1,995	4%	62,578
Service charges - water revenue		18,013	20,787	20,746	2,039	15,630	15,560	70	0%	20,746
Service charges - sanitation revenue		7,456	8,019	8,738	698	6,577	6,554	23	0%	8,738
Service charges - refuse revenue		7,040	7,410	8,617	698	6,485	6,463	22	0%	8,617
Rental of facilities and equipment		606	631	533	46	399	400	(0)	0%	533
Interest earned - external investments		1,150	864	880	74	797	660	137	21%	880
Interest earned - outstanding debtors		3,541	3,087	4,628	3,449	3,480	3,471	8	0%	4,628
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	15	(3,025)	6	11	(5)	-48%	15
Licences and permits		217	378	361	14	116	271	(155)	-57%	361
Agency services		1,083	1,087	1,200	82	889	900	(11)	-1%	1,200
Transfers and subsidies		42,601	45,128	42,097	18,224	36,720	31,572	5,148	16%	42,097
Other revenue		769	974	576	30	389	432	(43)	-10%	576
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>157,387</b>	<b>186,419</b>	<b>176,492</b>	<b>30,121</b>	<b>139,865</b>	<b>132,369</b>	<b>7,496</b>	<b>6%</b>	<b>176,492</b>
<b>Expenditure By Type</b>										
Employee related costs		66,652	65,553	71,649	5,693	52,583	53,736	(1,153)	-2%	71,649
Remuneration of councillors		3,184	3,637	3,637	320	2,706	2,727	(21)	-1%	3,637
Debt impairment		21,016	20,723	24,401	-	38,611	18,301	20,311	111%	24,401
Depreciation & asset impairment		12,039	12,698	12,698	1,058	9,524	9,524	0	0%	12,698
Finance charges		3,188	382	2,318	285	444	1,738	(1,294)	-74%	2,318
Bulk purchases - electricity		44,277	48,940	52,650	11,336	38,417	39,488	(1,071)	-3%	52,650
Inventory consumed		5,536	7,193	5,612	396	3,132	4,209	(1,077)	-26%	5,612
Contracted services		8,030	17,971	15,573	762	6,708	11,680	(4,971)	-43%	15,573
Transfers and subsidies		246	838	498	-	120	374	(254)	-68%	498
Other expenditure		17,815	13,895	15,600	1,160	7,726	11,699	(3,974)	-34%	15,600
Losses		50	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>182,033</b>	<b>191,830</b>	<b>204,637</b>	<b>21,011</b>	<b>159,971</b>	<b>153,476</b>	<b>6,496</b>	<b>4%</b>	<b>204,637</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(24,645)	(5,411)	(28,145)	9,110	(20,107)	(21,107)	1,000	(0)	(28,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		19,524	22,763	25,622	2,864	8,712	19,217	(10,505)	(0)	25,622
Transfers and subsidies - capital (in-kind - all)		34	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>			<b>(2,522)</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>			<b>(2,522)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>			<b>(2,522)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(5,087)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>			<b>(2,522)</b>

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M09 March						
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		3,943	(13,359)	(21,150)	654	(21,150)
Call investment deposits		2,374	37,862	40,236	(2,031)	40,236
Consumer debtors		(532)	6,755	3,083	(18,719)	3,083
Other debtors		(19,106)	(46,381)	(67,939)	9,372	(67,939)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(2,867)	(1,434)	580	(1,434)
<b>Total current assets</b>		<b>(12,526)</b>	<b>(17,989)</b>	<b>(47,204)</b>	<b>(10,144)</b>	<b>(47,204)</b>
<b>Non current assets</b>						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	1,364	1,250	-	1,250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(11,845)	349,890	340,916	1,618	340,916
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	38	28	(24)	28
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>(11,970)</b>	<b>351,292</b>	<b>342,195</b>	<b>1,594</b>	<b>342,195</b>
<b>TOTAL ASSETS</b>		<b>(24,495)</b>	<b>333,303</b>	<b>294,991</b>	<b>(8,549)</b>	<b>294,991</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		(127)	586	459	(478)	459
Consumer deposits		91	1,027	1,119	88	1,119
Trade and other payables		(12,675)	14,780	6,030	3,453	6,030
Provisions		968	12,619	7,296	-	7,296
<b>Total current liabilities</b>		<b>(11,742)</b>	<b>29,011</b>	<b>14,905</b>	<b>3,063</b>	<b>14,905</b>
<b>Non current liabilities</b>						
Borrowing		(446)	(429)	(875)	-	(875)
Provisions		8,197	37,511	45,708	-	45,708
<b>Total non current liabilities</b>		<b>7,751</b>	<b>37,082</b>	<b>44,833</b>	<b>-</b>	<b>44,833</b>
<b>TOTAL LIABILITIES</b>		<b>(3,992)</b>	<b>66,094</b>	<b>59,738</b>	<b>3,063</b>	<b>59,738</b>
<b>NET ASSETS</b>	2	<b>(20,504)</b>	<b>267,209</b>	<b>235,253</b>	<b>(11,612)</b>	<b>235,253</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		(15,886)	238,953	237,306	-	237,306
Reserves		470	10,904	470	(217)	470
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>(15,416)</b>	<b>249,857</b>	<b>237,775</b>	<b>(217)</b>	<b>237,775</b>

## TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M09 March										
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	20 227	2 400	12 053	15 170	(3 117)	-21%	20 227
Service charges		26 341	89 407	86 739	12 400	61 817	63 977	(2 160)	-3%	86 739
Other revenue		1 379	9 833	3 895	235	1 068	2 921	(1 854)	-63%	3 895
Government - operating		43 137	44 598	41 567	1 335	24 422	31 175	(6 753)	-22%	41 567
Government - capital		22 164	22 763	25 622	-	6 546	19 217	(12 671)	-66%	25 622
Interest		9	3 961	3 905	-	15	2 929	(2 913)	-99%	3 905
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(100 051)	(171 940)	(171 366)	(18 641)	38 830	(128 525)	(167 355)	130%	(171 366)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>338</b>	<b>18 836</b>	<b>10 590</b>	<b>(2 270)</b>	<b>144 751</b>	<b>6 865</b>	<b>(137 886)</b>	<b>-2009%</b>	<b>10 590</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		6 949	(23 767)	(26 639)	-	-	(19 979)	(19 979)	100%	(26 639)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>6 949</b>	<b>(23 767)</b>	<b>(26 639)</b>	<b>-</b>	<b>-</b>	<b>(19 979)</b>	<b>(19 979)</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	1 119	(0)	(88)	-	(88)	0%	1 119
<b>Payments</b>										
Repayment of borrowing		(446)	(720)	(720)	-	-	(540)	(540)	100%	(720)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(537)</b>	<b>307</b>	<b>399</b>	<b>(0)</b>	<b>(88)</b>	<b>(540)</b>	<b>(452)</b>	<b>84%</b>	<b>399</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>6 751</b>	<b>(4 624)</b>	<b>(15 651)</b>	<b>(2 270)</b>	<b>144 663</b>	<b>(13 654)</b>			<b>(15 651)</b>
Cash/cash equivalents at beginning:		-	42 488	48 805		(5)	48 805			(5)
Cash/cash equivalents at month/year end:		6 751	37 864	33 154		144 658	35 150			(15 655)

### References

1. Material variances to be explained in Table SC1

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 **March 2022** were as follow;

- Standard Bank Main Account is: **R 87 thousand; (Overdraft facility used)**
- The Traffic Account: **R 370 thousand;**
- Deposit Account: **R 913 thousand;** and
- Call Account: **R 37 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) - M09 March										
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	42,232	13,976	50,772	31,674	19,098	60%	42,232
Executive and council		34,237	6,402	7,365	13,500	26,230	5,524	20,706	375%	7,365
Finance and administration		25,196	34,571	34,867	476	24,542	26,150	(1,608)	-6%	34,867
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,409	20,827	17,541	907	9,873	13,155	(3,282)	-25%	17,541
Community and social services		15,193	14,727	15,820	900	9,820	11,865	(2,044)	-17%	15,820
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	7	53	-	53	#DIV/0!	-
Housing		(36)	6,100	1,721	-	-	1,291	(1,291)	-100%	1,721
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,677	7,047	2,151	142	1,403	1,613	(210)	-13%	2,151
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,677	7,047	2,151	142	1,403	1,613	(210)	-13%	2,151
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,426	140,336	140,190	17,960	86,528	105,143	(18,615)	-18%	140,190
Energy sources		56,671	74,321	68,974	10,298	53,610	51,731	1,879	4%	68,974
Water management		27,712	35,358	37,908	4,876	18,466	28,431	(9,965)	-35%	37,908
Waste water management		8,188	15,079	16,137	1,344	7,222	12,103	(4,881)	-40%	16,137
Waste management		7,855	15,578	17,170	1,443	7,229	12,878	(5,649)	-44%	17,170
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	176,945	209,182	202,114	32,985	148,576	151,585	(3,009)	-2%	202,114
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		56,053	57,383	68,435	4,639	43,999	51,326	(7,327)	-14%	68,435
Executive and council		14,176	17,062	23,700	1,631	15,112	17,775	(2,663)	-15%	23,700
Finance and administration		41,877	40,321	44,735	3,008	28,887	33,551	(4,663)	-14%	44,735
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,562	17,233	13,240	939	9,055	9,930	(875)	-9%	13,240
Community and social services		7,726	9,166	9,856	751	7,084	7,392	(308)	-4%	9,856
Sport and recreation		380	549	379	29	201	284	(84)	-29%	379
Public safety		1,579	375	220	82	1,028	165	863	522%	220
Housing		877	7,143	2,785	77	742	2,088	(1,346)	-64%	2,785
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8,845	16,083	11,749	960	7,129	8,811	(1,683)	-19%	11,749
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		8,845	16,083	11,749	960	7,129	8,811	(1,683)	-19%	11,749
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106,574	101,131	111,212	14,473	99,789	83,409	16,380	20%	111,212
Energy sources		56,175	59,169	63,538	12,060	45,486	47,653	(2,167)	-5%	63,538
Water management		29,635	18,684	21,254	1,034	25,561	15,940	9,621	60%	21,254
Waste water management		5,754	9,711	10,995	559	13,394	8,246	5,147	62%	10,995
Waste management		15,010	13,566	15,425	820	15,348	11,569	3,779	33%	15,425
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	182,033	191,830	204,637	21,011	159,972	153,476	6,496	4%	204,637
<b>Surplus/ (Deficit) for the year</b>		(5,088)	17,352	(2,522)	11,974	(11,395)	(1,890)	(9,505)	503%	(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) - M09 March										
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	7,365	13,500	26,230	5,524	20,706	374,8%	7,365
Vote 2 - CORPORATE SERVICES		15,822	26,377	18,175	1,017	10,089	13,631	(3,542)	-26,0%	18,175
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,432	464	24,343	25,824	(1,481)	-5,7%	34,432
Vote 4 - TECHNICAL SERVICES		102,096	142,274	142,141	18,004	87,914	106,606	(18,692)	-17,5%	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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>176,945</b>	<b>209,182</b>	<b>202,114</b>	<b>32,985</b>	<b>148,576</b>	<b>151,585</b>	<b>(3,009)</b>	<b>-2,0%</b>	<b>202,114</b>
<b>Expenditure by Vote</b>										
Vote 1 - MUNICIPAL MANAGER	1	14,176	17,062	23,700	1,631	15,112	17,775	(2,663)	-15,0%	23,700
Vote 2 - CORPORATE SERVICES		22,037	34,547	28,806	2,024	19,386	21,604	(2,218)	-10,3%	28,806
Vote 3 - FINANCIAL SERVICES		32,333	29,387	31,689	1,814	19,279	23,767	(4,488)	-18,9%	31,689
Vote 4 - TECHNICAL SERVICES		113,358	109,345	119,161	15,443	105,653	89,370	16,283	18,2%	119,161
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		130	1,490	1,280	98	542	960	(418)	-43,5%	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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>182,033</b>	<b>191,830</b>	<b>204,637</b>	<b>21,011</b>	<b>159,972</b>	<b>153,476</b>	<b>6,496</b>	<b>4,2%</b>	<b>204,637</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(5,088)</b>	<b>17,352</b>	<b>(2,522)</b>	<b>11,974</b>	<b>(11,395)</b>	<b>(1,890)</b>	<b>(9,505)</b>	<b>502,9%</b>	<b>(2,522)</b>

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' Analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March													
Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.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													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,612	969	744	844	781	670	2,990	9,855	19,463	15,139	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,760	226	113	115	115	74	321	473	3,197	1,098	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2,535	781	704	668	628	610	2,022	16,083	24,030	20,010	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	669	319	314	313	313	320	1,545	6,193	9,987	8,684	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,312	541	520	509	504	509	2,382	9,269	15,546	13,173	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	21	39	49	65	78	87	545	10,595	11,479	11,370	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(2,946)	190	161	157	146	153	661	1,917	437	3,033	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5,963</b>	<b>3,065</b>	<b>2,603</b>	<b>2,671</b>	<b>2,563</b>	<b>2,422</b>	<b>10,466</b>	<b>54,386</b>	<b>84,139</b>	<b>72,507</b>	<b>-</b>	<b>-</b>
<b>2020/21 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	(1,525)	93	49	43	36	40	100	779	(385)	998	-	-
Commercial	2300	1,238	237	161	172	164	145	722	2,727	5,567	3,930	-	-
Households	2400	5,657	2,508	2,177	2,238	2,144	2,027	8,771	40,283	65,805	55,463	-	-
Other	2500	593	227	216	217	219	211	872	10,596	13,151	12,116	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5,963</b>	<b>3,065</b>	<b>2,603</b>	<b>2,671</b>	<b>2,563</b>	<b>2,422</b>	<b>10,466</b>	<b>54,386</b>	<b>84,139</b>	<b>72,507</b>	<b>-</b>	<b>-</b>

- The total amount owed to Kannaland Municipality amounts to **R 84.14 million** in **March 2022** and **R 81.07 million** in **February 2022** indicating a **4% increase** in outstanding debt
- **R54.34 million** or **65%** of the total outstanding debtors are older than one year.
- **R72.51** or **86%** 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 - M09 March

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	4,512	989	22,812	820	3,138	-	-	-	32,270
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	221	253	610	97	7,201	-	-	-	8,382
Auditor General	0800	1,446	1,563	52	53	6,290	-	-	-	9,405
Other	0900	55	15	13	4	2,508	-	-	-	2,595
<b>Total By Customer Type</b>	<b>1000</b>	<b>6,294</b>	<b>2,821</b>	<b>23,487</b>	<b>974</b>	<b>19,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,712</b>

The total outstanding creditors amounts to **R52 712 million in March 2022 and R 61 298 million in February 2022** a **14%** decrease.

The biggest outstanding creditors are Eskom (**R32 270 million**), the Auditor-General of South Africa (**R9 405 million**). Combined the before mentioned represents **79%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative influence on service delivery and the ability to fully comply with supply chain management regulations. Creditors are owed money for extended periods of time, and this is causing a reluctance to quote and take part in competitive bidding processes. Pressure on cash flow is increasing, due to long outstanding creditors demanding settlement.

## Section 7 – Investment Portfolio Analysis

Client no.: 9004552

Kannaland Municipality (WC041)  
 32 Church Street  
 P.O. Box 30  
 Ladismith 6655  
 Republic of South Africa



Date: 28.07.2021

Interest Accrual		31.03.2022	31.03.2022	0,00	4,676.64	0,00	4,676.64	445,185.65	440,509.01
Interest Capitalisation		31.03.2022	31.03.2022	0,00	-4,676.64	4,676.64	0,00	445,185.65	445,185.65
Repayment Due		31.03.2022	31.03.2022	-55,323.36	0,00	-4,676.64	-60,000.00	385,185.65	385,185.65

- The total outstanding long-term debt of Kannaland Municipality amounts to **R385 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
<b>National Government Grants</b>							
Financial Management Grant (FMG)	R2,811,000,00	R82,902,39	R2,893,902,39	R2,893,902,39	R2,464,126,46	R429,775,94	
Integrated National Electrification (INEP)	R2,699,000,00		R2,699,000,00	R2,699,000,00	R270,813,66	R2,428,186,34	R1,576,282,41
Equitable Share	R30,553,000,00		R30,553,000,00	R12,730,000,00	R12,730,000,00	R0,00	-R13,924,972,59
Municipal Infrastructure Grant (Operational)	529,700,00		R529,700,00	R529,700,00	R434,891,00	R94,809,00	
Municipal Infrastructure Grant (Capital)	R10,064,300,00		R10,064,300,00	R10,064,300,00	R5,848,094,61	R4,216,205,40	R3,370,300,75
Water Service Infrastructure Grant	R10,000,000,00		R10,000,000,00	R10,000,000,00	R0,00	R10,000,000,00	R8,978,389,43
EPWP Incentive Grant	R1,359,000,00	R12,500,00	R1,371,500,00	R1,371,500,00	R1,176,972,85	R194,527,15	
<b>Provincial Government</b>							
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	R684,339,79	R148,463,11	
MRF (Municipal Replacement Fund)	R3,217,000,00	R288,519,14	R3,505,519,14	R3,217,000,00	R2,306,952,42	R910,047,58	
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	R19,128,95	R156,814,05	
Provincial Government Roads	50,000,00		R50,000,00			R50,000,00	
Drought Relief		R2,026,369,00	R2,026,369,00		R1,943,860,36	R82,508,64	
<b>Departmental Agencies</b>							
Public Sector Seta	R145,000,00		R145,000,00			R145,000,00	

The National Government rejected the Municipality rollover application related to MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation of R 13 million being withheld by National Treasury. This has subsequently transferred in the current reporting period to own revenue from the unspent grants.

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

#### Operational:

1. Financial Management Grant amounts to R 50 thousand it includes the expenditure for March 2022.
2. **Municipal Infrastructure Grant PMU** amounts to **R 44 thousand**, it includes the expenditure **March 2022**.
3. **Expanded Public Works Programme Grant** amounts to **R 257 thousand** it includes the expenditure for **March 2022**.

#### Provincial Government Grants:

1. Library Grant amounts to **R 213 thousand** it includes the expenditure for **March 2022**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March											
Summary of Employee and Councillor remuneration		Ref	2020/21			Budget Year 2021/22					
R thousands			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>											
	Basic Salaries and Wages		2,551	2,895	2,895	270	2,304	2,171	133	6%	2,895
	Pension and UIF Contributions		0	-	-	3	17	-	17	#DIV/0!	-
	Medical Aid Contributions		133	220	220	5	52	165	(113)	-68%	220
	Motor Vehicle Allowance		189	172	172	16	104	129	(25)	-20%	172
	Cellphone Allowance		311	349	349	26	229	262	(32)	-12%	349
	Housing Allowances		-	-	-	-	-	-	-	-	-
	Other benefits and allowances		-	-	-	-	-	-	-	-	-
	<b>Sub Total - Councillors</b>		<b>3,184</b>	<b>3,637</b>	<b>3,637</b>	<b>320</b>	<b>2,706</b>	<b>2,727</b>	<b>(21)</b>	<b>-1%</b>	<b>3,637</b>
	<b>% increase</b>	4		<b>14,2%</b>	<b>14,2%</b>						<b>14,2%</b>
<b>Senior Managers of the Municipality</b>											
	Basic Salaries and Wages	3	1,802	2,525	3,937	133	1,357	2,953	(1,596)	-54%	3,937
	Pension and UIF Contributions		0	3	3	-	1	2	(1)	-63%	3
	Medical Aid Contributions		-	-	-	-	-	-	-	-	-
	Overtime		-	-	-	-	-	-	-	-	-
	Performance Bonus		-	-	-	-	-	-	-	-	-
	Motor Vehicle Allowance		64	168	168	8	115	126	(11)	-9%	168
	Cellphone Allowance		35	75	75	-	28	56	(29)	-51%	75
	Housing Allowances		-	17	17	-	13	13	(13)	-100%	17
	Other benefits and allowances		29	272	552	-	170	414	(244)	-59%	552
	Payments in lieu of leave		-	-	-	-	-	-	-	-	-
	Long service awards		-	-	-	-	-	-	-	-	-
	Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
	<b>Sub Total - Senior Managers of Municipality</b>		<b>1,930</b>	<b>3,060</b>	<b>4,753</b>	<b>141</b>	<b>1,671</b>	<b>3,564</b>	<b>(1,893)</b>	<b>-53%</b>	<b>4,753</b>
	<b>% increase</b>	4		<b>58,6%</b>	<b>146,3%</b>						<b>146,3%</b>
<b>Other Municipal Staff</b>											
	Basic Salaries and Wages		41,773	41,120	44,446	3,742	32,741	33,334	(593)	-2%	44,446
	Pension and UIF Contributions		5,472	7,271	7,271	568	4,993	5,453	(461)	-8%	7,271
	Medical Aid Contributions		2,768	2,162	2,162	174	1,504	1,621	(117)	-7%	2,162
	Overtime		5,118	4,106	4,893	426	3,751	3,670	81	2%	4,893
	Performance Bonus		2,012	-	-	-	1,354	-	1,354	#DIV/0!	-
	Motor Vehicle Allowance		2,026	2,133	2,133	219	1,695	1,599	95	6%	2,133
	Cellphone Allowance		119	80	80	16	106	60	46	77%	80
	Housing Allowances		269	279	279	30	281	209	72	34%	279
	Other benefits and allowances		2,408	4,651	4,712	377	4,431	3,534	898	25%	4,712
	Payments in lieu of leave		688	-	130	-	34	97	(63)	-65%	130
	Long service awards		(518)	-	100	-	-	75	(75)	-100%	100
	Post-retirement benefit obligations	2	2,589	692	692	-	22	519	(497)	-96%	692
	<b>Sub Total - Other Municipal Staff</b>		<b>64,722</b>	<b>62,493</b>	<b>66,896</b>	<b>5,553</b>	<b>50,912</b>	<b>50,171</b>	<b>740</b>	<b>1%</b>	<b>66,896</b>
	<b>% increase</b>	4		<b>-3,4%</b>	<b>3,4%</b>						<b>3,4%</b>
<b>Total Parent Municipality</b>			<b>69,836</b>	<b>69,189</b>	<b>75,285</b>	<b>6,013</b>	<b>55,289</b>	<b>56,463</b>	<b>(1,175)</b>	<b>-2%</b>	<b>75,285</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>											
<b>Board Members 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		0	-	-	0	1	-	1	#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>1</b>	<b>-</b>	<b>1</b>	<b>#DIV/0!</b>	<b>-</b>
	<b>% increase</b>	4									
<b>Senior Managers of Entities</b>											
	Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
	Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
	Medical Aid Contributions		-	-	-	-	-	-	-	-	-
	Overtime		-	-	-	-	-	-	-	-	-
	Performance Bonus		-	-	-	-	-	-	-	-	-
	Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
	Cellphone Allowance		-	-	-	-	-	-	-	-	-
	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>1</b>	<b>-</b>	<b>1</b>	<b>#DIV/0!</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>			<b>69,837</b>	<b>69,189</b>	<b>75,285</b>	<b>6,013</b>	<b>55,289</b>	<b>56,463</b>	<b>(1,174)</b>	<b>-2%</b>	<b>75,285</b>
	<b>% increase</b>	4		<b>-0,9%</b>	<b>7,8%</b>						<b>7,8%</b>
<b>TOTAL MANAGERS AND STAFF</b>			<b>66,652</b>	<b>65,553</b>	<b>71,649</b>	<b>5,693</b>	<b>52,583</b>	<b>53,736</b>	<b>(1,153)</b>	<b>-2%</b>	<b>71,649</b>

## Section 10 – Material Variances to the SDBIP

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

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

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

## Section 11– Capital Programme Performance

**TABLE SC12 – CAPITAL EXPENDITURE TRENDS**

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M09 March									
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
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	–	1,981	2,220	–	–	2,220	–	0,0%	0%
August	2,744	1,981	2,220	1,453	1,453	4,440	2,987	67,3%	6%
September	2,089	1,981	2,220	802	2,255	6,660	4,405	66,1%	9%
October	588	1,981	2,220	2,338	4,592	8,880	4,287	48,3%	19%
November	1,013	1,981	2,220	696	5,288	11,100	5,812	52,4%	22%
December	1,911	1,981	2,220	4,280	9,568	13,319	3,752	28,2%	40%
January	–	1,981	2,220	175	9,743	15,539	5,797	37,3%	41%
February	108	1,981	2,220	185	9,928	17,759	7,831	44,1%	42%
March	11	1,981	2,220	1,190	11,118	19,979	8,861	44,4%	47%
April	614	1,981	2,220	–	11,118	22,199	11,081	49,9%	47%
May	823	1,981	2,220	–	11,118	24,419	13,301	54,5%	47%
June	(1,411)	1,981	2,220	–	11,118	26,639	15,521	58,3%	47%
<b>Total Capital expenditure</b>	<b>8,490</b>	<b>23,767</b>	<b>26,639</b>	<b>11,118</b>					

## **Section 12 – Implementation of the Budget Funding Plan**

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

See Annexure – Budget Funding Plan Monthly Activity Update

## **Section 13 – SCM Deviations**

See Annexure B



## APPENDIX A: Budget Funding Plan

IMPLEMENTATION PLAN TOWARDS A FUNDED BUDGET										
Main Pillars	Key priority areas	Milestone/Output	Responsible	Target		Did the municipality meet the target?		Activities (To be implemented immediately to 30 November 2021)	Activities (To be implemented longer term Dec 2021 - Jul 2022)	SHORT TERM TARGETS & GENERAL PROGRESS
				Short to Medium Term - July 2021 to 30 Nov 2021	Long Term (Dec 2021 to June 2022)	Medium Term (July 2021 to Nov 2021)	Long Term (Dec 2021 to June 2022)			
Positive cash flows from revenue from trading services	Revenue Management	Improve the monthly Debt Collection Rate	Revenue Manager/ CFO	<ul style="list-style-type: none"> <li>Meet budget assumptions target pertaining to a 85% Collection Rate on billed services.</li> <li>Needs to improve 6% from the ytd collection rate. (76% to 85%) Note: Collection rate higher during Q1&amp;Q2</li> <li>Policies adjustments were made in support of activities</li> <li>R3.1 million additional revenue (4 months)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain at least an average collection rate of 85% for the full financial year.</li> <li>R6.2 million additional revenue in total R9.3 additional / annum</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award tenders in support of activity including:                             <ul style="list-style-type: none"> <li>Pre-paid water &amp; Electricity tender with auxiliary function</li> <li>Tender for issuing of summonses</li> <li>Bulk SMS's / account notifications</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expand the implementation of pre-paid water meters</li> <li>Address non-technical losses via exception reporting on pre-paid after system clean-up (impact of new pre-paid tender clearing dormant meters)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-Paid vendor appointed and operational - auxiliary functions only be active from 31 Jan.</li> <li>Bulk SMS's are being sent out to inform the public on account status</li> <li>Collection rate missed the target and is currently on ytd basis 77.3%</li> <li>Summons tender - budget was secured, specifications were finalized and currently in the procurement process.</li> <li>Policy deficiencies to be addressed by the newly appointed council - impact on collection rate</li> </ul>
				<ul style="list-style-type: none"> <li>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>	Yes/No	Yes/No	<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>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>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Implement Auxiliary Services</li> <li>Introduce pre-paid water to indigent households</li> <li>Monitor over /above R5 consumption of indigent households</li> </ul>	<ul style="list-style-type: none"> <li>Avoid prescription debt &amp; meet requirements of an official demand for payment</li> </ul>	<ul style="list-style-type: none"> <li>Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022</li> <li>Council support needed pertaining to indigent households and indigent management</li> </ul>
		Improve Accuracy of Monthly Billing	Revenue Manager/ CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Improve Revenue generation by R500 000</li> </ul>	<ul style="list-style-type: none"> <li>Improve Revenue generation by 2%</li> <li>Additional revenue of R 2.6 million</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award a tender for TID &amp; Meter Verification</li> </ul>	<ul style="list-style-type: none"> <li>Water and Electricity meters to be recorded correctly and linked to the financial system</li> </ul>	<ul style="list-style-type: none"> <li>TID &amp; Meter verification - will be delayed due to a lack of funding</li> <li>Dormant meters were removed from the pre-paid system and will allow for improved exception reporting and curb non-technical elec losses.</li> <li>Pre-paid water meter installations - phase one indigent households - New council will advise on how to proceed. Item will need political support</li> </ul>
				<ul style="list-style-type: none"> <li>Improve Revenue generation by R500 000</li> </ul>	<ul style="list-style-type: none"> <li>Improve Revenue generation by 2%</li> <li>Additional revenue of R 2.6 million</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>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 cleaning still needed</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>	Yes/No	Yes/No	<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>

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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> <li>Asset Account vacant and management of lease contracts - no progress</li> </ul>
		Traffic Department	Head: Traffic Services / CFO / Manager Community Services	<ul style="list-style-type: none"> <li>Realize budget relating to traffic fines -</li> <li>AAATO 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.</li> <li>Financial impact is significant - no AARTO much easier to address but progress to slow</li> <li>No revenue from speed camera fines - targets will be missed and revenue can be reduced to minimum (still interest charges to be removed then less than R20k of R5 mil budget)</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>Laise 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>Manager Traffic Services has been appointed</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,</li> <li>Cut Empl costs by R500k</li> <li>Leave, Allowances, S&amp;T</li> <li>Reduce leave liability</li> <li>Increase productivity &amp;</li> <li>Improved org. culture</li> </ul>	<ul style="list-style-type: none"> <li>Continues improvement in effectiveness &amp; productivity in the use of HR</li> <li>Cut Empl cost by R1,5mil /YE</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>
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>Recognize 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 AF3 tender)</li> <li>Budget Steering committee to be establish by nev council - sit once a month &amp; monitor budget implementation</li> <li>Little progress to date - significant impact on planning and ability to manage finances</li> </ul>
5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed				BTO / CFO / PMU / Technical Director	<ul style="list-style-type: none"> <li>Spending of conditional grants</li> <li>Improved grant and retention management practices</li> <li>No grants to revert back to PT /NT</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>An accurate grant and retention registers in place.</li> <li>Account cash &amp; accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue</li> <li>Administration responsibilities of PMU allocated</li> </ul>	<ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> <li>Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jn's</li> </ul>

6. Other measures	Losses Management	Reduce water distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Reduce water losses to 30%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce water losses to 25%</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Pre-Paid meters indigent households</li> </ul>	<ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> <li>Expansion of Pre-paid water metering system</li> <li>Calibration of bulk meters</li> </ul>	<ul style="list-style-type: none"> <li>Water losses was reduced to 15.1% during Q2</li> <li>Water losses dropped to 21.6% but Zoor bulk meter is impacting accuracy.</li> <li>Pre-paid water meters is much needed - assist credit control and management of water</li> </ul>
		Reduce Electricity distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> <li>Reduce elec losses by 1%</li> <li>R130 k reduction in bulk account</li> </ul>	<ul style="list-style-type: none"> <li>Reduce elec losses by 2% for the full year</li> <li>R950k</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Removing dormant meters from pre-paid system</li> </ul>	<ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> </ul>	<ul style="list-style-type: none"> <li>Pre-paid electricity contract will address dormant meter issue and improve exception listing capabilities</li> <li>C2d Losses (16.7%) to be addressed as it pulled down the average losses to 12.9% - above the target.</li> <li>significant progress towards addressing non-technical losses - results to be reported</li> </ul>
	Asset Management	Improved fleet management	SCM Manager / CFO	<ul style="list-style-type: none"> <li>Reduce fleet opex by R10k</li> </ul>	<ul style="list-style-type: none"> <li>Reduce fleet opex by R30k full year</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Award fleet monitoring contract</li> <li>Manage fuel and vehicle usage. (tyres / licensing etc. )</li> <li>Monthly reporting</li> <li>Review policy considerations</li> </ul>	<ul style="list-style-type: none"> <li>Improved monitoring</li> <li>Manage condition and care of municipal fleet</li> <li>accurate logbooks and records of use</li> </ul>	<ul style="list-style-type: none"> <li>Draft policy in place to be adjusted according to fleet management contract</li> <li>Fleet Management contract - no progress</li> </ul>
		Ensure assets reach expected economic life & only maintain economic assets	CFO / Technical Director / SCM Manager	<ul style="list-style-type: none"> <li>Improve use of municipal assets</li> <li>Evaluate economical use of municipal assets</li> <li>reduce cost R&amp;M especially on municipal houses</li> </ul>	<ul style="list-style-type: none"> <li>Cost reduction on maintenance and revenue disposal of assets R2 million</li> <li>Review &amp; accommodate Adj Budget</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Identify uneconomical assets.</li> <li>Identify indicators of impairment and reason.</li> <li>Maintain through maintenance plans and avail finances for financing</li> </ul>	<ul style="list-style-type: none"> <li>Develop a R&amp;M Policy</li> <li>Improved reporting on asset management &amp; use</li> <li>Dispose of all uneconomical assets</li> <li>review municipal houses and economical viability to maintain</li> </ul>	<ul style="list-style-type: none"> <li>high maintenance cost of municipal houses and lack of contracts an issue that will be dealt with.</li> <li>Asset verification revealed areas of concern to be investigated and reported to MM</li> <li>Asset management function currently standing still - no staff</li> </ul>
	Staff Expenditure	Staff Expenditure maintained at affordable ratio to Expenditure (funded budget)	CFO / BTO Manager	<ul style="list-style-type: none"> <li>Review effectiveness of org structure &amp; organogram</li> <li>Prioritise vacancies &amp; manage risks / return on investment in staff</li> </ul>	<ul style="list-style-type: none"> <li>Reduced to 35% of total opex expenditure (in deficit express in terms of revenue)</li> <li>Realize a R1.5 million saving</li> </ul>	Yes/No	Yes/No	<ul style="list-style-type: none"> <li>Ensure expense justify the output - performance management and</li> <li>filling of critical vacancies will improve revenue.</li> <li>Prioritise expense.</li> </ul>	<ul style="list-style-type: none"> <li>Review grading of positions (I-Grading)</li> <li>Structure council to ensure savings (Sec 79 Chair combine with Dep Mayor position - R400k/annum saving)</li> </ul>	<ul style="list-style-type: none"> <li>New Council to advise - cost to be evaluated against disposal income and operational costs needs to be reduced.</li> <li>YTD employee and council expenditure contributed to 64% of all cash expenditure transactions relative to the financial year (Income Statement related)</li> </ul>