



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Quarterly Budget Report – Section 52 **3rd Quarter 2021/2022**



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.

Approved Budget – means an annual budget –

- a) approved by a municipal council; or
- b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

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 – Summarizes the amount of cash and cash equivalents entering and leaving the municipality. The cash flow statement measures how well the municipality manages its cash position. It should be noted that there could be a difference between the timing of the actual cash flow compared to the recognition of expenditure. For example, when an invoice is received by the Municipality it is recognised as expenditure in the month it is dated, even though it may not be paid within the same month.

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

Equitable share - A general unconditional grant paid to municipalities. It is predominantly targeted to subsidise the delivery of 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 standard for municipal accounting.

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. From here on to be 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 outer year's 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. It provides a short-term benefit, normally less than a year.

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 – in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes –

- a) overspending of the total amount appropriated in the municipality's approved budget;
 - b) overspending of the total amount appropriated for a vote in the approved budget;
- 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 – Quarterly Budget Statement

The Quarterly Budget Statement, for **Quarter 3**, covering the period from 1 January 2022 to 31 March 2022, has been prepared to meet the legislative requirements 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 and the aftermath thereof.

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 to mitigate risk.

Section 2 – Resolutions

Recommendation:

That the council takes cognisance of the Quarterly Budget Statement for the Third Quarter of 2021/2022.

Section 3 – Executive Summary

3.1 Introduction

In terms of section 52(d) of the Municipal Finance Management Act 56 of 2003, the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality. The format and content of in-year reporting are set out in the Municipal Budget and Reporting Regulations of 2009, that was published in terms of section 168 of the MFMA (2003).

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 139 872	R (7 503)	5.7%
Operating Expenditure	R 191 830	R 204 637	R 153 476	R 159 727	R 6 252	4%
Capital	R 23 767	R 26 626	R 19 970	R 11 068	R (8 902)	-44.6%

3.3 Payment Percentage

The payment percentage on a year-to date basis is 76%, when calculated on the basis of cash received during the same month of the billing activity. The quarterly average (76%) remained the same when calculated on the basis of receipts in respect of the billed revenue it relates to.

The cyclical nature of the economy as well as the differences (seasonal differentiation between tariffs etc.) within the billing cycle, explains the differences in the collection rate on a month-to-month basis throughout the quarter.

In evaluating the collection rate, the following considerations will provide some context:

- The collection rate as below in table 1, is calculated – Q3 Receipts / Q3 Billing.

- This causes a misalignment and do not account “High / Low Season” electricity tariffs and to some extent the cyclical nature of the economy on a month-month basis.
- Indigent registrations for Quarter 3 (Q3) 2021/22 increased by 6% from Q2 registrations. There was a 583-household drop in year-on-year registrations. It is highly unlikely that they all stopped from being indigent and became paying consumers.
- Indigent household registrations for Q1 were 1995, Q2 it was 2034, with Q3 registrations amounting to 2161.

Table 1: Payment percentage based on billed vs received same month

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-21	10 594 968.62	(6 192 505.73)	(124 826.55)	10 470 142.07	(6 192 505.73)	-59.14	10 470 142.07	(6 192 505.73)	59.14
Aug-21	11 083 479.27	(11 300 212.54)	(661 154.90)	10 422 324.37	(11 300 212.54)	-108.42	20 892 466.44	(17 492 718.27)	83.73
Sep-21	11 269 448.88	(8 351 169.59)	160 655.15	11 430 104.03	(8 351 169.59)	-73.06	32 322 570.47	(25 843 887.86)	79.96
Oct-21	10 156 779.22	(8 465 485.99)	74 321.81	10 156 779.22	(8 465 485.99)	-83.35	42 479 349.69	(34 309 373.85)	80.77
Nov-21	9 949 353.39	(7 338 353.68)	20 495.91	9 949 353.39	(7 338 353.68)	-73.76	52 428 703.08	(41 647 727.53)	79.44
Dec-21	10 053 334.98	(6 639 666.28)	214 167.91	10 053 334.98	(6 639 666.28)	-66.04	62 482 038.06	(48 287 393.81)	77.28
Jan-22	10 824 844.01	(8 021 502.88)	(380 439.96)	10 824 844.01	(8 021 502.88)	-74.10	73 306 882.07	(56 308 896.69)	76.81
Feb-22	10 571 243.61	(7 849 651.68)	145 063.27	10 571 243.61	(7 849 651.68)	-74.25	83 878 125.68	(64 158 548.37)	76.49
Mar-22	11 005 338.94	(8 008 036.53)	258 616.62	11 005 338.94	(8 008 036.53)	-72.77	94 883 464.62	(72 166 584.90)	76.06

Table 2: Payment percentage based on received vs billed the month it relates to

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

TABLE C1–QUARTERLY BUDGET SUMMARY

Western Cape: Kannaland (WC041) - Table C1 Quarterly Budget Summary for 3rd Quarter ended 31 March 2022

Description	2020/21	Budget year 2021/22									
	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands											
Financial Performance											
Property rates	19 337	24 562	25 522	6 492	6 476	6 481	19 449	19 142	307	1,61	25 522
Service charges	87 941	104 162	100 680	27 131	22 794	27 744	77 670	75 510	2 160	2,86	100 680
Investment revenue	1 150	864	880	333	213	251	797	660	137	20,72	880
Transfers and subsidies	42 601	45 128	42 097	15 187	1 780	19 753	36 720	31 572	5 148	16,30	42 097
Other own revenue	6 358	11 704	7 313	1 612	1 723	1 901	5 236	5 485	(249)	(4,54)	7 313
Total Revenue (excluding capital transfers and contributions)	157 387	186 419	176 492	50 756	32 986	56 130	139 872	132 369	7 503	5,67	176 492
Employee costs	66 653	65 553	71 572	15 230	20 345	17 008	52 583	53 678	(1 095)	(2,04)	71 572
Remuneration of councillors	3 184	3 637	3 637	973	808	925	2 706	2 727	(21)	(0,79)	3 637
Depreciation & asset impairment	12 039	12 698	12 698	3 175	2 116	4 233	9 524	9 524	0	0,00	12 698
Finance charges	3 188	382	2 318	55	67	322	444	1 738	(1 294)	(74,46)	2 318
Inventory consumed and bulk purchases	49 813	56 133	58 284	5 703	5 288	30 532	41 523	43 713	(2 189)	(5,01)	58 284
Transfers and subsidies	246	838	498	-	-	120	120	374	(254)	(67,89)	498
Other expenditure	46 911	52 589	55 630	43 273	5 456	4 099	52 827	41 722	11 106	26,62	55 630
Total Expenditure	182 033	191 830	204 637	68 409	34 080	57 238	159 727	153 476	6 252	4,07	204 637
Surplus/(Deficit)	(24 646)	(5 411)	(28 145)	(17 653)	(1 094)	(1 108)	(19 856)	(21 107)	1 251	(5,93)	(28 145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	19 524	22 763	25 622	88	1 690	6 934	8 712	19 217	(10 505)	(54,67)	25 622
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions) & Transfers and subsidies - capital (in-kind - all)	34	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)
Capital expenditure & funds sources											
Capital expenditure	8 490	23 767	26 639	2 255	7 263	1 550	11 068	19 979	(8 911)	(44,60)	26 639
Transfers recognised - capital	(909)	22 763	25 622	1 950	6 956	1 922	10 828	19 217	(8 389)	(43,65)	25 622
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	614	1 004	1 004	305	307	(372)	240	753	(513)	(68,11)	1 004
Total sources of capital funds	(295)	23 767	26 626	2 255	7 263	1 550	11 068	19 970	(8 902)	(44,58)	26 626
Financial position											
Total current assets	(19 985)	(17 989)	(31 615)	(24 555)	6 250	7 672	(10 632)	(29 824)	19 192	(64,35)	(31 615)
Total non current assets	314 302	351 292	354 164	(920)	5 147	(2 682)	1 544	11 942	(10 398)	(87,07)	354 164
Total current liabilities	23 169	29 011	38 132	(7 759)	10 809	(776)	2 273	(15 023)	17 296	(115,13)	38 132
Total non current liabilities	53 876	37 082	37 082	-	-	-	-	(969)	969	(100,00)	37 082
Community wealth/Equity	222 359	249 857	249 857	(150)	(7)	(60)	(217)	-	(217)	-	249 857
Cash flows											
Net cash from (used) operating	100 500	34 440	28 962	44 716	27 858	3 707	76 281	20 644	55 637	269,51	28 962
Net cash from (used) investing	-	(23 767)	(26 626)	-	-	(5 881)	(5 881)	(19 970)	14 088	(70,55)	(26 626)
Net cash from (used) financing	-	(572)	(572)	-	-	-	-	(429)	429	(100,00)	(572)
Cash/cash equivalents at the year end	149 305	52 588	44 251	44 712	72 570	70 396	70 396	245	70 151	28 625,41	44 251
Collection Rate	30,53	83,16	81,76	68,32	72,72	39,27	58,72	80,66	-	-	81,76
Property rates	38,77	82,29	79,25	53,10	58,75	37,04	49,63	79,25	-	-	79,25
Service charges	29,95	85,83	86,15	71,99	76,71	44,70	63,62	84,73	-	-	86,15
Service charges - electricity revenue	32,52	95,11	104,36	80,94	90,86	47,75	71,65	104,36	-	-	104,36
Service charges - water revenue	29,17	76,82	60,23	64,47	64,80	41,57	56,12	60,23	-	-	60,23
Service charges - sanitation revenue	23,32	58,23	53,00	47,41	50,48	38,50	45,52	53,00	-	-	53,00
Service charges - refuse revenue	18,79	55,93	50,00	40,56	43,86	33,97	39,50	33,33	-	-	50,00
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-

3.4 Quarterly Summary

3.4.1 Operational Expenditure

The municipality's total operational expenditure amounts to **R159.7 million or 78%** of total adjustment budget. The third quarter expenditure amounted to **R57 million or 28%** of the total budget.

3.4.2 Operational Revenue

The municipality's total operational revenue budget amounts to **R139.9 million, or 79%** of the total year to date revenue budget. The third quarter performance accrued to **R56 million or 32%** of the adjusted revenue budget while during Q2, **R 32 million** was reported or **19%** of the total adjusted revenue budget.

3.4.3 Capital Expenditure

The total capital budget for the municipality amounts to **R26.6 million**, which was mainly funded from national, provincial grants and to a small extent, own funding. National grant funding amounts to **R22.8 million**, provincial government funding to **R2 million** and own funding to **R1 million**. Year to date capital expenditure amounted to **R11 million or 42%** of the total capital budget.

3.4.4 Operating Surplus/Deficit

The year-to-date operating revenue amounted to **R139.9 million**, with expenditure amounting to **R159.7 million** and thereby reporting a deficit of **R19.8 million**. The deficit that relates to Q3 amounted to **R1.1 million**.

The deficit does not account for transactions that were made outside the accounting system. This problem will be addressed as soon as possible. The main contributor to the year-to-date deficit was a bad debt write-off that amounted to R38.5 million with a budget amount of R24.4 million leaving the deficit at about R5 million with some expenditure still not accounted for.

3.5 Material differences to the SDBIP

Material differences to the SDBIP will be discussed under section 10 and in more detail within Appendix A.

3.6 Remedial actions

- (a) Directorates are to ensure that the budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan of the Municipality;
- (b) All transactions must be accounted for on the SAMRAS accounting system;
- (c) Strategic decisions / resolutions to improve capital expenditure to be implemented;
- (d) Monthly monitoring of the implementation of the Budget Funding Plan;
- (e) That measures on debt collection are implemented and applied effectively;
- (f) A procurement plan be developed and approved as a matter of urgency; and
- (g) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an always changing environment.

Section 4 – In-year budget statement tables

Table C4 – Quarterly Financial Performance

Western Cape: Kannaland (WC041) - Table C4 Quarterly Budgeted Financial Performance (All) for 3rd Quarter ended 31 March 2022

Description		Ref	2020/21	Budget year 2021/22									
R thousands			Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue By Source													
Property rates			19 337	24 562	25 522	6 492	6 476	6 481	19 449	19 142	307	1,61	25 522
Service charges - electricity revenue			55 432	67 946	62 578	17 935	13 341	17 702	48 978	46 933	2 045	4,36	62 578
Service charges - water revenue			18 013	20 787	20 746	4 729	5 124	5 776	15 630	15 560	70	0,45	20 746
Service charges - sanitation revenue			7 456	8 019	8 738	2 236	2 189	2 152	6 577	6 554	23	0,35	8 738
Service charges - refuse revenue			7 040	7 410	8 617	2 231	2 140	2 114	6 485	6 463	22	0,34	8 617
Rental of facilities and equipment			606	631	533	132	132	135	399	400	(0)	(0,09)	533
Interest earned - external investments			1 150	864	880	333	213	251	797	660	137	20,72	880
Interest earned - outstanding debtors			3 541	3 087	4 628	10	7	3 462	3 480	3 471	8	0,24	4 628
Dividends received													
Fines, penalties and forfeits			142	5 547	15	1 063	1 085	(2 165)	(17)	11	(28)	(253,34)	15
Licences and permits			217	378	361	46	38	32	116	271	(155)	(57,12)	361
Agency services			1 083	1 087	1 200	215	356	299	870	900	(30)	(3,29)	1 200
Transfers and subsidies			42 601	45 128	42 097	15 187	1 780	19 753	36 720	31 572	5 148	16,30	42 097
Other revenue			769	974	576	146	104	138	388	432	(44)	(10,16)	576
Gains													
Total Revenue (excluding capital transfers and contributions)			157 387	186 419	176 492	50 756	32 986	56 130	139 872	132 369	7 503	5,67	176 492
Expenditure By Type													
Employee related costs			66 653	65 553	71 572	15 230	20 345	17 008	52 583	53 678	(1 095)	(2,04)	71 572
Remuneration of councillors			3 184	3 637	3 637	973	808	925	2 706	2 727	(21)	(0,79)	3 637
Debt impairment			21 016	20 723	24 401	38 540	71		38 611	18 301	20 311	110,98	24 401
Depreciation and asset impairment			12 039	12 698	12 698	3 175	2 116	4 233	9 524	9 524	0		12 698
Finance charges			3 188	382	2 318	55	67	322	444	1 738	(1 294)	(74,46)	2 318
Bulk purchases - electricity			44 054	48 940	52 650	4 878	3 964	29 574	38 417	39 488	(1 071)	(2,71)	52 650
Inventory consumed			5 759	7 193	5 634	825	1 323	958	3 106	4 225	(1 119)	(26,48)	5 634
Contracted services			8 030	17 971	15 821	2 582	2 876	1 246	6 704	11 866	(5 162)	(43,50)	15 821
Transfers and subsidies			246	838	498			120	120	374	(254)	(67,89)	498
Other expenditure			17 815	13 895	15 408	2 151	2 508	2 853	7 512	11 555	(4 043)	(34,99)	15 408
Losses			50										
Total Expenditure			182 033	191 830	204 637	68 409	34 080	57 238	159 727	153 476	6 252	4,07	204 637
Surplus/(Deficit)													
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			(24 646)	(5 411)	(28 145)	(17 653)	(1 094)	(1 108)	(19 856)	(21 107)	1 251	(5,93)	(28 145)
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)			19 524	22 763	25 622	88	1 690	6 934	8 712	19 217	(10 505)	(54,67)	25 622
Transfers and subsidies - capital (in-kind - all)			34										
			(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)
Surplus/(Deficit) after capital transfers and contributions													
Taxation													
Surplus/(Deficit) after taxation			(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)
Attributable to minorities													
Surplus/(Deficit) attributable to municipality			(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)
Share of surplus/ (deficit) of associate													
Surplus/(Deficit) for the year			(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)

4.1 Quarterly Operating Revenue Variances

Only deviations exceeding 5% or more to be explained, and / or if considered to be material in nature and in need of an explanation to provide to the necessary context.

- **Interest on external investments** deviates with 21% from the year-to-date budget. The main contributor of interest on investment is the cash-backed amount of unspent grants accumulating monthly interest. This income in the form of interest, will be flattening out during the final quarter of the year, with the last of the grant funding being spent.
- **Fines Penalties and forfeits (-254%)** deviates as interest charges were incorrectly allocated to this item. Subsequently the parameter issue was addressed and on a full year basis it will realize in line with the annual budget.
- **Licenses and Permits** deviates with 57% from the budget on a year-to-date basis. This is a very unpredictable item, and the variance will be investigated as there is a significant drop-off on a year-on-year basis as well.
- **Transfers and Subsidies** deviates only due to the straight-line budgeting not taking into account the non-linear flow of transfers and subsequent expenditure thereof. The deviation will straighten out during the final quarter of the year under review.
- **Other Revenue** deviates with -10% and is very incidental in nature and therefor hard to assess and predict. It is of a low base and not significant in context of total revenue.

4.2 Quarterly Operating Expenditure Variances

- **Debt Impairment** deviates with R20.3 million (111%) and this can be explained by a significant write-off taking place during August 2021. The write-off included prior year prescription debt and indigent related write-offs. If seen in context with the reduction in the contribution to the provision at year-end it will realize as expected.
- **Finance Charges** deviates with 75% due to not all finance charges being recognised to date. The budget included post-employment benefit related interest and a component of the interest relating to the rehabilitation of the landfill sites.

- **Inventory Consumed (-26.5%), Contracted Services (-43.5%) and Other Expenditure (-35%)** deviates significantly due to expenditure only being incurred in line with revenue realizing. It should be noted that all creditors are not yet accounted for on the accounting system and this might have a significant impact on reducing the before-mentioned variations.
- **Transfers and Subsidies** deviates from a very low base, and it was caused by the municipality not transferring funding to the tourism bureaus as planned.

TABLE C5 – QUARTERLY BUDGETED CAPITAL EXPENDITURE

Western Cape: Kannaland (WC041) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 3rd Quarter ended 31 March 2022

Western Cape: Ramathana (WC041) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 3rd Quarter ended 31 March 2022												
Description	Ref	2020/21	Budget year 2021/22									
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional												
<i>Municipal governance and administration</i>		9 480	2 001	2 001	66	359	77	503	1 501	(998)	(66,48)	2 001
Executive and council			192	192		28	77	105	144	(39)	(27,03)	192
Finance and administration		9 480	1 809	1 809	66	332		398	1 357	(959)	(70,67)	1 809
Internal audit												
<i>Community and public safety</i>		(11 297)	378	1 211	-	-	634	634	908	(274)	(30,16)	1 211
Community and social services		(11 467)		833			634	634	625	10	1,56	833
Sport and recreation		170	378	378					284	(284)	(100,00)	378
Public safety												
Housing												
Health												
<i>Economic and environmental services</i>		-	500	513	305	144	(449)	0	384	(384)	(100,00)	513
Planning and development												
Road transport			500	513	305	144	(449)	0	384	(384)	(100,00)	513
Environmental protection												
<i>Trading services</i>		10 308	20 888	22 915	1 884	6 760	1 288	9 931	17 186	(7 255)	(42,21)	22 915
Energy sources		797	2 699	2 699		147	88	235	2 024	(1 789)	(88,37)	2 699
Water management		9 510	18 189	20 216	1 884	6 613	1 199	9 695	15 162	(5 466)	(36,05)	20 216
Waste water management												
Waste management												
<i>Other</i>												
Total Capital Expenditure - Functional	3	8 490	23 767	26 639	2 255	7 263	1 550	11 068	19 979	(8 911)	(44,60)	26 639
Funded by												
National Government	-	10 245	22 763	22 763	1 950	5 904	396	8 250	17 072	(8 822)	(51,68)	22 763
Provincial Government		(11 154)		2 859		1 053	1 525	2 578	2 144	434	20,23	2 859
District Municipality												
Transfers and subsidies - capital (monetary allocations) (Nat/Prov)												
Transfers recognised - capital		(909)	22 763	25 622	1 950	6 956	1 922	10 828	19 217	(8 389)	(43,65)	25 622
Borrowing	6											
Internally generated funds		614	1 004	1 004	305	307	(372)	240	753	(513)	(68,11)	1 004
Total Capital Funding		(295)	23 767	26 626	2 255	7 263	1 550	11 068	19 970	(8 902)	(44,58)	26 626

Capital expenditure is 45% less than the year-to-date forecast and will be accelerated to ensure that no funding will revert back to the source, given that it is mainly funded from conditional grants.

TABLE C6 – Quarterly 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
R thousands	1					
ASSETS						
Current assets						
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)
Total current assets		(12 526)	(17 989)	(47 204)	(10 144)	(47 204)
Non current assets						
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		–	–	–	–	–
Total non current assets		(11 970)	351 292	342 195	1 594	342 195
TOTAL ASSETS		(24 495)	333 303	294 991	(8 549)	294 991
LIABILITIES						
Current liabilities						
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
Total current liabilities		(11 742)	29 011	14 905	3 063	14 905
Non current liabilities						
Borrowing		(446)	(429)	(875)	–	(875)
Provisions		8 197	37 511	45 708	–	45 708
Total non current liabilities		7 751	37 082	44 833	–	44 833
TOTAL LIABILITIES		(3 992)	66 094	59 738	3 063	59 738
NET ASSETS	2	(20 504)	267 209	235 253	(11 612)	235 253
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(15 886)	238 953	237 306	–	237 306
Reserves		470	10 904	470	(217)	470
TOTAL COMMUNITY WEALTH/EQUITY	2	(15 416)	249 857	237 775	(217)	237 775

References

1. Material variances to be explained in Table SC1
2. Total Assets must balance with Total Liabilities
3. Net Assets must balance with Total Community Wealth/Equity

TABLE C7 – Quarterly Budgeted Cash Flow

Western Cape: Kannaland (WC041) - Table C7 Quarterly Budgeted Cash Flows (All) for 3rd Quarter ended 31 March 2022

Description		Ref	2020/21	Budget year 2021/22										
			Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD 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	3 447	3 805	2 400	9 652	15 170	(5 518)	(36,37)	20 227	
Service charges			26 341	89 407	86 739	19 531	17 485	12 400	49 417	63 977	(14 560)	(22,76)	86 739	
Other revenue			1 379	9 833	3 895	331	267	235	833	2 921	(2 089)	(71,50)	3 895	
Transfers and Subsidies - Operational	1		43 137	44 598	41 567	18 865	2 886	1 335	23 086	31 175	(8 089)	(25,95)	41 567	
Transfers and Subsidies - Capital	1		22 164	22 763	25 622	2 542	4 004		6 546	19 217	(12 671)	(65,94)	25 622	
Interest														
Dividends														
Payments														
Suppliers and employees			(17)	(152 375)	(149 089)		(588)	(12 665)	(13 253)	(111 816)	98 564	(88,15)	(149 089)	
Finance charges														
Transfers and Grants	1													
NET CASH FROM/(USED) OPERATING ACTIVITIES				100 500	34 440	28 962	44 716	27 858	3 707	76 281	20 644	55 637	269,51	28 962
CASH FLOWS FROM INVESTING ACTIVITIES														
Receipts														
Proceeds on disposal of PPE														
Decrease (Increase) in non-current debtors (not used)														
Decrease (increase) in non-current receivables														
Decrease (increase) in non-current investments														
Payments														
Capital assets				(23 767)	(26 626)			(5 881)	(5 881)	(19 970)	14 088	(70,55)	(26 626)	
NET CASH FROM/(USED) INVESTING ACTIVITIES				-	(23 767)	(26 626)	-	-	(5 881)	(5 881)	(19 970)	14 088	(70,55)	(26 626)
CASH FLOWS FROM FINANCING ACTIVITIES														
Receipts														
Short term loans														
Borrowing long term/refinancing														
Increase (decrease) in consumer deposits														
Payments														
Repayment of borrowing				(572)	(572)					(429)	429	(100,00)	(572)	
NET CASH FROM/(USED) FINANCING ACTIVITIES				-	(572)	(572)	-	-	-	-	(429)	429	(100,00)	(572)
NET INCREASE/ (DECREASE) IN CASH HELD				100 500	10 100	1 763	44 716	27 858	(2 175)	70 400	245	70 155	28 627,25	1 763
Cash/cash equivalents at the year begin:			48 805	42 488	42 488	-	44 712	72 570	-	-	-	-	-	42 488
Cash/cash equivalents at the year end:	2		149 305	52 588	44 251	44 712	72 570	70 396	70 396	245	70 155	28 627,25	44 251	44 251

The total bank balances ending of **Quarter 3 of 2021/2022** were as follow;

- Standard Bank Main Account : **R 87 thousand; (Overdraft facility used)**
- The Traffic Account : **R 370 thousand;**
- Deposit Account : **R 913 thousand; and**
- Call Account : **R 37 million (including unspent grants)**

The lack of revenue streams has left the municipality to be heavily dependent on grant funding to run its daily operations. Insufficient funding is available to fund reserves and provisions and the liquidity in the municipality remains a challenge and poses a risk to the day-to-day operations.

TABLE C2 – Quarterly Budgeted Financial Performance (Functional Classification)

Western Cape: Kannaland (WC041) - Table C2 Quarterly Budgeted Financial Performance by Functional Classification for 3rd Quarter ended 31 March 2022

Western Cape: Ramatland (W0047) - Table 02 Quarterly Budgeted Financial Performance by Functional Classification for 3rd quarter ended 31 March 2022												
Description	Ref	2020/21	Budget year 2021/22									
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Revenue - Functional												
Municipal governance and administration		59 433	40 973	42 232	21 961	9 113	19 675	50 749	31 674	19 075	60,22	42 232
Executive and council		34 237	6 402	7 365	12 730		13 500	26 230	5 524	20 706	374,83	7 365
Finance and administration		25 196	34 571	34 867	9 231	9 113	6 175	24 519	26 150	(1 631)	(6,24)	34 867
Internal audit												
Community and public safety		15 409	20 827	17 541	1 318	2 325	6 230	9 873	13 155	(3 282)	(24,95)	17 541
Community and social services		15 193	14 727	15 820	1 274	2 323	6 223	9 820	11 865	(2 044)	(17,23)	15 820
Sport and recreation												
Public safety		251			44	2	7	53		53		
Housing		(36)	6 100	1 721					1 291	(1 291)	(100,00)	1 721
Health												
Economic and environmental services		1 677	7 047	2 151	385	484	514	1 383	1 613	(230)	(14,26)	2 151
Planning and development												
Road transport		1 677	7 047	2 151	385	484	514	1 383	1 613	(230)	(14,26)	2 151
Environmental protection												
Trading services		100 426	140 336	140 190	27 179	22 754	36 646	86 578	105 143	(18 565)	(17,66)	140 190
Energy sources		56 671	74 321	68 974	17 940	13 343	22 377	53 660	51 731	1 929	3,73	68 974
Water management		27 712	35 358	37 908	4 772	5 081	8 613	18 466	28 431	(9 965)	(35,05)	37 908
Waste water management		8 188	15 079	16 137	2 236	2 189	2 797	7 222	12 103	(4 881)	(40,33)	16 137
Waste management		7 855	15 578	17 170	2 231	2 140	2 858	7 229	12 878	(5 649)	(43,86)	17 170
Other	4											
Total Revenue - Functional	2	176 945	209 182	202 114	50 843	34 676	63 064	148 583	151 585	(3 002)	(1,98)	202 114
Expenditure - Functional												
Municipal governance and administration		56 053	57 383	68 435	50 708	15 621	(22 402)	43 928	51 326	(7 398)	(14,41)	68 435
Executive and council		14 176	17 062	23 700	4 617	5 749	4 707	15 073	17 775	(2 703)	(15,20)	23 700
Finance and administration		41 877	40 321	44 735	46 092	9 873	(27 109)	28 856	33 551	(4 695)	(13,99)	44 735
Internal audit												
Community and public safety		10 562	17 233	13 240	2 592	3 669	2 712	8 973	9 930	(956)	(9,63)	13 240
Community and social services		7 726	9 166	9 856	2 075	2 807	2 122	7 004	7 392	(388)	(5,25)	9 856
Sport and recreation		380	549	379	56	35	108	199	284	(85)	(29,99)	379
Public safety		1 579	375	220	239	535	254	1 028	165	863	521,92	220
Housing		877	7 143	2 785	223	293	227	742	2 088	(1 346)	(64,45)	2 785
Health												
Economic and environmental services		8 845	16 083	11 749	2 193	2 103	2 800	7 096	8 811	(1 715)	(19,47)	11 749
Planning and development												
Road transport		8 845	16 083	11 749	2 193	2 103	2 800	7 096	8 811	(1 715)	(19,47)	11 749
Environmental protection												
Trading services		106 574	101 131	111 212	12 914	12 687	74 129	99 730	83 409	16 321	19,57	111 212
Energy sources		56 175	59 169	63 538	6 643	5 655	33 182	45 480	47 653	(2 174)	(4,56)	63 538
Water management		29 635	18 684	21 254	3 015	3 232	19 279	25 526	15 940	9 586	60,14	21 254
Waste water management		5 754	9 711	10 995	1 467	1 336	10 577	13 380	8 246	5 133	62,25	10 995
Waste management		15 010	13 566	15 425	1 790	2 463	11 091	15 345	11 569	3 776	32,64	15 425
Other	4											
Total Expenditure - Functional	3	182 033	191 830	204 637	68 409	34 080	57 238	159 727	153 476	6 252	4,07	204 637
		(5 088)	17 352	(2 522)	(17 566)	595	5 826	(11 144)	(1 890)	(9 254)	489,60	(2 522)

TABLE C3 – Quarterly 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
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	176 945	209 182	202 114	32 985	148 576	151 585	(3 009)	-2,0%	202 114
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	182 033	191 830	204 637	21 011	159 972	153 476	6 496	4,2%	204 637
Surplus/ (Deficit) for the year	2	(5 088)	17 352	(2 522)	11 974	(11 395)	(1 890)	(9 505)	502,9%	(2 522)

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											
		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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
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	–	–
Total By Income Source	2000	5 963	3 065	2 603	2 671	2 563	2 422	10 466	54 386	84 139	72 507	–	–
2020/21 - totals only										–	–		
Debtors Age Analysis By Customer Group													
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	–	–
Total By Customer Group	2600	5 963	3 065	2 603	2 671	2 563	2 422	10 466	54 386	84 139	72 507	–	–

- Outstanding debtors amounted to **R84.1** million during the end of **Q3** with **Q2** debtors reported at **R 75.3 million**. This represents almost a 15% increase from Q2.
- Recoverability will be a challenge with 65% of the total outstanding debtors are older than a year and 86% outstanding for more than 90 days.

Section 6 – Creditors' analysis


WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description	NT Code	Budget Year 2021/22								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4 512	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
Total By Customer Type	1000	6 294	2 821	23 487	974	19 137	–	–	–	52 712

- Outstanding creditors decreased with 17% on a quarter-to-quarter basis with the total amounting to R52.7 million at the end of Q3 vs R 63.1 million as at the end of Q2.
- The biggest outstanding creditors are Eskom (**R32.3 million**), the Auditor-General of South Africa (**R9.4 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 to 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 with long outstanding creditors demanding settlement.

Section 7 – Investment portfolio analysis

Kannaland Municipality (WC041) 32 Church Street P.O. Box 30 Ladismith 6655 Republic of South Africa	 DBSA Development Bank of Southern Africa VAT Registration No: 4280126711
Date: 10.09.2018	
ACCOUNT STATEMENT	

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
National Government Grants							
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	
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	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	
Departmental Agencies							
Public Sector Seta	R145,000,00		R145,000,00			R145,000,00	

The National Government rejected the Municipality rollover application in respect of MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation, with R13 million being withheld by National Treasury. This has subsequently transferred in the current reporting period to own revenue from the unspent grants.

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							
		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	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		—	—	—	—	—	—	—	—	—
Sub Total - Councillors	4	3,184	3,637	3,637	320	2,706	2,727	(21)	-1%	3,637
% increase			14,2%	14,2%						14,2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		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)	-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		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality	2	1,930	3,060	4,753	141	1,671	3,564	(1,893)	-53%	4,753
% increase	4		58,6%	146,3%						146,3%
Other Municipal Staff										
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		2,589	692	692	—	22	519	(497)	-96%	692
Sub Total - Other Municipal Staff	2	64,722	62,493	66,896	5,553	50,912	50,171	740	1%	66,896
% increase	4		-3,4%	3,4%						3,4%
Total Parent Municipality		69,836	69,189	75,285	6,013	55,289	56,463	(1,175)	-2%	75,285
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
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		—	—	—	—	—	—	—	—	—
Sub Total - Board Members of Entities	2	0	—	—	0	1	—	1	#DIV/0!	—
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Other Staff of Entities										
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		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Entities	2	—	—	—	—	—	—	—	—	—
% increase	4									
Other Staff of Entities										
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		—	—	—	—	—	—	—	—	—
Sub Total - Other Staff of Entities	2	—	—	—	—	—	—	—	—	—
% increase	4									
Total Municipal Entities		0	—	—	0	1	—	1	#DIV/0!	—
TOTAL SALARY, ALLOWANCES & BENEFITS		69,837	69,189	75,285	6,013	55,289	56,463	(1,174)	-2%	75,285
% increase	4		-0,9%	7,8%						7,8%
TOTAL MANAGERS AND STAFF		66,652	65,553	71,649	5,693	52,583	53,736	(1,153)	-2%	71,649

Section 10 – Material variances to the SDBIP

FINAL REVISED TOP LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2021/22 includes the following:

KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens

KPA 2: To Provide adequate Services and improve our public relations

KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks

KPA 4: To Facilitate Economic Growth and Social and Community development

KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation

KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy

KPA 7: To Strive towards a financially sustainable municipality

The performance of Kannaland Municipality in terms of the top-layer SDBIP will be included as an Appendix to this document.

Section 11– Capital programme performance

Project Status 2021/2022 FY (March 2022)									
Grant	Project No	Project Name	Budget	Received	Outstanding	Expenditure	Still to spend	% Spend	Status/Progress/Comments
MIG	235124	Kannaland: Installation of Water Meters	R 465,514,58			R 410,767,55	R 54,747,03	88%	Contractor on site. Invoices paid but not captured on the MIG MIS system
MIG	220290	Zoar: New Sport Field Lighting	R 357,007,87			R -	R 357,007,87	0%	Evaluation stage, Additional funding application submitted to MIG
MIG	213625	Zoar: Upgrade new Cemetery	R 1,789,312,35			R 1,564,631,90	R 224,680,45	87%	Contractor on sit. Invoices was paid to late and not captured on the MIG MIS system.
MIG	160843	Ladismith: New Waste Water Treatment Works	R 6,245,094,37			R 2,289,585,06	R 3,955,509,31	37%	Contractor on site. Invoices was paid to late and not captured on the MIG MIS system.
MIG	285450	Ladismith: Upgrade Water Treatment Works	R 1,207,370,83			R 302,271,08	R 905,099,75	25%	Contractor appointed awaiting material delivery. Invoices was paid to late and not captured on the MIG MIS system.
MIG	PMU/041	PMU	R 529,700,00	R 529,700,00	R -	R 390,346,17	R 139,353,83	74%	In progress
		TOTALS	R 10,594,000,00	R 5,096,000,00	R 5,498,000,00	R 4,957,601,76	R 5,636,398,24	47%	EXPENDITURE FOR 2021/2022 FY
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
WSIG		Calitzdorp: Deep Boreholes	R 10,000,000,00			R 1,114,606,22	R 8,885,393,78	11%	Contractor on site. Applied for Roll-over
WSIG		Calitzdorp: Klein Karoo Rural Water Scheme	R 10,000,000,00	R 10,000,000,00	R -	R 2,311,297,02	R 7,688,702,98	23%	Awaiting report on the quality and yield of the borehole drilled from Oudtshoorn Municipality.
		TOTALS	R 20,000,000,00			R 3,425,903,24	R 16,574,096,76	17%	EXPENDITURE FOR 2021/2022 FY
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
Drought Relief		Ladismith: Boreholes	R 2,026,369,00			R 1,943,860,36	R 82,508,64	96%	Contractors appointed. Applied for Roll-over
		TOTALS	R 2,026,369,00			R 1,943,860,36	R 82,508,64	96%	EXPENDITURE FOR 2021/2022 FY
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
EPWP		Temporary Workers appointed	R 1,359,000,00	R 1,359,000,00	R -	R 1,164,472,43	R 194,527,57	86%	Late approval of business plan by Council resulted in late submissions which caused the withholding of the first transfer. Targets are 118 work opportunities and 54 FTE
		TOTALS	R 1,359,000,00			R 1,164,472,43	R 194,527,57	86%	EXPENDITURE FOR 2021/2022 FY
Grant	Project No	Project Name	Budget			Expenditure	Still to spend	% Spend	Status/Progress/Comments
INEP		Ladismith Electrification of new network	R 2,699,000,00	R 2,699,000,00	R -	R 270,813,67	R 2,428,186,33	10%	
		TOTALS	R 2,699,000,00	R 2,699,000,00	R -	R 270,813,67	R 2,428,186,33	10%	EXPENDITURE FOR 2021/2022 FY

Section 13 – Quality certification

I, **Ian Avontuur**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Quarterly Budget Statement for **Quarter 3**, ending **31 March 2022**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Ian 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"> Resolve outstanding queries - <ul style="list-style-type: none"> Public works Account disputes (farms) address issue of unpaid fire levies / disputes Policy (CreditC) implementation 	<ul style="list-style-type: none"> Continuous strengthening & improvement in credit control actions + monitoring of progress 	<ul style="list-style-type: none"> Disputes are being handled and government account issues were addressed - will need a council resolution to address some of the issues raised. Council must advise on debtors book items and cleaning of debtors Management of debtors will need policy support and a council resolution will be needed to change rebate on property rates to include RDP houses. Council support for fair and equitable credit control will be needed. Summons tender imperative to be finalised - impacting credit control negatively
								<ul style="list-style-type: none"> Implement Auxiliary Services Introduce pre-paid water to indigent households Monitor over /above FBS consumption of indigent households 	<ul style="list-style-type: none"> Avoid prescription debt & meet requirements of an official demand for payment 	<ul style="list-style-type: none"> Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022 Council support needed pertaining to indigent households and indigent management
		Improve Accuracy of Monthly Billing	Revenue Manager/ CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> Improve Revenue generation by R500 000 	<ul style="list-style-type: none"> Improve Revenue generation by 2% Additional revenue of R 2.6 million 	Yes/No	Yes/No	<ul style="list-style-type: none"> Award a tender for TID & Meter Verification 	<ul style="list-style-type: none"> Water and Electricity meters to be recorded correctly and linked to the financial system 	<ul style="list-style-type: none"> TID & Meter verification - will be delayed due to a lack of funding Dormant meters were removed from the pre-paid system and will allow for improved exception reporting and curb non-technical elec losses. Pre-paid water meter installations - phase one indigent households - New council will advise on how to proceed. item will need political support
								<ul style="list-style-type: none"> Ensure Accurate Monthly Meter Reading & Address system billing parameters 	<ul style="list-style-type: none"> Ensure that correct details of accountholder are on record and have been verified. 	<ul style="list-style-type: none"> Corrective journals been passed to address misallocations and parameters will be fixed before the next billing cycle. Exception reporting is being done and will improve with the new pre-paid system being implemented. Debtors cleansing still needed
								<ul style="list-style-type: none"> Communication between departments - Meter installation & reporting of broken meters 	<ul style="list-style-type: none"> Improved access to accounts at a lower cost - email / download account 	<ul style="list-style-type: none"> Initially delayed due to critical vacancies in technical dept. managerial positions. System in place will be improved and formalized. A portal was established to improve access to accounts and has been very successful - less account queries and positive impact payment of accounts Imperative that the pay-point at VWD will be restored. An analysis of the different sewerage systems will be needed in due course to support completeness of billing as well - Technical dept function/ building control regulations LT goal addressed, ST goal still WIP

Positive cash flows - Revenue from other Sources	Other Revenue	Improved Contract Management	Legal / CFO / Manager Revenue / Asset Accountant	<ul style="list-style-type: none"> Improved / complete rent register that reconciles to actual billing for rent Improved recordkeeping Additional revenue - R30k 	<ul style="list-style-type: none"> Continuous strengthening of activity Improved Revenue 5% (R30k) - Full year R60k Evaluate where applicable market related rent & economical viability of rent-generating /underlying asset 	Yes/No	Yes/No	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Ensure all lease contracts are in place & up to date market related rent where applicable. Apply credit control 	<ul style="list-style-type: none"> Rental contracts for all properties are a WIP. Corrections on rental in addressing prior year audit findings were made Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&M on municipal houses vs rent income makes them uneconomical to keep) - a WIP 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 	<ul style="list-style-type: none"> 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 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)
			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 Laisse 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 AFS 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

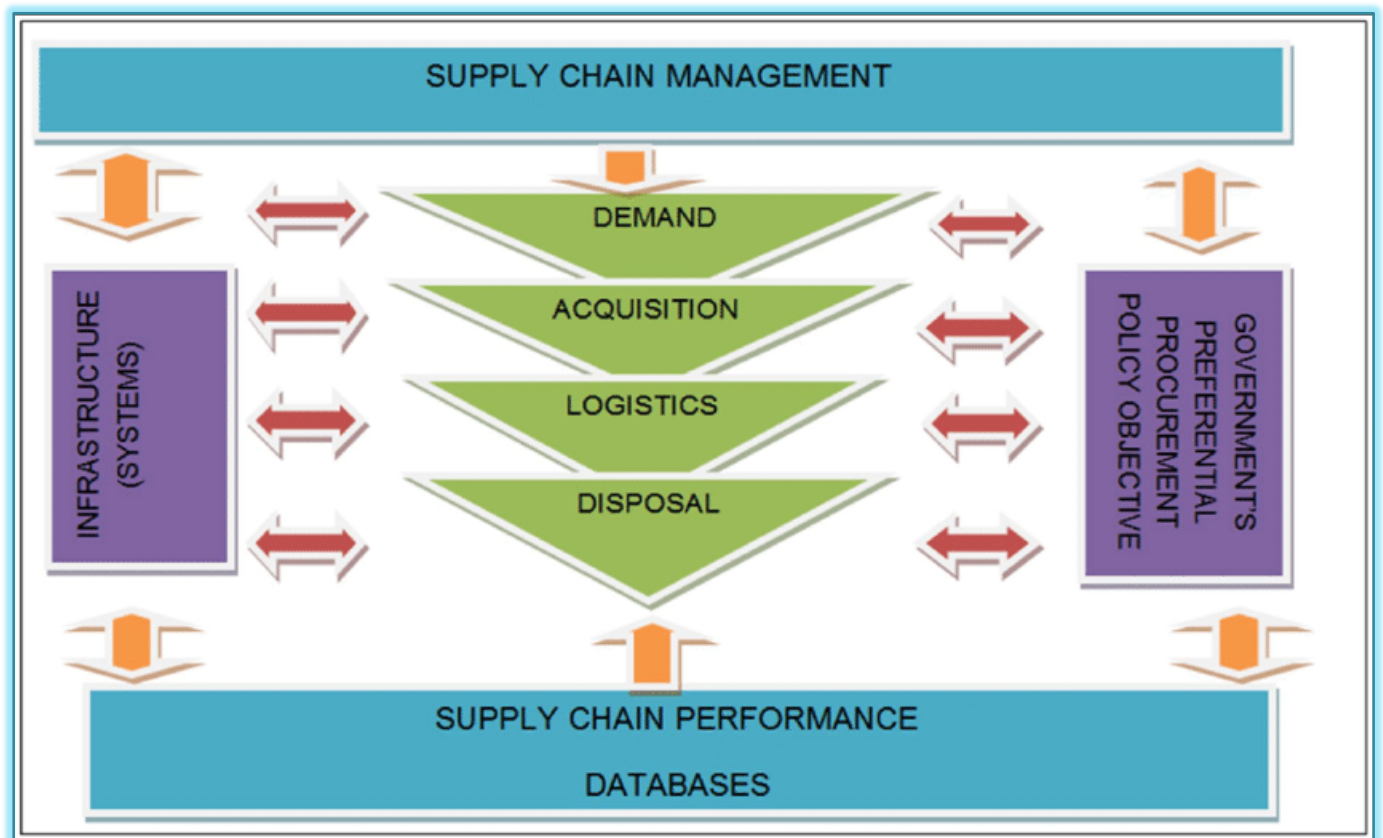
6. Other measures	Losses Management	Reduce water distribution losses	CFO / Technical Director / Manager Technical Services	<ul style="list-style-type: none"> Reduce water losses to 30% 	<ul style="list-style-type: none"> Reduce water losses to 25% 	Yes/No	Yes/No	<ul style="list-style-type: none"> Reduce 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 Czd 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-Gradings) Structure council to ensure savings (Sec 79 Chair combine with Dep Mayor position - R400k/annum saving) 	<ul style="list-style-type: none"> New Council to advise - cost to be evaluated against disposal income and operational costs needs to be reduced. YTD employee and council expenditure contributed to 64% of all cash expenditure transactions relative to the financial year (Income Statement related)

APPENDIX B - SCM IMPLEMENTATION REPORT



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Supply Chain Management Policy Implementation Report Third Quarter 2021/22



Quarterly Report in terms of Section 6(3) of the Municipal SCM Policy

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1. INTRODUCTION

In terms of clauses 6(1) & 6(3) of Kannaland Municipality's Supply Chain Management Policy, the following responsibilities were allocated:

- 1) The council of a municipality must maintain oversight over the implementation of its supply chain management policy.
- 3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.

2. BACKGROUND

The purpose of this report is to ensure that Council maintains oversight over the implementation of the Supply Chain Management Policy, specifically regarding the following:

- a) Awards made through the bid committee system for the Quarter under review;
- b) Deviations in terms of Clause 36 of the Supply Chain Management Policy;
- c) Minor breaches approved by the Accounting Officer in terms of Clause 36(2) of the Supply Chain Management Policy;
- d) The status of objections, complaints and appeals lodged;
- e) Deviations in terms of section 114 of the MFMA, pertaining to the approval of a tender other than the one recommended through normal procurement processes;
- f) Clause 32 of the SCM Policy disclosure, procurement of goods or services under a contract secured by another organ of state;
- g) Status update on the implementation of the Council approved procurement plan as year-to-date; and
- h) Report of and progress made with incidences of non-compliance and irregular expenditure identified and currently undergoing investigation.

3. SCM POLICY & PROCEDURES

3.1 Adoption of a SCM Policy by Council

- Adopted.

3.2 SCM Procedures

- SCM procedures manual and relevant SOP's.

It should however be noted that implementation has been hampered due to the delay in the staff placement process.

3.3 Delegations

- All delegations have not been delegated, are not in writing and accepted.

The above will be address as a matter of urgency.

3.4 Infrastructure Procurement

- The Standard for Infrastructure Procurement and Delivery Management Policy has been adopted.

4. FUNCTIONING OF THE SCM UNIT

4.1 SCM Structure:

- The approved SCM Structure is in place but not in full operation to date.

It is important to note that there are numerous critical vacancies within the SCM department that needs to be filled as a matter of urgency. There are only three positions filled and all are assuming acting positions for more than nine months that is in contravention with the Collective agreement.

Please see below the latest approved organogram:

SCM & Asset Management	Manager: SCM & Contract Management	T15
Demand & Acquisition Management	Senior SCM Practitioner: Demand & Acquisition Management	T11
	Senior Clerk: Procurement	T7
	Senior Clerk: Procurement	T7
Logistics, Compliance & Contract Management	Senior SCM Practitioner: Logistics, Compliance & Contract Management	T11
	Assistant: Inventory Control	T4
	Assistant: Inventory Control	T4
Fleet, Asset & Insurance Management	Accountant: Fleet, Asset & Insurance Management	T12
	Clerk: Assets, Fleet & Insurance	T6

4.2 Declaration of Interest:

- All SCM Practitioners Have declared their interests.

4.3 Code of Conduct for SCM Practitioners:

- All SCM Practitioners have signed the Code of Conduct.

4.4 Training of SCM Personnel:

- Training schedule to be made available.

4. FUNCTIONING OF BID COMMITTEES

- 4.1 All Bid Committees are constituted in line with Clauses 27, 28 and 29 of the SCM Policy of Kannaland Municipality.
- 4.2 All Infrastructure Committees are aligned with the Infrastructure Delivery Management System (IDMS)
- 4.3 Bid Committee Terms of Reference are in place.

5. REPORTING

5.1 Total Bids Awarded

Bids are awarded in terms of Kannaland Municipality's Supply Chain Management Policy.

Total value of bids awarded for the quarter under review:

Bids are awarded in terms of Kannaland Municipality's Supply Chain Management Policy and the preferential points system prescribed in the Preferential Procurement Policy.

Procurement transactions have been processed through the bid committee system and formal written price quotations in excess of R30 000 within the following timeframes:

	2021/22 3 rd Quarter	2021/22 YTD	2020/2021
Bids Processed	2		
Bids processed - Average per Quarter			
Average days from final evaluation to Bid Adjudication Committee	N/A	N/A	N/A
Average days from initiation to Bid Specification Committee	N/A	N/A	N/A
Estimated Value of Awards (Rand)	R 389 562.50		R

A schedule of these awards for the 3rd Quarter of 2021/22 is attached as **Annexure A**.

a) Value of all Awards

The total value of tenders and formal written price quotations in excess of R30 000 awarded by the Supply Chain Management Unit for the 3rd Quarter of 2021/22:

	Operational Amount (Including VAT, where applicable)	Capital Amount (Including VAT, where applicable)	VAT @ 15%	Value of Awards (Including VAT, where applicable) for Q3
Bid Awards	R 389 562.50	R 0	R	R 389 562.50

b) Deviations – Clause 36(1)(a)

Clause 36(1)(a) of Kannaland Municipality's Supply Chain Management Policy allows circumstances for deviations from the procurement processes. Furthermore, the policy requires in Clause 36(2), that the reasons for any deviations from the procurement processes must be recorded and be reported to Council.

Deviations approved by the Accounting Officer or by the delegated officials were motivated in terms of the following categories for applications approved for the 2021/22 year to date is compared to the 2020/2021 financial year as per the following schedule:

SCM Policy	Description	2021/22 3rd Quarter	2021/22 to date	2020/2021
Clause 36(1)(a)(i)	Emergency	15	15	0
Clause 36(1)(a)(ii)	Sole Provider	6	6	0
Clause 36(1)(a)(iii)	Special works of Art	0	0	0
Clause 36(1)(a)(iv)	Animals for zoos	0	0	0
Clause 36(1)(a)(v)	Impractical Impossible	9	9	0
Total		33	33	0

A schedule of Deviations approved in terms of Clauses 36(1)(a) is attached as **Annexure B**.

Value of all Deviations Awarded

The total value of deviations processed via the Supply Chain Management Unit for the 3rd Quarter of 2021/22, are as follows:

	Operational Amount (Excluding VAT, where applicable)	Capital Amount (Excluding VAT, where applicable)	VAT @ 15%	Value of Awards (Including VAT, where applicable) for Q3
Deviations	R1 185 939.36	R0.00	R177 890.90	R 1 363 830.26

c) Minor Breaches

The Supply Chain Management Policy states in Clause 36(1)(b) that the Accounting Officer may consider ratifying any minor breach of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

The Accounting Officer approved one (0) minor breaches of the Supply Chain Management Policy in the 3rd Quarter of the 2021/2022 financial year:

SCMMB #	Date approved	Description
N/A		

d) Objections, Complaints and Appeals

In terms of Clause 49 of the SCM Policy, persons aggrieved by decisions or actions taken in the implementation of the supply chain management system, may lodge a written objection against the decision or action within 10 business days of the decision or action.

These objections must be dealt with and resolved in terms of Clause 50(1) of the SCM Policy. In terms of this, the Accounting Officer has appointed an 'appeals authority' which must strive to resolve all objections within 46 business days of receipt and report to the

Accounting Officer on a monthly basis on the objections received, attended to and resolved in terms of Clause 50(3) of the Policy.

In terms of Section 62 of the Local Government: Municipal Systems Act, No. 32 of 2000, a person whose rights are affected by a decision taken by a staff member of a municipality, may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.

e) Incidences of Non-compliance and Irregular Expenditure

In terms of Section 32(4) of the Local Government: Municipal Finance Management, Act No. 56 of 2003, the Executive Mayor, inter alia, must be made aware of all possible irregular expenditure incurred by the municipality.

A register of all incidences of irregular expenditure identified and currently undergoing investigation will be attached when compiled.

f) Awards above R2000 to spouses, child, parent of a person in service of the state

Section 45 of the Supply Management Policy – Nothing to declare

6. FINANCIAL IMPLICATIONS

Nothing to be reported.

7. STAFF IMPLICATIONS

Nothing to be reported.

8. COMMENTS FROM OTHER DEPARTMENTS, DIVISIONS AND ADMINISTRATIONS

Nothing to be reported.

9. ANNEXURES

Annexure A: Schedule of Awards made through the Bid Committee system and all formal written price quotations in excess of R30 000;

Annexure B: Schedule of Deviations from the procurement processes;

Annexure C: Schedule of disputes, objections, queries, complaints and appeals received

RECOMMENDATION TO THE COUNCIL:

That the activities undertaken, and outcomes achieved in the implementation of the Kannaland Municipality's Supply Chain Management Policy for the 3rd Quarter of 2021/22 **be noted**, including the schedules pertaining to -

- Awards made through the Bid Committee system and all formal written price quotations in excess of R30 000;
- Deviations from the procurement processes;
- Disputes, objections, queries, complaints and appeals received; and
- Irregular Expenditure report will be available for the 3rd Quarter of 2021/2022.

APPENDIX A

FORMAL QUOTATION NO.	NAME OF SUPPLIER	APPOINTED 2021/2022	ADDRESS OF SUPPLIER	NAME OF TENDER	AMOUNT
02/2022	CHLORCAPE (PTY) LTD	2021/2022	POSTNET SUIT 31 MELKBOSSTRAND	SUPPLY AND DELIVERY ULTRA FLOC U3500	R194 062.50
03/2022	PNB CIVILS	2021/2022	13 DORING CRESCENT GROENEWEIDE PARK GEORGE 6531	SUPPLY AND DELIVERY OF BLACK REFUSE BAGS	R195 500.00
					R389 562.50

APPENDIX B

DEVIATIONS REGISTER: JAN 2022 TO MARCH 2022

SUPPLY CHAIN MANAGEMENT: ART 36- SCM REGULATIONS

NOMMER/NUMBER	ORDER NO.	DATUM/DATE	DEPARTEMENT/DEPARTMENT	VERSKAFFER/SUPPLIER	BEDRAG/AMOUNT	REDE/REASON
Jan-22						
8/1/4/R		13/01/2022	FINANCE	LJBM BRAAF TRUST	R 31 331.35	KANNALAND MUNISIPALITEIT ONDERVIND DIE AFGELOPE PAAR JAAR N TE KORT AAN KANTOOR SPASIE. HIERDIE BEHOEFTE HET ONTSTAAN AS GEVOLG VAN DIE FEIT DAT DIE PERSONEEL AANGESTEL MOES WORD OM DIE MUNISIPALITEIT IN STAAT TE STEL OM SY DAAGLIKSE FUNKSIES DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTORE BY MNR ELLIS (MOUNTAIN VIEW B&B) GEHUUR.
8/1/4/R		18/01/2022	TECHNICAL	JOJO FOR WATER FOR LIFE	R 74 635.00	SECTION 27 OF THE CONSTITUTION OF SOUTH AFRICA ADDRESS THE FACT THAT EVERY SOUTH AFRICAN HAS THE RIGHT TO HAVE ACCESS TO SUFFICIENT FOOD AND WATER. THE ACT RECOGNISES THAT THE RIGHT TO ACCESS TO BASIC WATER SUPPLY AND TO BASIC SANITATION SERVICES IS NECESSARY TO ENSURE SUFFICIENT WATER AND AN ENVIRONMENT THAT IS NOT HARMFUL TO HEALTH OR WELLBEING OF PEOPLE. CURRENTLY THE COMMUNITY OF KAROOLAND ZOAR ARE WITHOUT WATER FOR MORE THAN 6 DAYS.
8/1/4/R		28/01/2022	FINANCE	RED ANT METER READING/ LUCRUMSOFT	R 38 640.00	THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.
8/1/4/R		28/01/2022	FINANCE	RED ANT METER READING/ LUCRUMSOFT	R 38 640.00	THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.
					R 183 246.35	

DEVIATIONS REGISTER: JAN 2022 TO MARCH 2022

SUPPLY CHAIN MANAGEMENT: ART 36- SCM REGULATIONS

NOMMER/NUMBER	ORDER NO.	DATUM/DATE	DEPARTEMENT/DEPARTMENT	VERSKAFFER/SUPPLIER	BEDRAG/AMOUNT	REDE/REASON
Feb-22						
8/1/4/R		22/02/2022	MUNICIPAL MANAGER	MAARTEN MEYER PROKUREURS	R 60 983.46	THE URGENCY LIED, THAT AT THE TIME THE MUNICIPALITY WAS INVOLVE IN REVIEW APPLICATION IN THE MATTER BETWEEN KANNALAND MUNICIPALITY AND FRANK VERGOTINE. FURTHER MORE, THERE WAS A PAYMENT REQUEST FROM MR MORNE HOOGBAARD, THAT A SERVICE PROVIDER , WHICH THE PREVIOUS EXECUTIVE MANAGEMENT REFUSED TO PAY (RSK), MUST BE PAID
8/1/4/R		08/02/2022	FINANCE	SA POST OFFICE	R 44 055.00	SAP0 IS CURRENTLY THE SOLE SERVICE PROVIDER FOR THE POSTING OF THE MUNICIPALITY'S MONTHLY SERVICE ACCOUNTS. IN THE EVENT THAT THE SERVICE ACCOUNTS ARE NOT DELIVERED TO THE CONSUMERS, THE MUNICIPALITY CANNOT GENERATE REVENUE FOR SERVICES DELIVERED. DUE TO
8/1/4/R		07/02/2022	FINANCE	LJBM BRAAF TRUST	R 30 751.63	KANNALAND MUNISIPALITEIT ONDERVIND DIE AFGELOPE PAAR JAAR N TE KORT AAN KANTOOR SPASIE. HIERDIE BEHOEFTE HET ONTSTAAN AS GEVOLG VAN DIE FEIT DAT DIE PERSONEEL AANGESTEL MOES WORD OM DIE MUNISIPALITEIT IN STAAT TE STEL OM SY DAAGLIKSE FUNKSIES DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTORE BY MNR ELLIS (MOUNTAIN VIEW B&B) GEHUUR.
8/1/4/R		09/12/2021	MUNICIPAL MANAGER	MEDIA 24 BEPERK	R 30 439.35	THE ITEM FOR THE ADVERTISEMENT OF VACANT POST OF MUNICIPAL MANAGER SERVED AT COUNCIL ON 01 DECEMBER 2021, COUNCIL TOOK A DECISION TO ADVERTISE THE POST, IN LINE LINE WITH THE REGULATION ON THE APPOINTMENT AND CONDITIONS OF SENIOR MANAGERS,2014.
8/1/4/R		09/12/2021	MUNICIPAL MANAGER	ROY STEELE AND ASSOCIATES	R 45 000.00	THE ITEM FOR THE ADVERTISEMENT OF VACANT POST OF MUNICIPAL MANAGER SERVED AT COUNCIL ON 01 DECEMBER 2021, COUNCIL TOOK A DECISION TO ADVERTISE THE POST, IN LINE LINE WITH THE REGULATION ON THE APPOINTMENT AND CONDITIONS OF SENIOR MANAGERS,2014.
8/1/4/R		25/11/2021	COUNCIL	SANITECH	R 57 477.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROPLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
8/1/4/R		25/11/2021	COUNCIL	SANITECH	R 57 477.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROPLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
R					326 183.44	

DEVIATIONS REGISTER: JAN 2022 TO MARCH 2022

SUPPLY CHAIN MANAGEMENT: ART 36- SCM REGULATIONS

NOMMER/NUMBER	ORDER NO.	DATUM/DATE	DEPARTEMENT/DEPARTMENT	VERSKAFFER/SUPPLIER	BEDRAG/AMOUNT	REDE/REASON
				22-Mar		
8/1/4/R		09/12/2021	MUNICIPAL MANAGER	MEDIA 24 BEPERK	R 30 439.35	THE ITEM FOR THE ADVERTISEMENT OF VACANT POST OF MUNICIPAL MANAGER SERVED AT COUNCIL ON 01 DECEMBER 2021, COUNCIL TOOK A DECISION TO ADVERTISE THE POST, IN LINE LINE WITH THE REGULATION ON THE APPOINTMENT AND CONDITIONS OF SENIOR MANAGERS,2014.
8/1/4/R		09/12/2021	MUNICIPAL MANAGER	ROY STEELE AND ASSOCIATES	R 45 000.00	THE ITEM FOR THE ADVERTISEMENT OF VACANT POST OF MUNICIPAL MANAGER SERVED AT COUNCIL ON 01 DECEMBER 2021, COUNCIL TOOK A DECISION TO ADVERTISE THE POST, IN LINE LINE WITH THE REGULATION ON THE APPOINTMENT AND CONDITIONS OF SENIOR MANAGERS,2014.
8/1/4/R		25/11/2021	COUNCIL	SANITECH	R 57 477.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROPLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
8/1/4/R		25/11/2021	COUNCIL	SANITECH	R 57 477.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROPLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
8/1/4/R		18/08/2021	FINANCE	ICT WIZE GROUP PTY LTD	R 28 319.00	PC CONNECTIONS WAS APPOINTED TO DO NETWORK RELATED SETUP TO AND FROM KANNALAND. HIS SERVICE MAKE IT POSSIBLE FOR OFFICIALS SITTING IN REMOTE AREAS OF KANNALND TO WORK DIRECTLY ON YHE SERVERS SITUATED AT THE DIFFERENT BUILDING AND TOWNS.
8/1/4/R		02/11/2021	FINANCE	ICT WIZE GROUP PTY LTD	R 28 319.00	PC CONNECTIONS WAS APPOINTED TO DO NETWORK RELATED SETUP TO AND FROM KANNALAND. HIS SERVICE MAKE IT POSSIBLE FOR OFFICIALS SITTING IN REMOTE AREAS OF KANNALND TO WORK DIRECTLY ON YHE SERVERS SITUATED AT THE DIFFERENT BUILDING AND TOWNS.
8/1/4/R		13/09/2021	FINANCE	RED ANT METER READING/LUCRUMSOFT	R 38 640.00	THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.
8/1/4/R		30/07/2021	FINANCE	ICT WIZE GROUP PTY LTD	R 28 319.00	PC CONNECTIONS WAS APPOINTED TO DO NETWORK RELATED SETUP TO AND FROM KANNALAND. HIS SERVICE MAKE IT POSSIBLE FOR OFFICIALS SITTING IN REMOTE AREAS OF KANNALND TO WORK DIRECTLY ON YHE SERVERS SITUATED AT THE DIFFERENT BUILDING AND TOWNS.
8/1/4/R		05/08/2021	TECHNICAL	GAURDRISK	R 5 000.00	THE SHORT-TERM INSURANCE BROKER CONTRACT WITH AON EXPIRES ON 30 JUNE 2021. THE SPECIFICATIONS FOR TENDER WERE SUBMITTED IN THE FIRST WEEK OF MAY 2021. THE TENDER WAS ADVERTISED ALREADY AND ONLY CLOSES THE 9TH OF JULY, FROM WHERE IT WILL GO FOR EVALUATION. THIS PROCESS SHOULD BE CONCLUDED BY THE END OF SEPTEMBER 2021, BUT WE CANNOT AFFORD TO NOT HAVE INSURANCE COVER FOR THE MENTIONED TERM.
8/1/4/R		02/03/2022	FINANCE	LJBM BRAAF TRUST	R 29 901.49	KANNALAND MUNISIPALITEIT ONDERVIND DIE AFGELOPE PAAR JAAR N TE KORT AAN KANTOOR SPASIE. HIERDIE BEHOEFTE HET ONTSTAAN AS GEVOLG VAN DIE FEIT DAT DIE PERSONEEL AANGESTEL MOES WORD OM DIE MUNISIPALITEIT IN STAAT TE STEL OM SY DAAGLIKSE FUNKSIES DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTORE BY MNR ELLIS (MOUNTAIN VIEW B&B) GEHUUR.

DEVIATIONS REGISTER: JAN 2022 TO MARCH 2022

SUPPLY CHAIN MANAGEMENT: ART 36- SCM REGULATIONS

NOMMER/NUMBER	ORDER NO.	DATUM/DATE	DEPARTEMENT/DEPARTMENT	VERSKAFFER/SUPPLIER	BEDRAG/AMOUNT	REDE/REASON
				22-Mar		
8/1/4/R		03/03/2022	COUNCIL	ICT WIZE GROUP PTY LTD	R 28 319.00	PC CONNECTIONS WAS APPOINTED TO DO NETWORK RELATED SETUP TO AND FROM KANNALAND. HIS SERVICE MAKE IT POSSIBLE FOR OFFICIALS SITTING IN REMOTE AREAS OF KANNALND TO WORK DIRECTLY ON YHE SERVERS SITUATED AT THE DIFFERENT BUILDING AND TOWNS.
8/1/4/R		04/03/2022	FINANCE	SA POST OFFICE	R 43 985.58	SAP0 IS CURRENTLY THE SOLE SERVICE PROVIDER FOR THE POSTING OF THE MUNICIPALITY'S MONTHLY SERVICE ACCOUNTS. IN THE EVENT THAT THE SERVICE ACCOUNTS ARE NOT DELIVERED TO THE CONSUMERS, THE MUNICIPALITY CANNOTGENERATE REVENUE FOR SERVICE DELIVERED.
8/1/4/R		04/03/2022	COUNCIL	MACGREGOR ERASMUS ATTORNEYS	R 82 842.55	EMERGENCY PROCUREMENT/ EXCEPTIONAL CASE AND IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES; APPOINTMENT OF AN LEGAL PROFESSIONAL/ FIRM TO OPPOSE, LITIGATE AND DEFEND, THE URGENT APPLICATION WHICH WAS LAUNCHED BY THE 100SA COUNCILLORS, AFTER A MOTION OF NO COINFIDENCE WAS SUCCESSFULLY MOVED AT A COUNCIL MEETING HELD ON THE 19TH JANUARY 2022
8/1/4/R		07/03/2022	MUNICIPAL MANAGER	SANITECH	R 56 557.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROBLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL. IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
8/1/4/R		08/03/2022	MUNICIPAL MANAGER	SANITECH	R 56 557.00	THE PROVISION OF CHEMICAL TOILETS (SANITATION FACILITIES) IN THE INFORMAL SETTLEMENTS ARE A BASIC RIGHT. IN THESE SERVICE ARE NOT PROVIDE THIS COULD LEAD TO THE FOLLOWING SOCIAL AS WELL AS HEALTH RELATE PROBLEMS. THE SPREAD OF DISEASES LIKE DIARRHOEA, CHOLERA AND COVID-19. PEOPLE MISS WORK AND ARE NOT PRODUCTIVE. CHILDREN DROP OUT OF SCHOOL. IF THERE ARE NO TOILET FACILITIES. WOMEN ARE AT RISK OF BEING RAPED OR KILL IF THEY ARE FORCED TO USE OPEN SPACES.CURRENTLY THE MUNICIPALITY HAS 4 INFORMAL SETTLEMENTS AND NON OF THESE ARE INFORMAL SETTLEMENT HAS PROPER WATER AND SANITATION FACILITIES.
8/1/4/R		11/03/2022	FINANCE	RED ANT METER READING/LUCRUMSOFT	R 38 640.00	THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.
8/1/4/R		15/03/2022	ADMIN	TELKOM SA LTD	R 80 000.00	THE ORIGINAL AGREEMENTS WITH THE SERVICE PROVIDER TO PROVIDE TELECOMMUNICATION SERVICES HASE LAPSED AND THUS RESULTED IN THE MUNICIPALITY HAVING TO START THE PROCUREMENT PROCESS FOR THE APPOINTMENT OF NEW SERVICE PROVIDER ON A LONG TERM BASIS.
8/1/4/R		15/03/2022	FINANCE	TELKOM SA LTD	R 28 105.10	THE ORIGINAL AGREEMENTS WITH THE SERVICE PROVIDER TO PROVIDE TELECOMMUNICATION SERVICES HASE LAPSED AND THUS RESULTED IN THE MUNICIPALITY HAVING TO START THE PROCUREMENT PROCESS FOR THE APPOINTMENT OF NEW SERVICE PROVIDER ON A LONG TERM BASIS.
8/1/4/R		18/03/2022	COUNCIL	BOQWANA BURNS	R 370 888.89	EMERGENCY PROCUREMENT/ EXCEPTIONAL CASE AND IT IS IMPRACTICAL OR IMPOSSIBLE TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES; APPOINTMENT OF AN LEGAL PROFESSIONAL/ FIRM TO ASSIST THE MUNICIPALITY IN GENERAL LITIGATION, LEGAL ADVICE AND ASSISTANCE
8/1/4/R		23/03/2022	TECHNICAL	JIRAH CONSTRUCTION CC	R 26 400.00	THE PUMPS AT THE ZOAR PUMP STATION RESPONSIBLE FOR WASTEWATER BROKE AT AROUND 08 JANUARY 2022 AND 13 JANUARY 2022. THE EMERGENCY POND USED FOR THIS PURPOSE GOT TO FULL CAPACITY ON BOTH DATES, RESULTING IN AN OVERFLOW OF SEWAGE INTO THE ENVIRONMENT.
8/1/4/R		28/03/2022	FINANCE	KONICA MINOLTA SOUTH AFRICA	R 34 814.31	THE AGREEMENTS WITH THE SERVICES PROVIDERS TO PROVIDE, INSTALL AND MAINTAIN THE CURRENT MEDIUM VOLUME MULTIFUNCTION COPIERS AT THE MUNICIPALITY ON A RENTAL BASIS HAS LAPSED AND THUS RESULTED IN THE MUNICIPALITY STARTING THE PROCUREMENT PROCESS FOR THE APPOINTMENT OF A NEW SERVICE PROVIDER ON A 36 MONTHS CONTRACTS.
8/1/4/R		31/03/2022	FINANCE	LJBM BRAAF TRUST	R 31 053.14	KANNALAND MUNISIPALITEIT ONDERVIND DIE AFGELOPE PAAR JAAR N TE KORT AAN KANTOOR SPASIE. HIERDIE BEHOEFTE HET ONTSTAAN AS GEVOLG VAN DIE FEIT DAT DIE PERSONEEL AANGESTEL MOES WORD OM DIE MUNICISIPALITEIT IN STAAT TE STEL OM SY DAAGLIKSE FUNKSIES DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTORE BY MNR ELLIS (MOUNTAIN VIEW B&B) GEHUUR.
8/1/4/R		30/03/2022	FINANCE	TELKOM SA LTD	R 108 456.85	THE ORIGINAL AGREEMENTS WITH THE SERVICE PROVIDER TO PROVIDE TELECOMMUNICATION SERVICES HASE LAPSED AND THUS RESULTED IN THE MUNICIPALITY HAVING TO START THE PROCUREMENT PROCESS FOR THE APPOINTMENT OF NEW SERVICE PROVIDER ON A LONG TERM BASIS.
8/1/4/R		28/03/2022	COUNCIL	ICT WIZE GROUP PTY LTD	R 28 319.00	PC CONNECTIONS WAS APPOINTED TO DO NETWORK RELATED SETUP TO AND FROM KANNALAND. HIS SERVICE MAKE IT POSSIBLE FOR OFFICIALS SITTING IN REMOTE AREAS OF KANNALND TO WORK DIRECTLY ON YHE SERVERS SITUATED AT THE DIFFERENT BUILDING AND TOWNS.
				R	1 363 830.26	

APPENDIX C

(There were no disputes, objections, queries, complaints, and appeals received)

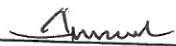
APPENDIX C – COST CONTAINMENT MEASURES IMPLEMENTATION

ANNEXURE D: Total Cost Savings Disclosure in the In-Year and Annual Report						Quarter 3
Cost Containment In -Year Report						
Measures	Budget	Q1	Q2	Q3	Q4	Savings / (Exceed)
	R'000	R'000	R'000	R'000	R'000	R'000
Use of consultants	R 12 596 790.00	R 2 437 391.98	R 2 734 385.77	R 533 114.51	R -	R 6 891 897.74
Vehicles used for political office-bearers	R -	R -	R -	R -	R -	R -
Travel and subsistence	R 441 780.00	R 95 782.38	R 87 323.57	R 159 283.45	R -	R 99 390.60
Domestic accommodation	R 352 800.00	R 53 558.77	R 78 156.54	R 83 043.14	R -	R 138 041.55
Sponsorships, events and catering	R 182 494.00	R 21 402.61	R 9 911.08	R 7 158.98	R -	R 144 021.33
Communication	R 196 950.00	R 10 259.57	R 23 908.00	R 36 709.00	R -	R 126 073.43
Other related expenditure items	R 6 730 661.00	R 2 089 706.04	R 2 207 818.75	R 2 363 997.94	R -	R 69 138.27
Total	R20 501 475.00	R4 708 101.35	R 5 141 503.71	R 3 183 307.02	R -	R 7 468 562.92

Cost Containment Annual Report			
Cost Containment Measure	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	R 12 596 790.00	R 5 704 892.26	R 6 891 897.74
Vehicles used for political office-bearers	R -	R -	R -
Travel and subsistence	R 441 780.00	R 342 389.40	R 99 390.60
Domestic accommodation	R 352 800.00	R 214 758.45	R 138 041.55
Sponsorships, events and catering	R 182 494.00	R 38 472.67	R 144 021.33
Communication	R 196 950.00	R 70 876.57	R 126 073.43
Other related expenditure items	R 6 730 661.00	R 6 661 522.73	R 69 138.27
Total	R 20 501 475.00	R 13 032 912.08	R 7 468 562.92

APPENDIX D – QUARTERLY WITHDRAWALS_Q3

PROVINCIAL TREASURY
Withdrawals from Municipal Bank Accounts
In accordance with Section 11, Sub-section 1 (b) to (j)

NAME OF MUNICIPALITY:		KANNALAND MUNICIPALITY	
MUNICIPAL DEMARCATION CODE:		WC041	
QUARTER ENDED:		Mar-22	
<p>MFMA section 11. (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i>, or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -</p> <p>(b) to defray expenditure authorised in terms of section 26(4);</p> <p>(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);</p> <p>(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;</p> <p>(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -</p> <p>(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or</p> <p>(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;</p> <p>(f) to refund money incorrectly paid into a bank account;</p> <p>(g) to refund guarantees, sureties and <i>security</i> deposits;</p> <p>(h) for cash management and <i>investment</i> purposes in accordance with section 13;</p> <p>(i) to defray increased expenditure in terms of section 31; or</p> <p>(j) for such other purposes as may be <i>prescribed</i>.</p> <p>(4) The <i>accounting officer</i> must within 30 days after the end of each <i>quarter</i> -</p> <p>(a) table in the <i>municipal council</i> a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that <i>quarter</i>; and</p> <p>(b) submit a copy of the report to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i>.</p>	Amount	Reason for withdrawal	
	R 0,00		
	R 0,00		
	R 0,00		
	R 1,838,686,20	Motor Registration and RTMC transaction fees	
	R 0,00		
	R 0,00		
	R 0,00		
	R 0,00		
	R 0,00		
	R 0,00		
	R 0,00		
<p>(a) table in the <i>municipal council</i> a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that <i>quarter</i>; and</p> <p>(b) submit a copy of the report to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i>.</p>		Name and Surname: G Groenewald	
		Rank/Position: CFO	
		Signature: 	
Tel number	Fax number	Email Address	
(028) 551 8000	(028) 551 1766	malungisa@kannaland.gov.za	

The completed form must reach Mr Wesley Baatjies at the Provincial Treasury, Private Bag x 9165, 7 Wale Street, Cape Town, 8000, Tel: 021 483 5007, Fax 021 483 8623, Email: wbaatjie@pgwc.gov.za on or before the 15th of the month following the end of each quarter.

137,448,00

1,701,238,20

1,838,686,20

1,727,592,87

111,093,33

7,632,00	RT/1049/12/02	103,461,33	LIC/1049/12/02
936,00	RT/1049/01/02	5,561,83	LIC/1049/01/02
19,800,00	RT/1049/01/03	266,634,78	LIC/1049/01/03
17,352,00	RT/1049/01/04	274,654,64	LIC/1049/01/04
8,784,00	RT/1049/01/05	53,890,22	LIC/1049/01/05
3,312,00	RT/1049/01/06	24,873,57	LIC/1049/01/06
9,144,00	RT/1049/02/01	91,877,52	LIC/1049/02/01
9,144,00	RT/1049/02/02	98,450,85	LIC/1049/02/02
8,208,00	RT/1049/02/03	139,091,81	LIC/1049/02/03
9,072,00	RT/1049/02/04	77,734,44	LIC/1049/02/04
3,024,00	RT/1049/02/05	16,974,31	LIC/1049/02/05
9,864,00	RT/1049/03/01	129,027,66	LIC/1049/03/01
9,288,00	RT/1049/03/02	100,839,67	LIC/1049/03/02
11,952,00	RT/1049/03/03	232,238,69	LIC/1049/03/03
5,184,00	RT/1049/03/04	57,355,16	LIC/1049/03/04
4,752,00	RT/1049/03/05	28,571,72	LIC/1049/03/05

[illegible]


The Accounting Officer must include information motivating the non-budgetted withdrawals, action taken to rectify the breach and identify how funding will be sourced through an Adjustments Budget. This motivation can be an additional report to council or incorporated into the table above by inserting additional space. This report must be tabled in Council within 30 days after the end of each month.

1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 30 June;
2. Section 11(b) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);
3. Section 11(d) - Payments from a trust charitable or relief fund.

4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including:
 - (i) money collected by the municipality on behalf of that person or organ of state by agreement; or
 - (ii) any insurance or other payments received by the municipality for that person or organ of state;
 5. Section 11(f) - Refund money incorrectly paid into a bank account;
 6. Section 11(g) - Refund guarantees, sureties and security deposits;
 7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;
 8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;
 9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.
- Distribution:**

Distribution:

1. Table this report in a full council meeting, including additional motivation on action taken to rectify, within 30 days after the end of each quarter (section 11(4))
2. Submit a copy to the relevant National Treasury, provincial treasury and the Auditor-General


 G. J. Cincinovic
 13-04-2022

APPENDIX E – MFMI PRIORITIES RETURN

APPENDIX B

NATIONAL TREASURY QUARTERLY MFMA IMPLEMENTATION AND MONITORING CHECKLIST IMPLEMENTATION PRIORITIES

1. Change Muncde to your own municipal code (e.g.: GT411), Year End (ccyy) to Financial Year End (e.g.: 2007 for year 2006/2007 and Quarter (Qn) to Quarter End (e.g.: Q1 for Quarter 1)
2. Enter Date if No to response (ccyy/mm/dd)
3. To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S
4. In-built macro will save file as: Muncde_MFM1_ccyy_Qn.xls (e.g. GT411_MFM1_2006_Q1.xls)
5. E-mail completed returns to: lgdatabase@treasury.gov.za



MunCde	Municipality Name	Financial Year End	Quarter
WC041	Kannaland	2022	Q3 Jan-Mar
Ref	Question	Council Use Only	
		Response	Date (if applicable)
1 PREPARING AN IMPLEMENTATION PLAN			
<p>All municipalities are required to prepare an MFMA implementation plan that focuses on what the municipality intends to implement and achieve over the next few years. The plan should contain a list of activities together with target (and actual) dates, with provision to show ongoing (possibly monthly) progress with comments and a responsible councillor / official for each activity.</p> <p>A copy of the MFMA Implementation Plan (Circular 7) must be submitted to the National Treasury by October each year as well as each time it is updated. Note that the MFMA Implementation Plan should include implementation issues to align implementation with amendments to the Municipal Systems Act.</p>			
1.1	Is an MFMA implementation plan prepared that contains realistic and achievable activities together with target dates, responsible councillors or officials and provision to record ongoing progress to meet targeted implementation? (If not, please download the implementation plan template from the NT website).	Yes	
2 ALLOCATING APPROPRIATE RESPONSIBILITIES UNDER THE MFMA TO THE ACCOUNTING OFFICER			
<p>The accounting officer of the municipality (municipal manager) must take on the responsibilities assigned to the position under the MFMA. A full list of these responsibilities is provided in Chapter 8 of the MFMA and throughout the legislation.</p>			
2.1	Has council appointed a person to assume the duties of the municipal manager?	Yes	Acting MM
2.2	Has a report to the current council been tabled that creates an awareness of the roles and responsibilities of the municipal manager as the accounting officer of the municipality who must exercise the powers and functions of this position in terms of the MFMA, and to provide guidance and advice to council and officials? (s 60).	Yes	
2.3	Are the appropriate systems in place to allow the municipal manager to take responsibility for managing the financial administration of the municipality to ensure compliance with the MFMA. (s 62)	Yes	
2.4	Are the appropriate systems in place to allow the municipal manager to take full responsibility for managing the municipality's assets, liabilities, revenue and expenditure? (s 63, s 64, s 65)	No	2022/06/30 Expenditure sub-system not in full use
2.5	Does the municipal manager ensure that expenditure on staff benefits is reported to council on a regular basis? (s 66) If so, how often is this expenditure reported ie: monthly, quarterly, six-monthly, annually or other?	Qrt	
2.6	Does the municipal manager assist the mayor in carrying out his or her responsibilities under the MFMA? (s 68)	Yes	
2.7	Is the municipal manager provided with the appropriate autonomy and flexibility to implement the budget? (s 69)	Yes	
3 ESTABLISHING A TOP (SENIOR) MANAGEMENT			
<p>The municipal manager is required to formally establish and maintain a top management team, to include all those senior managers who are responsible for a vote or the budget of a vote. Detail of top management is provided in section 77 of the MFMA. All councils should comply with the provisions of the Municipal Systems Act (as amended) and its regulations in relation to annual staff performance agreements.</p>			
3.1	Has council appointed a person to assume the duties of the Chief Financial Officer (CFO)? (s 77, 80, 81)	Yes	
3.2	Has council appointed persons to assume the duties of other senior managers ie: to form top (or senior) management, with appropriate responsibilities and delegations? (s 77, 78)	Yes	
3.3	Is the CFO able to effectively assist the municipal manager in carrying out his or her duties with respect to financial management generally, in providing financial advice to senior managers and undertaking specific financial management duties? (s 81)	Yes	
3.4	Are other senior managers able to exercise the appropriate financial management responsibilities as required by legislation? (s 78)	Yes	
3.5	Does an appropriate system of delegations exist, that maximises administrative and operational efficiency and provides adequate checks and balances in financial administration within the municipality, within the confines of the MFMA in terms of limits to delegations? (s 79)	Yes	2022/06/30 To be updated and aligned with policies
3.6	Has a report to the current council been tabled that creates an awareness of and endorses the roles and responsibilities of the top (or senior) management team within the municipality? (s 77)	Yes	
3.7	Does council comply with the provisions of the MFMA and the Municipal Systems Act (as amended) and its regulations in relation to the establishment and review of annual staff performance agreements? (MFMA s 53 and Municipal Systems Act s 57)	Yes	

4 IMPLEMENTING APPROPRIATE CONTROLS OVER MUNICIPAL BANK ACCOUNTS AND CASH MANAGEMENT

Municipalities must establish controls over their bank accounts, cash management and investments. Further details of these requirements are provided in Chapter 3 of the MFMA.

4.1	Does the municipality maintain at least one bank account, designated the primary bank account which receives all allocations (including those for a municipal entity), income from investments and money collected by an entity on behalf of the municipality? (s 8)	Yes	
4.2	During the quarter under review has there been any changes to the details of the primary bank account of the municipality and were such changes reported to the National Treasury and Auditor-General? (s 8(5))	No changes	
4.3	During the quarter under review did the municipality open any new bank accounts and were these reported to the Provincial Treasury and Auditor-General? (s 9)	No changes	
4.4	Does the municipal manager administer all bank accounts and is the municipal manager accountable to council for this? (s 10)	Yes	
4.5	Is an appropriate system of delegation in place in instances where the municipal manager has delegated the administration of a bank account to another officer (or the CFO)? Note limitation on delegations with respect to enforcement of sections 7, 8 and 11 that may only be delegated to the CFO (s 10).	Yes	

5 MEETING OF FINANCIAL COMMITMENTS

Municipal managers must ensure that they take the appropriate steps to implement effective systems of expenditure control, and meet their financial commitments to other parties promptly and in accordance with the Act.

5.1	Does the municipality operate and maintain an effective system of expenditure control that includes procedures for approval, authorisation, withdrawal and payment of all funds? (s 65(2)(a))	No	2022/05/31
5.2	Is the municipal manager able to confirm that all moneys owing by the municipality are paid within 30 days of receiving the relevant invoice or statement? (s 65(2)(e))	No	2022/06/30
5.3	Does the municipality promptly meet all financial commitments toward other municipalities, national and provincial organs of state? (s 37(1)(c))	No	2022/06/30
5.4	Is the municipality currently party to any formal dispute concerning non-payment of monies owing between the municipality and another organ of state? (s 65(2)(g)). Note: formal disputes between organs of state are discussed in s 44 and Circular 21.	No	

6 REPORTING REVENUE AND EXPENDITURE

Municipal managers must take steps to put systems in place that ensure that they report on the implementation of the current budget by submitting monthly reports to the mayor and quarterly reports to the council on revenue collected and total spending. Further detail on reporting is contained in sections 71 and 72 of the MFMA.

The municipality must monthly report on the implementation of the current budget to the National Treasury and to the relevant Provincial Treasury.

6.1	Has the municipal manager submitted monthly budget statements to the mayor, National Treasury and the Provincial Treasury for each of the months of this quarter? (s 71)	Yes	
6.2	Has the municipal manager submitted a quarterly budget statement to council, reflecting expenditure incurred and income collected? (s 71)	Yes	

7 SUPPLY CHAIN MANAGEMENT (SCM)

All municipalities must adopt and implement a supply chain management (SCM) policy in accordance with the Municipal Supply Chain Management Regulations and consistent with the "model policy" provided in MFMA Circular No 22.

7.1	Has council adopted a supply chain management policy that complies with the Supply Chain Management Regulations? (SCM Regulations 2 & 3, Circular No 22) ?	Yes	
7.2	Has council delegated SCM powers and duties to the municipal manager as required in SCM Regulation 4?	Yes	
7.3	Does the municipal manager report at least quarterly to the mayor and at least annually to council on implementation of the supply chain management policy? (SCM Regulation 6)	Yes	
7.4	Has the municipal manager submitted monthly reports on contracts awarded above R100 000 to National Treasury for each of the months of this quarter? (Circular No 34)	Yes	
7.5	If a tender other than one recommended in the normal course of implementing the SCM policy was approved during this quarter, has the municipal manager reported the approval of tenders not recommended and the reasons for deviating from such recommendation to the National Treasury, provincial treasury and Auditor-General? (s 114)	No s 114 instances	
7.6	If there has been any deviation from or breach of the SCM policy during this quarter, has the municipal manager reported the reasons for such deviation from or ratification of minor breaches of procurement processes to council during this quarter? (SCM Regulations 36)	Yes	

8 IMPLEMENTING REFORMS IN RELATION TO MUNICIPAL ENTITIES AND LONG-TERM CONTRACTS			
Municipalities must ensure compliance with the MFMA and Municipal Systems Act (as amended) where relevant, for any new undertaking relating to a municipal entity, Public-Private Partnership (PPP), long-term contract (LTC) or any borrowings.			
8.1	Has the municipal manager submitted to the National Treasury the Municipal Entity Return Form, for this quarter? (See "Municipal Entity Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	
8.2	Has the municipal manager submitted to the National Treasury the Long Term Contract Return Form, for this quarter? (See "Long Term Contract Return Form" under National Treasury Return Forms on website www.treasury.gov.za/mfma).	Yes	
9 COMPLETING FINANCIAL STATEMENTS AND ADVISING NATIONAL TREASURY			
The municipal manager must ensure that financial statements are promptly prepared and submitted to the Auditor-General for audit by 31 August each year. In the case of a parent municipality, the municipal manager must ensure that consolidated financial statements (including all municipal entities) are promptly prepared and submitted to the Auditor-General by 30 September each year (s 126). Also refer MFMA Circular No. 36.			
9.1	Have the 2020/2021 annual financial statements of the municipality been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	Yes	2021/09/30
9.2	Have the 2020/2021 annual financial statements of the municipality been prepared in compliance with the prescribed accounting framework? > If Yes also indicate in the space provided for date the format (framework) of the annual financial statements.	Yes	GRAP
9.3	In the case of a parent municipality, have the consolidated 2020/2021 annual financial statements of the municipality and all its entities been prepared and submitted to the Auditor-General for audit? >If Yes, provide actual date submitted in the space provided for date.	No entities	
9.4	If the accounting officer did not submit either the 2020/2021 annual financial statements and/or the 2020/2021 consolidated annual financial statements (including all municipal entities) to the Auditor-General for audit on time,	No	
	(a) did the mayor table a written explanation in council setting out the reasons for the failure and (b) did the municipal council investigate the matter and take the appropriate steps as required by section 133(1)(c)	3. Yes to both (a) & (b)	
10 COMPLETING AND TABLING ANNUAL REPORT			
The municipal manager must ensure that the annual report of the municipality and the annual reports of all of its municipal entity(s) have been tabled in council by 31 January each year. Refer NT Circulars No 11 and 18.			
10.1	Are the appropriate management systems in place to ensure that the annual report of the municipality and the annual reports of all its municipal entity(s) will be tabled in council by 31 January each year? (s 121 & 127)	No	2022/05/31 Audit not be completed in time
10.2	Have the 2019/2020 annual report of the municipality and the 2019/2020 annual reports of all of its entities been tabled in council by 31 January?	No	Has subsequently been tabled
11 COMPLYING WITH PROVISIONS FOR TENDER COMMITTEES, BOARDS OF MUNICIPAL ENTITIES AND IN RELATION TO FORBIDDEN ACTIVITIES			
Municipalities must ensure that there is no councillor that serves on a bid or tender committee or on any board of an entity. Municipalities must also ensure that the composition of all boards of entities comply with the Municipal Systems Act (as amended). Boards of an entity should consist of at least one-third non-executive directors and a non-executive chairperson.			
Municipalities must also ensure that councillors do not engage in any forbidden activities prohibited under section 164 of the MFMA. Refer MFMA Circular No 8 - Forbidden loans - Oct 2004.			
11.1	Does council comply with s 117 which precludes councillors from serving on a bid or tender committee? (s 117)	Yes	
11.2	Does council comply with s 118 which precludes undue interference from any person in relation to the municipal tender process? (s 118)	Yes	
11.3	Does council comply with s 93F of the amended Municipal Systems Act which precludes any councillor of any municipality or official of the municipality, or member of the National Assembly or a provincial legislature or permanent delegate to the NCOP from serving on boards of a municipal entity? (Municipal Systems Act, as amended s 93F)	NA	
11.4	Does council comply with s 103 which precludes improper interference by any councillor in relation to the financial affairs or responsibilities of the board of directors of a municipal entity? (s 103)	NA	
11.5	Does council comply with s 164 which precludes loans to councillors or officials of the municipality, directors or officials of a municipal entity or members of the public? (s 164)	Yes	
12 COMPLYING WITH PROVISIONS FOR INTERNAL AUDIT AND AUDIT COMMITTEES			
The municipality and each of its municipal entity(s) must have an internal audit unit and an audit committee. (Refer s165 and 166).			
12.1	Does the municipality have an internal audit (IA) unit (s 165) and indicate whether the function is in-house or outsourced or shared?	Yes	In-house
12.2	Does each of the municipality's entity(s) have an internal audit unit? (s 165)	Municipality has no entities	
12.3	Does the municipality have an audit committee (AC)? (s 166) > If Yes, indicate in the space provided for date whether the function is shared	No	2022/05/31

13 COMPLYING WITH PROVISIONS FOR BUDGETS

The municipality may only incur expenditure in terms of an approved budget and within the limits of the amounts appropriated for the different votes in its approved budget. (s15). When a municipality revises an approved annual budget it may do so only through an adjustments budget and within the framework as set-out in s 28.

13.1	Did the municipality revise its approved annual budget? > If Yes, indicate the number of adjustments budget(s) tabled in council to date in the space provided for date.	No	2022/02/28	
13.2	If the municipality revised its approved annual budget, were the Service Delivery and Budget Implementation Plan (SDBIP) and performance agreements of the municipal manager and all senior managers (section 57 (Systems Act)) accordingly amended?	No Adjustments		

14 INFORMATION TO BE PLACED ON WEBSITE OF MUNICIPALITY

The municipal manager must ensure that the documents set out in s75 are placed on the website (refer s 21A of the Systems Act) of the municipality.

14.1	Does the municipality have a website?	1. Yes		
14.1.1	If Yes in 14.1 or share district website or other website arrangement, provide the website address in the space provided.	www.kannaland.gov.za		
14.2	Is all the information as set-out in s75 displayed on the municipality's / shared district website?	No	2022/05/31	

Other Comments:

Due to the instability in leadership MFMA implementation has been hampered.

Internal audit function has subsequently been established and will contribute to compliance with sections 62,63,64 & 65 of the MFMA.

FOR COUNCIL USE ONLY**Prepared by: (CFO, or other)**

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APPENDIX F – SDBIP_Q3