

REPORT TO: BUDGET STEERING COMMITTEE

File ref (9/1/2/3)

Collaborator/Item no (BSG 5.1)

Date: 12 JANUARY 2017

SUBJECT: PROCURED GOODS REPORT FOR THE MONTH OF JANUARY 2017

**REPORT DATED 10 FEBRUARY 2017 FROM THE CHIEF FINANCIAL OFFICER TO
BUDGET STEERING COMMITTEE**

PURPOSE

To inform the Council to note all the goods and services that have been procured for the month of January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003
Approved Supply Chain Management Policy
Supply Chain Management Regulations

STATUTORY AUTHORITY

Chapter 11 of the MFMA No. 56 of 2003

BACKGROUND AND REASONING

Request for Quotations were called for from prospective service providers for procurement less than R30 000-00 and for procurement above R30 000-00 were advertised on the notice board and website and they met the municipal needs and specifications and therefore were considered and approved.

A credible supplier database is in place and procurement is done with suppliers registered on Makana Database and will also be done with suppliers registered on Centralised Supplier Database (CSD) as from 1st of February 2017 as required by Treasury. Training was conducted by Treasury during the supplier day on the 27th of January 2017 which was a success and suppliers requested a Full day supplier day with CIDB, SARS, CSD and other stakeholders. Supply Chain is liaising with LED to co-ordinate this even and invitations will be sent out beginning of February. Event will be at the end of February or beginning of March depending on availability of stakeholders.

To ensure Local Economic Development, quotations are first requested from Makana Service providers. However, the municipality finds it difficult to award to Makana Suppliers due to the following:

- Some Makana Suppliers charge huge mark up as compared to other suppliers.
- Some Makana Suppliers also include huge delivery costs
- Some Makana Suppliers refuse to do business with the municipality as the municipality is unable to pay them within 30 days upon receipt of valid invoice

Above the mentioned challenges, the major challenge is that the local suppliers are mostly trading in Construction which they have challenges in meeting most requirements for tender specification then end up not getting the jobs. Others are only concentrating on same commodities (e.g. catering) and when request for quotations (RFQs) are out for other commodities that don't even submit their quotations and external suppliers submit and get the jobs. In some cases, even external suppliers do not submit enough number of quotations and we end up requesting CFO to approve the awards even if three quotations are not received as required as per SCM regulation 17(c) which states that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief financial officer or an official designated by the CFO.

Another recent major challenge, almost all our local suppliers now demand cash up front and external suppliers don't but they delay delivering the goods on time as agreed and that delays the service delivery.

LABOUR IMPLICATIONS

None of the bids awarded will entail additional labour costs.

FINANCIAL IMPLICATIONS

Funding for the goods and services procured has been budgeted for in 2016/17 financial year. Awards were made as follows

Local Services Providers	External Service Providers	Total Awards
R280,289.34	R530,743.45	R811 032.79

PROCUREMENT AS PER SCM THRESHOLDS

Below R30, 000	Above R30, 000	Total Awards
R387,021.71	R424,011.10	R811 032.79

OTHER PARTIES CONSULTED

There were no other parties consulted.

ANNEXURES

Annexures - Procured goods / Quotations Register.

RESOLVED TO RECOMMEND

1. That Procured goods and services report for the month of January 2017 be noted by the Council.

**BUDGET & TREASURY DEPARTMENT: FLEET MANAGEMENT FUEL USAGE REPORT
FOR JANUARY 2017.**

PURPOSE

To inform the end Council to note the fuel expenditure and fleet usage for the month January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY REQUIREMENT

Supply Chain Management Policy & Regulations

BACKGROUND AND REASONING

The municipality is owning numerous fleet (vehicles and trucks) which use fuel and oil on a monthly basis. The municipality also incurs major expenditure as a result of repairs and maintenance on the municipal fleet.

Fuel: The municipality's vehicles are refueled at main stores every Monday upon submission of request for fuel memo signed by supervisor / Manager. Due to non-payment of creditors within 30 days upon receipt of valid invoice, the municipality purchases fuel from PE fuel upon making an advance payment almost on a weekly basis.

We are in the process of reviewing petrol and diesel card proposals from Wes Bank and ABSA so to bring more strict controls around petrol and diesel usage. These proposals include comprehensive report of each card (distance, place etc.). These reports will simplify our job of managing our vehicles, drivers and budgets. We will get the exception and trend report. More detail will be provide in the next council meeting. This initiative is to try and minimize the fuel costs and abuse around it by putting more controls.

Repairs & Maintenance: The municipality's vehicles are repaired and maintained internally at municipal workshop. Repairs and maintenance items are items are purchased through annual tenders.

Months	December	January
Fuel Consumption	R271,158.48	R2781,487
Repairs & Maintenance	R179,868.57	R277,288.17

Please refer to the table below for a detailed report on each vehicle which work was done on. Because most of our fleet vehicles are old, they require a lot of maintenance and repairs. Exploring other avenues like lease should be looked at to reduce the maintenance cost and speed the service delivery.

Department Description	Amount	Description of repairs	Creditor Name	Vehicle
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TECHNICAL & INFRASTRUCTURE SRV	259.95	parts for w54	KOWIE BRAKE & CLUTCH C C	W54
COMMUNITY & SOCIAL SERVICES	348.94	part to for hydraulic pipe for H8	KOWIE BRAKE & CLUTCH C C	H8
TECHNICAL & INFRASTRUCTURE SRV	364.61	parts for w100	KOWIE BRAKE & CLUTCH C C	W100
TECHNICAL & INFRASTRUCTURE SRV	494.18	hydraulic pipe E 19	KOWIE BRAKE & CLUTCH C C	E19
TECHNICAL & INFRASTRUCTURE SRV	500.00	fit starter relay to w106	DOLPHIN AUTO ELECTRICAL	W106
TECHNICAL & INFRASTRUCTURE SRV	689.70	starter parts for W63	DAR AUTOMOTIVE (PTY) LTD	W63
COMMUNITY & SOCIAL SERVICES	924.60	make up new hydraulic pipe	KOWIE BRAKE & CLUTCH C C	
FINANCIAL SERVICES ADMINISTRA	980.40	repairs to TD4	DAR AUTOMOTIVE (PTY) LTD	TD4
TECHNICAL & INFRASTRUCTURE SRV	1 163.94	parts for w45	KRUIPER SPARES CC	W45
COMMUNITY & SOCIAL SERVICES	1 191.51	hydraulic oils	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	1 197.00	parts for w18	DAR AUTOMOTIVE (PTY) LTD	W18
COMMUNITY & SOCIAL SERVICES	1 586.65	hydraulic oils	KOWIE BRAKE & CLUTCH C C	
COMMUNITY & SOCIAL SERVICES	1 586.65	hydraulic oils	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	1 960.60	repairs to vehicles windscreen & safety glass	GRAHAMSTOWN GLASS	
COMMUNITY & SOCIAL SERVICES	1 984.83	hydraulic oils	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	1 984.83	hydraulic oils for sewer	KOWIE BRAKE & CLUTCH C C	Sewer vehicle
TECHNICAL & INFRASTRUCTURE SRV	1 984.83	hydraulic oils for w/works	KOWIE BRAKE & CLUTCH C C	
COMMUNITY & SOCIAL SERVICES	1 990.90	HYDRAULIC OILS	KOWIE BRAKE & CLUTCH C C	
COMMUNITY & SOCIAL SERVICES	1 990.90	HYDRAULIC OILS	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	1 995.14	parts for e6	DAR AUTOMOTIVE (PTY) LTD	E6

TECHNICAL & INFRASTRUCTURE SRV	2 511.67	service kit for W6	KOWIE BRAKE & CLUTCH C C	W6
TECHNICAL & INFRASTRUCTURE SRV	2 560.69	strip & quote hydraulic pipe for compaction unit	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	2 815.80	parts for e18	E P MUFFLERS	E18
TECHNICAL & INFRASTRUCTURE SRV	2 957.83	parts for dtis	DAR AUTOMOTIVE (PTY) LTD	DTIS
TECHNICAL & INFRASTRUCTURE SRV	3 530.53	brakes & bearings for W8	KOWIE BRAKE & CLUTCH C C	W8
TECHNICAL & INFRASTRUCTURE SRV	3 630.75	major service & parts	KOWIE BRAKE & CLUTCH C C	
TECHNICAL & INFRASTRUCTURE SRV	3 958.50	parts for W50	DAR AUTOMOTIVE (PTY) LTD	W50
TECHNICAL & INFRASTRUCTURE SRV	4 995.80	parts for w44	DAR AUTOMOTIVE (PTY) LTD	W44
COMMUNITY & SOCIAL SERVICES	5 088.18	hydraulic pipe for compaction unit H27 strip n quote	KOWIE BRAKE & CLUTCH C C	H27
COMMUNITY & SOCIAL SERVICES	5 423.14	new clutch kit	DAR AUTOMOTIVE (PTY) LTD	
COMMUNITY & SOCIAL SERVICES	5 882.40	clutch kit H8	KOWIE BRAKE & CLUTCH C C	H8
TECHNICAL & INFRASTRUCTURE SRV	6 181.11	water pump & fan belts for W110	KENRICH DELTA	W110
TECHNICAL & INFRASTRUCTURE SRV	6 814.69	grader blades is needed for W45	EARTH-TEK TRUST	W45
TECHNICAL & INFRASTRUCTURE SRV	6 940.32	ring gear and starter motor for W106	KRUIPER SPARES CC	W106
COMMUNITY & SOCIAL SERVICES	11 769.42	overall of cylinder head for H11 strip and quote	P E ENGINE RECONDITIONERS PTY	H11
MAIN LEDGER BALANCE SHEET R	12 187.61	210LT HYDRAULIC OIL (05068) 210LT SE40 MULTI GRADE	AUTO ZONE	SE40 Grader
MAIN LEDGER BALANCE SHEET R	16 418.00	suply & delivery of oil	MSO NDILI TRADING CC	
MAIN LEDGER BALANCE SHEET R	16 418.00	supply & delivery of oil	MSO-NDILI TRADING	
TECHNICAL & INFRASTRUCTURE SRV	88 920.00	repairs to grader	EARTH-TEK TRUST	Grader

COMMUNITY & SOCIAL SERVICES	28 900.00	spares for commonage machines for parks department	TOTO'S GENERAL TRADING	
COMMUNITY & SOCIAL SERVICES	755.59	4 SHOWER HEADS AND SHOWER ARM	PLUMBLINK BORDER PLUMBING (SA)	
TECHNICAL & INFRASTRUCTURE SRV	9 522.28	purchasing of water fittings	PLUMBLINK BORDER PLUMBING (SA)	
TECHNICAL & INFRASTRUCTURE SRV	900.01	electrical store items	GRAHAMSTOWN ELECTRICAL DISTRIB	
TECHNICAL & INFRASTRUCTURE SRV	1 187.18	plumbing material	ALBANY & BATHURST ENG	
TECHNICAL & INFRASTRUCTURE SRV	1 838.51	ELECTRICAL STORES ITEMS	GRAHAMSTOWN ELECTRICAL DISTRIB	
<u>277 288.17</u>				

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Funding for the fuel and oil has been budgeted for in the 2016/17 financial year.

BUDGET & TREASURY DEPARTMENT: ASSETS ACQUISITION AND INVENTORY MANAGEMENT FOR JANUARY 2017.

PURPOSE

To inform the Council to note the Assets acquired, capital projects completed and Inventory Management reports for the month of January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003, GRAP 17, GRAP 12.

STATUTORY REQUIREMENT

Chapter 08, Section 63 (1) (a) of the Municipal Finance Management Act 56 of 2003.

BACKGROUND AND REASONING

The accounting officer must for all the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as January 2017.

INVENTORY

STOCK ITEMS: The municipality has embarked on a system for inventory management. Approved inventory policy is currently implemented. Monthly stock takes were done and monthly reconciliation for the month of January 2017 have been prepared wherein the balance brought forward from the previous month, issues and purchases for the current month as well as the closing balance is reflected.

The municipality is currently monitoring inventory re-order levels to ensure that excessive stock is not purchased at the same time ensuring that the municipality does not run out of stock.

A list of obsolete and slow moving stock which can be disposed of will be submitted to council for approval.

ASSETS

The municipality has a fully GRAP compliant Asset Management System in place to record all municipal assets. Depreciation is calculated on a monthly basis and fully GRAP compliant asset register is produced.

There were no new assets or completed capital projects during the month of January. The asset unit is currently conducting asset verification which is planned to be done by end of February, this is part of cleaning up the asset register and to ensure that there are no material findings during the audit for assets. Monthly meeting between asset unit, SCM and Infrastructure are held to make sure there is flow of information and the asset register is updated with all the changes in projects status accordingly.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

RESOLVED TO RECOMMEND

1. That the Assets acquisition and inventory management reports for the month of January 2017 be noted the Council.

BUDGET & TREASURY DEPARTMENT: DEVIATIONS REPORT FOR JANUARY 2017

PURPOSE

To inform the Council to note the deviations to the SCM Policy for the month of January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY REQUIREMENT

Municipal Supply Chain Management Regulations.

BACKGROUND AND REASONING

The Accounting officer may allow deviations from, and ratifications of minor breaches of, procurement process. These deviations can only be in the following circumstances.

- (i) in an emergency
- (ii) If such goods or services are produced or available from a single provider only.
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile.
- (iv) Acquisition of animals for zoos; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

The reasons for these deviations must be recorded and reported in the next council meeting and included as a note to the annual financial statements.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

RESOLVED TO RECOMMEND

Council note that there were no deviations for the month of January.

FOR FURTHER DETAILS CONTACT:

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NUMBERS	
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DIRECTORATE	Budget and Treasury

.....
CHIEF FINANCIAL OFFICER
MS. N.F. SIWAHLA



REPORT TO: BUDGET STEERING COMMITTEE

File ref (9/1/2/3)

Collaborator/Item no (BSG 5.2)

Date: 6 FEBRUARY 2017

SUBJECT: BUDGET IMPLEMENTATION REPORT FOR THE MONTH OF JANUARY 2017

REPORT DATED 13 FEBRUARY 2017 FROM THE CHIEF FINANCIAL OFFICER TO BUDGET STEERING COMMITTEE

PURPOSE

The purpose of this item is to submit a financial report for the month ending January 2017 to the Council.

LEGAL REQUIREMENTS

In terms of Section 71 of the Municipal Finance Management No.56 of 2003

STATUTORY AUTHORITY

Chapter 24 of the MFMA No. 56 of 2003

BACKGROUND AND REASONING

The monthly Sec 71 reports aims to provide a regular update on indicators critical to the organisation's viability and serve as an early warning indicator where remedial action is required.

The Municipal Manager of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the Municipality's budget.

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires the Mayor to

consider the Section 71 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

1. FINANCIAL IMPLICATIONS

The following table summarises the overall position on the capital and operating budgets. Take note that the Operating Expenditure only reflects the direct expenditure and exclude all indirect expenditure e.g. Administrative Recharges

Description	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Annual Budget %
Operating Revenue (billed)	486 191	-	335 884	69%
Operating Expenditure (accrued/actual mix)	486 191	-	282 166	58%
Capital Expenditure	58 608	-	13 161	22%

1.2 Revenue by Source

Year-to-date Operating Revenue amounts to **69% or R335 884 million** of the operating budget of **R486 191 million**.

The year-to-date Operating Revenue reflects an achievement of **69% or R335 884 million** of the annual budget of R486 191 million, and Operating Expenditure is **58% or R282 166 million** of the annual budget of **R486 191 million**.

1.2.1 Operating Revenue

Major contributors of Operating Revenue to date amounting to R335 884 million are:

- Service Charges-Electricity at R125 018 million or 37%
- Operational Transfers recognised at R69 052 million or 19%.
- Property Rates at R65 116 million or 21%.
- Service Charges-Water R37 854 million or 11%

1.3 Operating expenditure by type

Year-to-date expenditure amounts to **58% or R282 166 million** of the operating budget of **R486 191 million**.

1.3.1 Operating Expenditure

Major contributors of Operating Expenditure to date amounting to **R282 166 million** are:

- Employee-related costs at R91 933 million or 33%
- Remuneration of councillors at R7 241 million or 3%.

- Bulk Purchases at R79 488 million or 28%
- Repairs & maintenance at R10 639 million or 4%

1.4 Capital expenditure

Year-to-date expenditure on capital project amounts to **22% or R13 161 million** of the capital budget of **R58 608 million**.

Capital Expenditure of **R58 608 million** disclosed in above table reflects expenditure of grants allocated to the municipality and internally funded projects.

The Municipal Capital Budget is funded from the following Grants:

Grant	Funding Source	Budget
Municipal Infrastructure Grant	Direct Allocation	R34 473 000
Finance Management Grant	Direct Allocation	R350 000
Equitable Share	Direct Allocation	R6 000 000
DSRAC	Direct Allocation	R1 083 000
DWS	Direct Allocation	R820 000
INEP	Direct Allocation	R7 782 000
MIG (Roll-Over)	Direct Allocation	R8 100 000
Total Budget		R58 608 000

The Capital Budget is largely driven by projects emanating from the IDP and projects identified by the community as well as incomplete projects.

1.4.1 The below table summaries roll- over expenditure - MIG allocation

Project Title	Budgeted MIG Funds (2016/16)	Current FY - Total Actual Expenditure on MIG funds in the 2016/16 FY	Nov-16	Dec-16	Jan-17
MIG 1 or PMU	As per IP				
Vukani Taxi Road - A Street extending to B Street	R 3,148,915.89	R 3,098,752.12	R 0.00	R 0.00	R 0.00
Multi-purpose Centre in Ward 7	R 9,403,688.00	R 9,403,688.00	R 0.00	R 0.00	R 0.00
Replacement of Asbestos Pipes in Grahamstown	R 4,547,476.67	R 4,250,983.74	R 0.00	R 99,430.82	R 0.00
Construction of 11 High Mast Lights in Mayfield Housing Project	R 2,912,422.91	R 2,912,422.91	R 0.00	R 385,271.77	R 0.00
Upgrading of Roads in Joza Street	R 122,059.87	R 122,059.87	R 0.00	R 0.00	R 0.00
Budget Maintenance: Upgrade of Surfaced Road - Sani Street Grahamstown	R 1,178,375.82	R 883,976.83	R 0.00	R 0.00	R 0.00
Alicedale Sewerage Reticulation	R 1,197,313.17	R 1,197,313.17	R 0.00	R 0.00	R 0.00
PMU: ADMIN	R 1,184,747.67	R 1,184,747.67	R 0.00	R 0.00	R 0.00
	R 23,695,000.00	R 23,053,944.31	R 0.00	R 484,702.59	R 0.00

1.4.2 The below table summaries projects implemented in 2016/17 financial year MIG allocation

Project Title	Budgeted MIG Funds (2016/17)	Current FY - Total Actual Expenditure on MIG funds in the 2016/17 FY	Jan-17	Cash flow projection					
MIG 1 or PMU	As per IP			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Alicedale Roads and Improvements Transriver and Mandela Park	R 1,902,189.00	R 335,405.94	R 335,405.94	R 399,000.00	R 263,340.00	R 1,058,611.56	R 1,081,413.08	R 1,208,008.56	R 2,245,465.64
Multi-purpose Centre in Ward 7	R 3,793,937.00	R 2,939,524.93	R 443,990.16	R 568,552.25	R 568,552.26	R 1,203,835.12	R 0.00	R 0.00	R 107,724.01
Construction of 11 High Mast Lights in Mayfield Housing Project	R 1,297,187.00	R 306,368.87	R 0.00	R 0.00	R 340,000.47	R 340,000.00	R 310,818.13	R 0.00	R 0.00
Alicedale Sewerage Reticulation	R 15,130,287.00	R 217,050.47	R 0.00	R 145,789.00	R 145,785.00	R 145,789.00	R 145,789.00	R 145,789.00	R 145,795.96
Multi-purpose Indoor Sport Centre: Gymnasium	R 13,000,000.00	R 0.00	R 0.00	R 780,000.00	R 990,000.00	R 1,350,000.00	R 1,350,000.00	R 1,350,000.00	R 7,180,000.00
PMU: ADMIN	R 1,164,400.00	R 881,169.49	R 120,559.99	R 175,631.75	R 175,631.75	R 175,631.75	R 175,631.75	R 175,631.75	R 175,631.75
	R 36,288,000.00	R 4,679,519.70	R 899,956.09	R 2,068,973.00	R 2,483,309.48	R 4,273,867.43	R 3,063,651.96	R 2,879,429.31	R 9,854,617.36

Section 4 – Allocations for Grant Receipts and Expenditure

5.1 Summary of Grants Received

GRANT	BUDGET	AMOUNT RECEIVED	EXPENDITURE	EXPENDITURE TO DATE
MIG	R36 288 000	R4 679 520.00	R899 956.04	R4 679 520.00
MIG – Roll- Over	R8 100 000	R7 973 325.58	R0.00	R 7 489 538.62
INEP	R7 782 000	R3 000 000.00	R0.00	R0.00
FMG	R1 810 000	R1 810 000.00	R69 084.00	R1 601 278.00
EPWP	R1 000 000	R700 000.00	R124 884.00	R349 884.00
DWA	R5 000 000	R3 784 959.95	R0	R3 874 084.26
TOTAL	R59 980 000	R21 947 806.53	R1 093 924.04	R17 994 304.88

Year-to-date Grant Expenditure amounts to **30% or R17 994 million** of the Grants budget of **R59 980 million**.

Supporting Documents

Section 2 – In-year budget statement tables

1.1. Table C1: s71 Monthly Budget Statement Summary

EC104 Makana - Table C1 Monthly Budget Statement Summary - M07 January

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	56,832	65,215	–	3,873	68,989	48,042	20,947	44%	65,215
Service charges	263,893	306,690	–	17,037	189,158	216,902	(27,745)	-13%	306,690
Investment revenue	17,569	700	–	–	355	408	(54)	-13%	700
Transfers recognised - operational	83,931	91,292	–	1,913	67,092	69,254	(2,161)	-3%	91,292
Other own revenue	21,803	22,294	–	2,329	10,290	12,933	(2,643)	-20%	22,294
Total Revenue (excluding capital transfers and contributions)	444,029	486,191	–	25,152	335,884	347,540	(11,656)	-3%	486,191
Employee costs	117,988	144,631	–	12,370	91,933	84,368	7,565	9%	144,631
Remuneration of Councillors	9,367	10,497	–	1,567	7,238	6,123	1,115	18%	10,497
Depreciation & asset impairment	21,227	31,639	–	–	–	–	–	–	31,639
Finance charges	8,344	–	–	1,054	1,054	3,000	(1,946)	-65%	–
Materials and bulk purchases	203,200	105,926	–	12,624	80,054	61,790	18,264	30%	105,926
Transfers and grants	5,237	50,515	–	1,826	2,080	29,467	(27,387)	-93%	50,515
Other expenditure	78,127	142,983	–	19,696	99,808	100,907	(1,099)	-1%	142,983
Total Expenditure	443,492	486,191	–	49,136	282,166	285,655	(3,488)	-1%	486,191
Surplus/(Deficit)	537	–	–	(23,985)	53,718	61,885	(8,168)	-13%	–
Transfers recognised - capital	1,541	–	–	–	–	–	–	–	–
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	2,079	–	–	(23,985)	53,718	61,885	(8,168)	-13%	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	2,079	–	–	(23,985)	53,718	61,885	(8,168)	-13%	–
Capital expenditure & funds sources									
Capital expenditure	21,008	170,043	–	779	13,161	13,219	(59)	-0%	–
Capital transfers recognised	–	–	–	779	–	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–
Total sources of capital funds	–	–	–	779	–	–	–	–	–
Financial position									
Total current assets	40,656	278,678	–	–	–	–	–	–	278,678
Total non current assets	1,106,575	920,961	–	–	–	–	–	–	920,961
Total current liabilities	188,320	281,004	–	–	–	–	–	–	281,004
Total non current liabilities	107,827	109,841	–	–	–	–	–	–	109,841
Community wealth/Equity	962,051	1,043,057	–	–	–	–	–	–	1,043,057
Cash flows									
Net cash from (used) operating	123,329	181,064	–	(7,922)	(3,380)	4,727	8,107	172%	181,064
Net cash from (used) investing	2,893	170,043	–	(900)	13,161	13,219	58	0%	170,043
Net cash from (used) financing	64	(5,500)	–	(1,054)	(1,054)	(1,054)	–	–	(5,500)
Cash/cash equivalents at the month/year end	133,206	348,216	–	–	18,885	19,501	616	3%	355,765
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	25,614	17,975	10,830	(6,399)	295,572	–	–	–	343,592
Creditors Age Analysis									
Total Creditors	–	7,226	2,500	719	69,505	–	–	–	79,949

EC104 Makana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

E104 Makara - Table C4 monthly Budget Statement - Financial Performance (Revenue and Expenditure)										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		56,832	65,215	-	3,873	68,989	48,042	20,947	44%	65,215
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		276,009	191,033	-	5,751	125,018	129,436	(4,418)	-3%	191,033
Service charges - water revenue		(39,526)	63,277	-	8,611	37,950	46,912	(8,962)	-19%	63,277
Service charges - sanitation revenue		20,350	44,075	-	1,610	20,022	35,710	(15,688)	-44%	44,075
Service charges - refuse revenue		7,225	8,305	-	1,065	6,167	4,845	1,323	27%	8,305
Service charges - other		(165)	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,167	811	-	96	1,012	473	539	114%	811
Interest earned - external investments		17,569	700	-	-	355	408	(54)	-13%	700
Interest earned - outstanding debtors		-	16,059	-	1,847	6,581	9,368	(2,787)	-30%	16,059
Dividends received		-	-	-	-	-	-	-	-	-
Fines		49	1,092	-	16	516	566	(50)	-9%	1,092
Licences and permits		1,857	1,647	-	-	566	961	(395)	-41%	1,647
Agency services		223	500	-	-	680	292	389	133%	500
Transfers recognised - operational		83,931	91,292	-	1,913	67,092	69,254	(2,161)	-3%	91,292
Other revenue		18,507	2,185	-	370	935	1,275	(339)	-27%	2,185
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		444,029	486,191	-	25,152	335,884	347,540	(11,656)	-3%	486,191
Expenditure By Type										
Employee related costs		117,988	144,631	-	12,370	91,933	84,368	7,565	9%	144,631
Remuneration of councillors		9,367	10,497	-	1,567	7,238	6,123	1,115	18%	10,497
Debt impairment		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		21,227	31,639	-	-	-	-	-	-	31,639
Finance charges		8,344	-	-	1,054	1,054	3,000	(1,946)	-65%	-
Bulk purchases		203,200	104,404	-	12,624	79,488	60,902	18,586	31%	104,404
Other materials		-	1,522	-	-	566	888	(322)	-36%	1,522
Contracted services		7,855	28,408	-	2,089	15,253	16,571	(1,319)	-8%	28,408
Transfers and grants		5,237	50,515	-	1,826	2,080	29,467	(27,387)	-93%	50,515
Other expenditure		70,272	114,575	-	17,607	84,556	84,335	220	0%	114,575
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		443,492	486,191	-	49,136	282,166	285,655	(3,488)	-1%	486,191
Surplus/(Deficit)										
Surplus/(Deficit)		537	-	-	(23,985)	53,718	61,885	(8,168)	(0)	-
Transfers recognised - capital		1,541	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2,079	-	-	(23,985)	53,718	61,885			-
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		2,079	-	-	(23,985)	53,718	61,885			-
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		2,079	-	-	(23,985)	53,718	61,885			-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		2,079	-	-	(23,985)	53,718	61,885			-

EC104 Makana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M07 January

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		9,435	89,671	-	335	813	1,252	(439)	-35%	-
Vote 2 - CORPORATE SERVICES		909	6,350	-	-	-	650	(650)	-100%	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		6,343	17,878	-	444	8,574	11,317	(2,744)	-24%	-
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		1,062	9,079	-	-	3,774	-	3,774	#DIV/0!	-
Vote 10 - WATER		2,099	47,065	-	-	-	-	-	-	-
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	19,848	170,043	-	779	13,161	13,219	(59)	0%	-
Single Year expenditure appropriation	2									
Vote 1 - TECHNICAL SERVICES		773	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		386	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 6 - MUNICIPALITY MANAGER		-	-	-	-	-	-	-	-	-
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 10 - WATER		-	-	-	-	-	-	-	-	-
Vote 11 - DOG TAX		-	-	-	-	-	-	-	-	-
Vote 12 - PARKING METERS		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	1,160	-	-	-	-	-	-	-	-
Total Capital Expenditure		21,008	170,043	-	779	13,161	13,219	(59)	0%	-
Capital Expenditure - Standard Classification										
Governance and administration		1,296	1,100	-	-	-	-	-		600
Executive and council		-	-	-	-	-	-	-		-
Budget and treasury office		-	-	-	-	-	-	-		-
Corporate services		1,296	1,100	-	-	-	-	-		600
Community and public safety		6,352	9,541	-	444	12,303	7,545	4,757	63%	5,204
Community and social services		807	-	-	-	-	-	-		-
Sport and recreation		5,536	9,541	-	444	12,303	7,545	4,757	63%	5,204
Public safety		8	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		8,437	13,567	-	335	335	5,674	(5,339)	-94%	7,400
Planning and development		-	-	-	-	-	-	-		-
Road transport		8,437	13,459	-	335	335	5,674	(5,339)	-94%	7,341
Environmental protection		-	108	-	-	-	-	-		59
Trading services		4,924	148,353	-	-	523	-	523	#DIV/0!	81,146
Electricity		1,062	7,035	-	-	306	-	306	#DIV/0!	3,837
Water		2,099	13,750	-	-	-	-	-		7,500
Waste water management		1,763	127,568	-	-	217	-	217	#DIV/0!	69,809
Waste management		-	-	-	-	-	-	-		-
Other		-	183	-	-	-	-	-		100
Total Capital Expenditure - Standard Classification	3	21,008	172,745	-	779	13,161	13,219	(58)	0%	94,451
Funded by:										
National Government		-	-	-	779	-	-	-		-
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		-	-	-	779	-	-	-		-
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		-	-	-	-	-	-	-		-
Total Capital Funding		-	-	-	779	-	-	-		-

EC104 Makana - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		16,901	7,533	-	10,158	7,533
Call investment deposits		(4,769)	12,940	-	1,639	12,940
Consumer debtors		(23,446)	189,260	-	177,177	189,260
Other debtors		45,446	52,347	-	22,533	52,347
Current portion of long-term receivables		-	30	-	-	30
Inventory		6,525	16,568	-	6,922	16,568
Total current assets		40,656	278,678	-	218,428	278,678
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		3,930	-	-	1,104	-
Investment property		219,050	-	-	219,050	-
Investments in Associate		652	151	-	-	151
Property, plant and equipment		878,387	908,810	-	904,251	908,810
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		1,947	12,000	-	2,100	12,000
Other non-current assets		2,609	-	-	-	-
Total non current assets		1,106,575	920,961	-	1,126,504	920,961
TOTAL ASSETS		1,147,231	1,199,639	-	1,344,933	1,199,639
LIABILITIES						
Current liabilities						
Bank overdraft		6,442	-	-	-	-
Borrowing		(122)	4,400	-	-	4,400
Consumer deposits		-	2,474	-	3,853	2,474
Trade and other payables		178,634	263,776	-	108,155	263,776
Provisions		3,365	10,354	-	11,026	10,354
Total current liabilities		188,320	281,004	-	123,034	281,004
Non current liabilities						
Borrowing		56,512	60,534	-	107,452	60,534
Provisions		51,315	49,307	-	67,550	49,307
Total non current liabilities		107,827	109,841	-	175,002	109,841
TOTAL LIABILITIES		296,147	390,845	-	298,036	390,845
NET ASSETS	2	851,084	808,794	-	1,046,897	808,794
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		962,051	1,037,308	-	1,046,897	1,037,308
Reserves		-	5,749	-	-	5,749
TOTAL COMMUNITY WEALTH/EQUITY	2	962,051	1,043,057	-	1,046,897	1,043,057

EC104 Makana - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		507,870	304,319	-	27,542	266,890	278,253	(11,362)	-4%	304,319
Government - operating		83,931	89,475	-	-	65,179	70,500	(5,321)	-8%	89,475
Government - capital		1,541	170,043	-	1,000	14,269	18,500	(4,231)	-23%	170,043
Interest		17,569	12,100	-	-	1,255	7,500	(6,245)	-83%	12,100
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(474,002)	(351,972)	-	(34,638)	(333,289)	(350,500)	(17,211)	5%	(351,972)
Finance charges		(8,344)	(5,000)	-	-	-	(2,000)	(2,000)	100%	(5,000)
Transfers and Grants		(5,237)	(37,901)	-	(1,826)	(17,685)	(17,525)	159	-1%	(37,901)
NET CASH FROM/(USED) OPERATING ACTIVITIES		123,329	181,064	-	(7,922)	(3,380)	4,727	8,107	172%	181,064
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(1,079)	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		1,070	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		25,766	-	-	-	-	-	-		-
Payments										
Capital assets		(22,863)	170,043	-	(900)	13,161	13,219	58	0%	170,043
NET CASH FROM/(USED) INVESTING ACTIVITIES		2,893	170,043	-	(900)	13,161	13,219	58	0%	170,043
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		6,395	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		(2,321)	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(4,010)	(5,500)	-	(1,054)	(1,054)	(1,054)	-		(5,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		64	(5,500)	-	(1,054)	(1,054)	(1,054)	-		(5,500)
NET INCREASE/ (DECREASE) IN CASH HELD		126,286	345,607	-	(9,876)	8,727	16,892			345,607
Cash/cash equivalents at beginning:		6,920	2,609	-		10,158	2,609			10,158
Cash/cash equivalents at month/year end:		133,206	348,216	-		18,885	19,501			355,765

EC104 Makana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		77,754	77,632	-	-	62,079	62,079	-		77,632
Local Government Equitable Share		74,637	73,008	-	-	57,755	57,755	-		73,008
Finance Management		-	1,810	-	-	1,810	1,810	-		1,810
Municipal Systems Improvement		930	-	-	-	-	-	-		-
EPWP Incentive		1,002	1,000	-	-	700	700	-		1,000
	3	-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
MIG OPERATIONAL		1,185	1,814	-	-	1,814	1,814	-		1,814
Provincial Government:		2,581	2,901	-	-	2,901	2,901	-		2,901
Sport and Recreation		2,581	2,901	-	-	2,901	2,901	-		2,901
Health subsidy		-	-	-	-	-	-	-		-
	4	-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Other transfers and grants (insert description)		-	-	-	-	-	-	-		-
District Municipality:		1,500	1,917	-	-	1,600	1,600	-		1,917
Health Subsidy		1,500	1,917	-	-	1,600	1,600	-		1,917
Fire Subsidy		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
(insert description)		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	81,835	82,450	-	-	66,580	66,580	-		82,450
Capital Transfers and Grants										
National Government:		42,510	152,790	-	1,900	7,680	7,680	-		152,790
Municipal Infrastructure Grant (MIG)		22,510	34,474	-	900	4,680	4,680	-		34,474
Regional Bulk Infrastructure		20,000	86,000	-	-	-	-	-		86,000
Neighbourhood Development Partnership		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Bucket Eradication		-	24,893	-	-	-	-	-		24,893
INEP		-	7,423	-	1,000	3,000	3,000	-		7,423
		996	1,084	-	-	1,084	1,084	-		1,084
Provincial Government:		996	1,084	-	-	1,084	1,084	-		1,084
Sports & Recreation		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
(insert description)		-	-	-	-	-	-	-		-
		-	-	-	-	-	-	-		-
Other grant providers:		-	16,169	-	-	3,785	3,785	-		16,169
Externally Funding- Unconditional Grants		-	16,169	-	-	3,785	3,785	-		16,169
		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	43,506	170,043	-	1,900	12,548	12,548	-		170,043
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	125,341	252,493	-	1,900	79,128	79,128	-		252,493

EC104 Makana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

EC104 Makana - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		77,754	77,632	-	194	59,706	59,658	49	0.1%	77,632
Local Government Equitable Share		74,637	73,008	-	-	57,755	57,755	-	-	73,008
Finance Management		-	1,810	-	69	1,601	1,253	349	27.8%	1,810
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
EPWP Incentive		1,002	1,000	-	125	350	650	(300)	-46.2%	1,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		1,185	1,814	-	-	-	-	-	-	1,814
MIG OPERATIONAL		2,581	2,901	-	-	2,355	2,253	103	4.6%	2,901
Provincial Government:		2,581	2,901	-	-	2,355	2,253	103	4.6%	2,901
Sport and Recreation		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	1,917
District Municipality:		1,500	1,917	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	1,917
Health Subsidy		1,500	1,917	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		81,835	82,450	-	194	62,061	61,910	151	0.2%	82,450
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		42,510	152,790	-	890	4,680	16,585	(11,906)	-71.8%	152,790
Municipal Infrastructure Grant (MIG)		22,510	34,474	-	890	4,680	16,585	(11,906)	-71.8%	34,474
		20,000	86,000	-	-	-	-	-	-	86,000
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	24,893	-	-	-	-	-	-	24,893
Bucket Eradication		-	7,423	-	-	-	-	-	-	7,423
INEP		996	1,084	-	-	-	-	-	-	1,084
Provincial Government:		996	1,084	-	-	-	-	-	-	1,084
		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Other grant providers:		-	16,169	-	-	3,874	3,986	(112)	-2.8%	16,169
		-	16,169	-	-	3,874	3,986	(112)	-2.8%	16,169
		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		43,506	170,043	-	890	8,554	20,571	(12,018)	-58.4%	170,043
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		125,341	252,493	-	1,084	70,615	82,481	(11,866)	-14.4%	252,493

EC104 Makana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

EC104 Makana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January											Prior year
Budget Year 2016/17											totals for chart (same period)
Description	NT Code	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	-	256	-	-	54,017	-	-	-	54,273	-
Bulk Water	0200	-	1,198	-	-	6,453	-	-	-	7,651	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	5,706	-
Trade Creditors	0700	-	3,207	2,500	-	-	-	-	-	12,319	-
Auditor General	0800	-	2,565	-	719	9,035	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	-	7,226	2,500	719	69,505	-	-	-	79,949	-

OTHER PARTIES CONSULTED

There were no other parties consulted.

RESOLVED TO RECOMMEND

1. That Section 71 report for the month of December 2016 be noted by the Budget Steering Committee.

FOR FURTHER DETAILS CONTACT:

NAME	N. SIWAHLA
CONTACT NUMBERS	046 603 6007
E-MAIL ADDRESS	nsiwahla@makana.gov.za
DIRECTORATE	Budget and Treasury

.....
CHIEF FINANCIAL OFFICER
MS. N.F. SIWAHLA

BSC 5.3



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BUDGET & TREASURY DEPARTMENT: CFO's MONTHLY REPORTS:

REVENUE & RECEIVABLES

1st LEVEL	FAME (31/ 12 / 2016)
2ND LEVEL	BUDGET STEERING COMMITTEE
3RD LEVEL	MAYCO
4TH LEVEL	COUNCIL

File No.:

Date : 31 December 2017

BUDGET AND TREASURY DEPARTMENT: REVENUE COLLECTED REPORT AS AT 31 January 2017

PURPOSE

To report to the Committee about revenue received by the municipality for the month of January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

S64 of the MFMA No 56 of 2003 -Revenue management

BACKGROUND AND REASONING

The report shows revenue received by the municipality for the Month of January 2017. Collection is calculated as a percentage of payments received against billing and annual budget.

- Overall actual collection on billed services amounted to R18 423 600.25 against billing of R22 342 823.06 which translates to 82%

Collection Report

Category	Amount Billed	Amount Received	Percentage
Rates	R 4 379 186.91	R 3 395 988.59	78
Electricity	R10 011 577.97	R11 986 366.54	120
Water	R4 220 242.05	R 1 122 870.83	27
Water Connection	R1 408 258.20	R 660 735.52	47
Refuse Removal	R 785 943.71	R 324 149.34	41
Sewer Connection	R1 409 653.37	R 880 668.99	62
Lease Income	R 97 228.93	R 16 743.06	17
Housing Rental Income	R 20 849.23	R 11 725.70	56
Sundry Debtors	R 9882.69	R 24 351.69	246

ESTIMATED PROFFIT ON ELECTRICITY

Electricity Purchases	R 7 480 575.53
Prepaid Sales	R 1 979 904.00
Credit Sales	R10 011 577.97
Profit*	R 4 510 906.44

*Subject to credit sales payment received in full

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Increased revenue collection will result in positive service delivery

SERVICE DELIVERY IMPLICATIONS

Increased revenue collection will result in positive service delivery

OTHER PARTIES CONSULTED

None

ANNEXURES

None

RECOMMENDATION

That the revenue collection report for January 2017 be noted by the Committee.

BUDGET AND TREASURY DEPARTMENT: DEBTORS REPORT AS AT 31 December 2016

PURPOSE

To report to the Committee about consumer billing for the month of January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

S64 (f) of the MFMA NO 56 of 2003

BACKGROUND AND REASONING

CONSUMER DEBTORS

Billings for the month of January was done and interest was raised on all overdue accounts. As at 31 January 2017, the municipality's debtors amounted to R348 036 275.

This amount is made up as follows

CATEGORY	BALANCE 31 DECEMBER 2016	BALANCE AT 31 JANUARY 2017
Business	R 44 621 042	R 44 324 606
Residential	R 290 355 583	R 295 712.078
Government	R 7 648 627	R 7 241 099
Councillors	R 105 637	R 58 208
Staff Debtors	R 861 122	R 700 283

The increase in residential debtors balance is attributed to the billing for the month of January 2017 amounting to R15 552 694 plus interest raised of R1 654 105 less payments received.

This is due to the Grahamstown east accounts not being collectable by disconnection of electricity as they are supplied by Eskom but summonses are being prepared by Revco

DEBT COLLECTOR

The municipality employed REVCO for a period of 3 years, to perform services of debt collection. The supplier is commission based and is paid at 9.12% based on revenue collected by Revco. This means that whatever collected by REVCO, the municipality has to pay an amount equal to 9.12% to REVCO.

Payments made to REVCO for the past months are as follows:

Month	REVCO Collection	Amount paid to REVCO
July	R8 087 135.91	R737 546.79
August	R8 051 389.93	R734 286.76
September	R5 361 020.47	R488 925.07
October	R4 487 340.60	R409 245.46
November	R4 098 139.35	R373 750.31
December	R2 000 307.94	R182 428.08

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None.

ANNEXURES

Annexure B Summary Ageing Report

RECOMMENDATION

That debtor's report of January 2017 be noted by the Committee.

Committee.

**BUDGET AND TREASURY DEPARTMENT: FREE BASIC SERVICES /
INDIGENT REPORT AS AT 31 January 2017**

PURPOSE

To report to the Committee on Free basic services for the month of January 2017.

LEGAL REQUIREMENTS

Constitution of the Republic of South Africa, 1996.
Local Government: Municipal Systems Act, No 32 of 2000.

STATUTORY

Constitution of the Republic of SA – section 27 (1) (c).
Local Government Municipal systems act- section 73 (1) (c).

BACKGROUND AND REASONING

The municipality's indigent register is currently not up to date due to time and human resource constraints. The municipality's process of updating the register involves audit of information submitted by applicant through submission of indigent application form. This is time consuming and needs human resource.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

Improved indigent registrations will result in an increase in equitable share.

SERVICE DELIVERY IMPLICATIONS

Increased equitable share will result in better service delivery.

OTHER PARTIES CONSULTED

None

INDIGENT REPORT

Applications Received	Audited & Captured
285	93

INDIGENT REGISTER		
SERVICE	QUANTITY	VALUE OF FREE BASIC SERVICES
WATER CONNECTION	5302	R696 834.10
WATER USAGE	5707	R1 434 788.40
SEWER CONNECTION	5122	R472 304.14
RATES	6387	R191 914.10
REFUSE REMOVAL	6086	R410 557.78
ELECTRICITY USAGE (MUNICIPAL)	1141	R103 575.50
ELECTRICITY USAGE (ESKOM)	5505	R302 143.58
TOTAL		R4 886 090.66

An indigent drive commenced 18 January 2017 which included training of councillors, ward committee member and CDW's and campaigning for indigent registrations.

RECOMMENDATION

1. That indigent report be noted by the committee

BUDGET AND TREASURY DEPARTMENT: METER READING REPORT

PURPOSE

To report to the Committee about the meter reading progress.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

Section 64 (1)

BACKGROUND AND REASONING

Meter readers performance for the month of January is low due to meter readers being on annual leave and returning month end January.

LABOUR IMPLICATIONS

The municipality has 9 meter readers with 1 supervisor. So far, only one idle employee has been identified from recently absorbed employees. HR processes will be followed in terms of appointing additional meter readers.

FINANCIAL IMPLICATIONS

Appropriate readings will result in increased municipal revenue

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

METER READERS REPORT:

<u>Meter reader</u>	<u>Total Meters</u>	<u>Meters Visited</u>	<u>%read</u>
Fulani, Vuyani	1513	134	9%
Cana, Mbuzeli	593	0	0%
Maswana, Mandlenkosi	1630	363	22%
Ngqoyiya, Thembinkosi	1580	224	15%
Nelo, Mzwandile	1746	175	10%
Adam, Thandiwe	1557	0	0%
Patwana, Luvuyo	1622	153	9%
Charlie Boma	1806	0	0%
Noluvuyo Coko	1509	64	5%
Luvuyo Zondani	1569	155	10%

RECOMMENDATION

1. That meter reading report be noted by the committee.

2. That the committee be informed that the Municipality is looking into establishing a revenue protection unit to ensure all metered services used are billed for and focused attention is given to billing of electricity and water usage. This matter is still in progress.

Report To: **BUDGET STEERING COMMITTEE**

File ref : BSC 5.4

Collaborator/Item no: BSC 5.4

Date: **JANUARY 2017**

**SUBJECT: REPORT DATED 9 FEBRUARY 2017 FROM THE CHIEF FINANCIAL OFFICER
ON EXPENDITURE FOR JANUARY 2017**

1. PURPOSE

The purpose of this item is to submit a report to the Budget Steering Committee on capital and operational expenditure incurred for January 2017.

2. FOR DECISION BY

Budget Steering Committee

3. EXECUTIVE SUMMARY

The Expenditure Section includes Expenditure, Vat & Payroll Management, but also Assets and Insurance. The report is split into different sub-sections, the first of which is Expenditure/Creditors.

4. DISCUSSION/CONTENTS

EXPENDITURE/CREDITORS

PURPOSE

This report shows expenditure incurred for the month of January 2017. Only Invoices which fully complied with the SCM policy and developed internal controls were processed for payment. The municipality is financially struggling to timeously pay its creditors within 30 days after receipt of a valid invoice. An amount of R 37 518 234 was paid out during the month of January. Of this amount, R 17 578 657 was in respect of salary related payments, and the remaining amount of R 19 939 577 was paid to creditors such as ESKOM (R15 102 868), fuel suppliers (R387 375), vehicle maintenance service providers (R80 867), Revco (R288 223), Department of Transport (R353 975), Auditor-General (R375 789), Security (R208 801), Telephones (R282 883), water sample testing (R228 380), postage for accounts (R185 969), electrical suppliers (R75 346), legal fees (R65 630), Munsoft system (R250 579), DBSA (R574 881), commission on pre-paid electricity sales (R178 442), advertisements (R10 835), interest on legal matters (R139 703), and travel and accommodation (R42 608). The municipality's creditors' balance as per the age analysis as at the end of January was R R 102 725 957. The reason why this amount varies

from month to month is because the Expenditure Section is in the process of cleaning up the age analysis by verifying balances with creditor statements and correcting where required.

LEGAL REQUIREMENTS

This report is done in terms of the requirements of S65 of the MFMA N0 56 of 2003 - Expenditure Management.

PAYMENT PLANS

Due to financial constraints, the municipality entered into payment plans with some creditors to settle their debts through payment of agreed instalments. There are some difficulties where the municipality fails to honour these payment plans, e.g. the SALGA payment plan, due to financial challenges, however, the municipality is trying its level best to honour monthly commitments.

SUPPLIER		TOTAL AMOUNT OWED	MONTHLY INSTALMENT	AMOUNT PAID	BALANCE
Eskom	Bulk Account payment	R 54 000 000	Current account plus additional	No arrears paid, only current	R 54 000 000
SALA pension Fund	Employee pension fund deductions were not paid over	R 2 649 430	R 106 249		R 1 104 308 (interest)
Solstice Network	Minimum competency training	R 880 000	R 100 000	R96 000	R392 000
Auditor General (excluding current fees)	Prior years audit fees were never paid.	R 11 895 130	R 350 000	R 375 789	R 10 463 619
SALGA	Prior year levies	R 2 242 045	R 500 000		R2 242 045
Smith Tabata	Legal fees	R 804 518	R 100 000	R 42 269	R 32 513
Ballenden Rob	Project	R 474 969	R 265 828		R 265 828
Business Connexion	IT Services	R 325 482	R 162 741		R 54 247
North Robertson	Electrical fittings	R 340 000	R 100 000		R 140 000
DBSA	20 Year loan	R 56 358 399	R 574 881	R 574 881	R 55 783 518

No new payment plans were entered into. The amended ESKOM payment plan was approved by Council in January 2017.

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

A provision for payment of old debt was budgeted for in the approved budget.

SERVICE DELIVERY IMPLICATIONS

Non-payment of the above accounts will have a negative impact on service delivery, as suppliers are starting to demand cash up front, or refuses to deal with the municipality.

OTHER PARTIES CONSULTED

All Municipal Directorates

RISK

Late payment of suppliers can result in non-compliance with s65 (e) of MFMA & poor service delivery.

ANNEXURES

None

RECOMMENDATION

1. That the Budget and Treasury Expenditure report for the month of January 2017 be noted by the Budget Steering Committee.

PAYROLL REPORT

PURPOSE

The purpose of this part of the report is to report to the Budget Steering Committee about expenditure incurred on councillors & staff benefits for December 2016.

All statutory deductions were paid over to relevant parties. Schedules were subsequently emailed to all relevant parties. All payroll suspense accounts are in the process of being cleared. The total salary cost for the month of January as reported in terms of section 66 of the MFMA amounted to R 11 610 715

LEGAL REQUIREMENTS

This report is done in terms of s.66 of the MFMA N0 56 of 2003 - Expenditure on staff benefits

LEAVE ENCASHMENT

During the month of January, Finance Department received payroll input for encashment of leave days for 4 employees that have terminated their services with the municipality. R 610282.36 was paid out in respect of this.

OVERTIME:

The municipality has paid overtime amounting to R740 910 to employees. This has increased from R 637 077 which was paid for the month of December. Overtime hours claimed is currently being investigated to find ways of reducing overtime.

FINANCIAL IMPLICATIONS

The municipality is financially cash strapped, and the overtime votes have been overspent.

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

ANNEXURES

An overtime report is attached and compares the budget to overtime actually paid out as at 31 January 2017.

RECOMMENDATION

1. That the Budget and Treasury Payroll report for the month of January be noted by the Budget Steering Committee.
2. That departmental HOD's should implement controls to reduce overtime and only approve overtime where it is compulsory to work overtime so as to save municipal finances.

MONTHLY RECONCILIATION REPORT

PURPOSE

The purpose of this part of the report is to report to the budget Steering Committee about monthly reconciliations for January 2017.

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

Section 65 (1) (j) of MFMA which states that all financial accounts of the municipality are closed at the end of each month and be reconciled with its financial records.

BACKGROUND AND REASONING

The financial system for the month of January was closed and the following reconciliations are being prepared and reviewed.

- Bank reconciliation
- VAT reconciliation
- Creditors reconciliation
- Payroll reconciliation

LABOUR IMPLICATIONS

None

FINANCIAL IMPLICATIONS

None

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

RISK

Inaccurate accounting records which might result to misstatement of financial reports

ANNEXURES

None

RECOMMENDATION

1. That the Budget and Treasury reconciliation report for the month of January be noted by the Budget Steering Committee.

UNAUTHORISED, IRREGULAR FRUITLESS & WASTEFULL EXPENDITURE AS AT 31 DECEMBER 2016

PURPOSE

To report to the Budget Steering Committee about unauthorised, irregular, fruitless & wasteful expenditure incurred by the municipality during 2016 /2017 financial year

LEGAL REQUIREMENTS

Municipal Finance Management Act no 56 of 2003

STATUTORY

S1 & 32 of the MFMA NO 56 of 2003 – Unauthorised, Irregular, Fruitless & Wasteful expenditure

FRUITLESS & WASTEFUL EXPENDITURE

In terms of s1 of Municipal Finance Management Act no 56 of 2003, fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

The report shows fruitless & wasteful expenditure incurred by the municipality for the financial period ending 31 January 2017. The municipality has incurred & paid interest expense amounting to R 4 053 758.74 due to non-payment of suppliers within 30 days – see attached schedule.

Due to municipality's current financial situation, the municipality is continuing incurring fruitless and wasteful expenditure.

IRREGULAR AND UNAUTHORISED EXPENDITURE

The municipality did not incur any irregular / unauthorised expenditure during the year under review. However, the municipality has prior year expenditures which are still disclosed on the municipality's financial records and will always have a negative impact on the municipality's audit opinion. The Acting Municipal Manager did request the Internal Audit unit to investigate and report on these amounts.

FINANCIAL IMPLICATIONS

Finance costs are not budgeted for & need to be condoned by the council or recovered from responsible individual as per MFMA

SERVICE DELIVERY IMPLICATIONS

None

OTHER PARTIES CONSULTED

None

ANNEXURES

Schedule of interest paid for 2016/2017.

RECOMMENDATION

1. That the Budget and Treasury Unauthorised, Irregular, Fruitless & Wasteful expenditure report for the month of January be noted by the Budget Steering Committee.
2. That departmental HOD's should take reasonable steps to ensure that the municipality avoid incurring this expenditure & also investigate reasons for already incurred expenditure.

CHIEF FINANCIAL OFFICER**MS N SIWAHLA**