

9.
BUDGET REPORT FOR THE QUARTER ENDED DECEMBER 2017

5/1/19-2017/2018
 BA King
 16 January 2018

(028) 313 8154

Corporate Head Office

1. Executive Summary

Report prepared as part of the financial reporting obligations arising from section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA).

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
 Financial Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, (Act 56 of 2003)[MFMA]

6. Background/Discussion/Evaluation/Conclusion

Background

This report has been prepared as part of the financial reporting obligations arising from the MFMA. The MFMA requires the Executive Mayor to report to Council on a quarterly basis on the state of the Municipality's budget.

Discussion

Legislation requires that certain financial and performance information is disclosed in the quarterly monitoring report. The report has been prepared according to the standard reporting formats issued by National Treasury.

The status relating to cost containment measures is attached as Annexure B.

7. Financial Implications

None

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Quarterly Budget Report for the Quarter Ended December 2017

Annexure B: Cost Containment Measures December 2017

RECOMMENDATION TO THE COUNCIL:

that the budget report for the quarter ended December 2017, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003, **be noted**.

RESPONSIBLE OFFICIAL :**BA KING****TARGET DATE FOR IMPLEMENTATION :****TO BE NOTED**

OVERSTRAND MUNICIPALITY



Quarterly Budget Report

December 2017

In-Year Report of the Municipality

Prepared in terms of Section 52(d) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) & Section 31 of the Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 May 2009.

Table of Contents

Glossary	3
PART 1 – IN-YEAR REPORT	5
Mayor’s Report	5
Resolutions	6
Executive Summary	7
In-year budget statement tables	9
PART 2 – SUPPORTING DOCUMENTATION	18
Debtors' analysis	18
Creditors' analysis	19
Investment portfolio analysis	20
Allocation and grant receipts and expenditure	21
Councillor allowances and employee benefits	23
Material variances to the SDBIP.....	25
Municipal financial performance	26
Capital programme performance	27
Other supporting documentation	33
Municipal manager’s quality certification	36

Glossary

Adjustments budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Budget – The financial plan of the Municipality.

Capital expenditure - Spending on assets such as infrastructure, land & buildings minor assets etc. Any capital expenditure must be reflected as an asset on the Municipality's statement of financial position.

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

Equitable share – An unconditional grant paid to municipalities. It is predominantly targeted towards funding the Indigent Policy.

FMG – Financial Management Grant.

GFS – Government Finance Statistics. An internationally recognized 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 principle legislation relating to municipal financial management.

MIG – Municipal Infrastructure Grant.

MTREF – Medium Term Revenue and Expenditure Framework (MTREF). The medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes financial information of the previous and current year.

NDPG – Neighbourhood Development Partnership Grant.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages, repairs and maintenance etc.

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 (SDBIP). A detailed plan comprising annual and quarterly performance information.

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.

Vote – A main appropriation segment of the budget. In Overstrand Municipality this relates to the directorate level for operating expenditure and the GFS classification for capital expenditure.

YTD – Year to date

PART 1 – IN-YEAR REPORT

Mayor's Report

1.1 In-Year Report – Quarterly Budget Report

1.1.1 Implementation of the budget in accordance with the SDBIP

The results of the SDBIP for the second quarter ended 31 December 2017 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

No financial problems or risks relating to budget implementation. All the major sources of revenue have materialised to date and spending on the operational and capital budgets are within the projected expenditure to date.

1.1.3 Other relevant information

The 2017/2018 Budget was compiled according to version 6.1 of the mSCOA classification framework. The below results reflects the second quarter's financial position.

YTD Actual operating revenue at the end of the second quarter for 2017/2018 is at 52.58% of the total budgeted revenue. The expenditure reflects spending of 45.69% against the total budgeted expenditure. Capital expenditure amounts to R33.5m, or 27.50% of the total adjusted budget of R121.8m, at the end of December 2017.

An adjustments budget was tabled during this quarter in respect of the appropriation of additional revenues that became available through the Western Cape Adjusted Estimates and the 2017 Adjustments Appropriation Bill which were not listed in the Division of Revenue Act, 2017 (Act 3 of 2017).

Outstanding consumer debtors remain stable and only reflect the year-on-year increase from increased tariffs as from 1 July 2017.

The positive cash flow remains stable with no indication of a decline.

Resolutions

IN-YEAR REPORTS 2017/2018

This is the resolution that will be presented to Council when the In-Year Report is tabled:

RECOMMENDATION:

That the report for the quarter ended December 2017, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003, **be noted**.

Executive Summary

As the Auditor General has completed the audit of the 2016/2017 financial statements the 'Audited Outcome' for 2016/2017 will be included in the tables of subsequent reports after the tabling of the Annual Report on 24 January 2018.

Revenue by Source

The Year-to-Date actual revenue is 2.09% above the YTD budget projections at the end of December 2017.

Borrowings

The balance of borrowings amounts to R427.6m as at December 2017.

Operating expenditure by vote & type

Current expenditure is 2.36% below YTD budget projections at the end of December 2017.

Capital expenditure

YTD Capital expenditure amounts to R33.5m or 27.50% of the adjusted budget of R121.8m. The current capital commitments of orders in progress amounts to R29.6m or 24.30% of the adjusted capital budget of R121.8m.

Cash flows

The municipality started the year with a positive cash balance of R259.8 million. The December closing balance is R367.4 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

Grants totaling R47.7m was received during December 2017.

Spending on Grants

Spending on grants amounts to R14.7m for December 2017 which includes FMG, EPWP, MIG, Provincial Library Grant, Housing & CDW.

Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M06 December			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Revenue By Source</u>			
Total	2.09%		
<u>Expenditure By Type</u>			
Total	-2.36%		
<u>Capital Expenditure</u>			
Total	47.29%	Accelerated spending on housing related projects Capital Commitments = R29.6m	
<u>Financial Position</u>			
In order			
<u>Cash Flow</u>			
In order			

Performance in relation to SDBIP targets

See the separate comprehensive report to be tabled in Council.

Remedial or corrective steps

No remedial or corrective steps are required at this time.

In-year budget statement tables / ...

Table C1: s71 Monthly Budget Statement Summary

WC032 Overstrand - Table C1 Monthly Budget Statement Summary - M06 December

Description	2016/17	Budget Year 2017/18							
	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	-	212 784	212 784	17 648	108 671	107 279	1 393	1%	212 784
Service charges	-	577 648	577 648	50 211	290 942	285 926	5 016	2%	577 648
Investment revenue	-	13 962	13 962	797	10 355	8 028	2 327	29%	13 962
Transfers and subsidies	-	113 688	125 178	32 608	76 991	76 991	-		125 178
Other own revenue	-	75 134	75 134	8 061	41 361	39 257	2 105	5%	75 134
Total Revenue (excluding capital transfers and contributions)	-	993 217	1 004 706	109 324	528 320	517 481	10 840	2%	1 004 706
Employee costs	-	333 225	333 291	25 288	158 713	159 691	(978)	-1%	333 291
Remuneration of Councillors	-	10 053	10 053	771	4 721	5 026	(306)	-6%	10 053
Depreciation & asset impairment	-	130 287	130 287	10 863	65 149	65 149	-		130 287
Finance charges	-	47 440	47 440	11 131	17 190	17 190	-		47 440
Materials and bulk purchases	-	261 093	271 667	21 632	123 372	127 651	(4 279)	-3%	271 667
Transfers and subsidies	-	1 778	1 778	4	973	973	-		1 778
Other expenditure	-	253 926	254 776	21 497	109 381	115 399	(6 018)	-5%	254 776
Total Expenditure	-	1 037 801	1 049 291	91 185	479 498	491 079	(11 581)	-2%	1 049 291
Surplus/(Deficit)	-	(44 584)	(44 584)	18 139	48 822	26 402	22 421	85%	(44 584)
Transfers and subsidies - capital (monetary a	-	47 840	71 990	10 174	24 631	24 631	-		71 990
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	-	3 256	27 406	28 313	73 453	51 033	22 421	44%	27 406
Surplus/ (Deficit) for the year	-	3 256	27 406	28 313	73 453	51 033	22 421	44%	27 406
Capital expenditure & funds sources									
Capital expenditure	-	97 648	121 798	12 558	33 542	22 772	10 770	47%	121 798
Capital transfers recognised	-	47 840	71 990	10 174	24 764	14 878	9 886	66%	71 990
Public contributions & donations	-	-	-	-	-	-	-		-
Borrowing	-	30 000	30 000	617	5 416	4 721	695	15%	30 000
Internally generated funds	-	19 808	19 808	1 768	3 362	3 173	189	6%	19 808
Total sources of capital funds	-	97 648	121 798	12 558	33 542	22 772	10 770	47%	121 798
Financial position									
Total current assets	-	352 438	420 308		513 003				420 308
Total non current assets	-	3 681 110	3 705 260		3 673 158				3 705 260
Total current liabilities	-	186 466	186 466		196 674				186 466
Total non current liabilities	-	638 205	638 205		615 285				638 205
Community wealth/Equity	-	3 208 877	3 300 897		3 374 201				3 300 897
Cash flows									
Net cash from (used) operating	-	123 839	147 989	65 886	158 994	158 997	3	0%	147 989
Net cash from (used) investing	-	(103 656)	(127 807)	(13 031)	(37 067)	(37 067)	-		(127 807)
Net cash from (used) financing	-	2 810	2 810	(4 093)	(14 333)	(14 333)	-		2 810
Cash/cash equivalents at the month/year end	-	214 936	282 806	-	367 407	367 411	3	0%	282 806
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	59 495	1 977	1 369	919	789	789	3 242	20 812	89 391
Creditors Age Analysis									
Total Creditors	3 749	-	-	-	-	-	-	-	3 749

Table C2: Monthly Budget Statement – Financial Performance (standard classification)

WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
Governance and administration	–	262 309	262 655	26 749	142 380	140 049	2 331	2%	262 655
Executive and council	–	21 759	21 759	7 100	16 060	16 060	–		21 759
Finance and administration	–	240 502	240 782	19 648	126 320	123 990	2 331	2%	240 782
Internal audit	–	48	114	–	–	–	–		114
Community and public safety	–	59 370	90 234	14 771	35 608	34 887	721	2%	90 234
Community and social services	–	9 557	9 557	604	4 180	4 651	(471)	-10%	9 557
Sport and recreation	–	10 558	10 558	2 686	7 115	5 279	1 836	35%	10 558
Public safety	–	2 928	2 928	45	820	1 464	(644)	-44%	2 928
Housing	–	36 327	67 191	11 437	23 493	23 493	–		67 191
Economic and environmental services	–	56 638	60 638	5 163	29 131	27 723	1 409	5%	60 638
Planning and development	–	11 967	11 967	885	5 738	5 398	340	6%	11 967
Road transport	–	44 650	48 650	4 278	23 393	22 325	1 069	5%	48 650
Environmental protection	–	22	22	–	–	–	–		22
Trading services	–	662 740	663 170	72 816	345 832	339 452	6 380	2%	663 170
Energy sources	–	370 050	370 410	37 832	194 277	192 889	1 388	1%	370 410
Water management	–	130 926	130 926	14 521	62 903	61 644	1 258	2%	130 926
Waste water management	–	91 423	91 423	10 772	48 875	46 287	2 589	6%	91 423
Waste management	–	70 340	70 410	9 691	39 777	38 633	1 145	3%	70 410
Other	–	–	–	–	–	–	–		–
Total Revenue - Functional	–	1 041 057	1 076 697	119 498	552 951	542 112	10 840	2%	1 076 697
Expenditure - Functional									
Governance and administration	–	211 792	212 138	15 347	99 987	103 913	(3 926)	-4%	212 138
Executive and council	–	48 861	48 861	3 055	22 657	22 968	(311)	-1%	48 861
Finance and administration	–	160 383	160 663	12 137	76 230	79 670	(3 441)	-4%	160 663
Internal audit	–	2 548	2 614	155	1 100	1 274	(174)	-14%	2 614
Community and public safety	–	113 495	124 569	11 298	49 066	52 287	(3 222)	-6%	124 569
Community and social services	–	14 904	14 904	1 114	6 774	7 440	(667)	-9%	14 904
Sport and recreation	–	42 993	42 993	3 832	18 271	20 063	(1 793)	-9%	42 993
Public safety	–	30 817	30 817	2 401	13 800	14 562	(763)	-5%	30 817
Housing	–	24 781	35 855	3 951	10 221	10 221	–		35 855
Economic and environmental services	–	193 013	193 013	16 354	89 854	90 898	(1 044)	-1%	193 013
Planning and development	–	36 431	36 431	2 613	16 918	17 249	(331)	-2%	36 431
Road transport	–	150 568	150 568	13 258	70 444	70 893	(448)	-1%	150 568
Environmental protection	–	6 014	6 014	483	2 492	2 757	(265)	-10%	6 014
Trading services	–	518 289	518 359	48 115	240 195	243 374	(3 180)	-1%	518 359
Energy sources	–	282 999	282 999	23 596	135 136	135 608	(472)	0%	282 999
Water management	–	104 872	104 872	12 107	46 338	47 924	(1 586)	-3%	104 872
Waste water management	–	73 606	73 606	7 967	33 304	33 810	(506)	-1%	73 606
Waste management	–	56 813	56 883	4 445	25 417	26 032	(615)	-2%	56 883
Other	–	1 213	1 213	72	397	606	(209)	-35%	1 213
Total Expenditure - Functional	–	1 037 801	1 049 291	91 185	479 498	491 079	(11 581)	-2%	1 049 291
Surplus/ (Deficit) for the year	–	3 256	27 406	28 313	73 453	51 033	22 421	44%	27 406

This table reflects the operating budget (Financial Performance) in the standard classifications which are the GFS Functions and Sub-functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main GFS classifications are Governance and administration; Community and public safety; Economic and environmental services; and Trading services.

It is for this reason that Financial Performance is reported in standard classification, Table C2, and by municipal vote, Table C3.

Table C3: Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

WC032 Overstrand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Council	-	21 675	21 675	7 093	16 012	16 012	-		21 675
Vote 2 - Municipal Manager	-	48	114	-	-	-	-		114
Vote 3 - Management Services	-	194	194	24	405	97	308	318.2%	194
Vote 4 - Finance	-	239 556	239 836	19 563	125 659	122 489	3 171	2.6%	239 836
Vote 5 - Community Services	-	319 477	323 477	39 238	166 489	161 200	5 289	3.3%	323 477
Vote 6 - Local Economic Development	-	3 900	3 900	318	1 409	1 950	(541)	-27.8%	3 900
Vote 7 - Infrastructure & Planning	-	414 615	445 909	49 838	222 098	217 835	4 263	2.0%	445 909
Vote 8 - Protection Services	-	41 592	41 592	3 425	20 880	22 529	(1 650)	-7.3%	41 592
Total Revenue by Vote	-	1 041 057	1 076 697	119 498	552 951	542 112	10 840	2.0%	1 076 697
Expenditure by Vote									
Vote 1 - Council	-	25 959	25 959	1 578	13 208	13 242	(35)	-0.3%	25 959
Vote 2 - Municipal Manager	-	5 000	5 066	316	2 109	2 283	(173)	-7.6%	5 066
Vote 3 - Management Services	-	50 326	50 326	3 684	21 863	23 225	(1 362)	-5.9%	50 326
Vote 4 - Finance	-	73 025	73 305	5 606	36 799	38 498	(1 699)	-4.4%	73 305
Vote 5 - Community Services	-	384 996	384 996	37 568	175 833	178 739	(2 906)	-1.6%	384 996
Vote 6 - Local Economic Development	-	10 076	10 076	703	4 602	4 929	(326)	-6.6%	10 076
Vote 7 - Infrastructure & Planning	-	407 638	418 781	35 445	188 075	191 441	(3 366)	-1.8%	418 781
Vote 8 - Protection Services	-	80 782	80 782	6 285	37 009	38 722	(1 713)	-4.4%	80 782
Total Expenditure by Vote	-	1 037 801	1 049 291	91 185	479 498	491 079	(11 581)	-2.4%	1 049 291
Surplus/ (Deficit) for the year	-	3 256	27 406	28 313	73 453	51 033	22 421	43.9%	27 406

The operating expenditure budget is approved by Council on the municipal vote level. The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Council; Municipal Manager; Management Services; Finance; Community Services; Local Economic Development; Infrastructure & Planning and Protection Services.

Unauthorised expenditure by year end would occur either for the municipality as a whole if the adjusted budget for 'Total Expenditure by Vote' or if any of the individual budgets for any specific vote/s were overspent. During the financial year some of the figures are influenced by transactions that occur annually only.

Table C4: Monthly Budget Statement – Financial Performance (revenue and expenditure)

WC032 Overstrand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	2016/17	Budget Year 2017/18							
	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		212 784	212 784	17 648	108 671	107 279	1 393	1%	212 784
Service charges - electricity revenue		339 249	339 249	29 213	174 551	173 582	969	1%	339 249
Service charges - water revenue		114 494	114 494	10 127	52 772	51 522	1 249	2%	114 494
Service charges - sanitation revenue		67 869	67 869	6 099	34 737	32 804	1 934	6%	67 869
Service charges - refuse revenue		55 388	55 388	4 726	28 575	27 694	881	3%	55 388
Rental of facilities and equipment		4 933	4 933	463	3 192	2 919	273	9%	4 933
Interest earned - external investments		13 962	13 962	797	10 355	8 028	2 327	29%	13 962
Interest earned - outstanding debtors		3 203	3 203	344	1 945	1 788	157	9%	3 203
Fines, penalties and forfeits		33 260	33 260	3 007	17 410	16 630	780	5%	33 260
Licences and permits		2 374	2 374	220	1 167	1 187	(20)	-2%	2 374
Agency services		3 419	3 419	287	1 884	1 723	160	9%	3 419
Transfers and subsidies		113 688	125 178	32 608	76 991	76 991	-		125 178
Other revenue		27 946	27 946	3 682	14 727	13 973	754	5%	27 946
Gains on disposal of PPE				58	1 036	1 036	-		
Total Revenue (excluding capital transfers and contributions)	-	993 217	1 004 706	109 324	528 320	517 481	10 840	2%	1 004 706
Expenditure By Type									
Employee related costs		333 225	333 291	25 288	158 713	159 691	(978)	-1%	333 291
Remuneration of councillors		10 053	10 053	771	4 721	5 026	(306)	-6%	10 053
Debt impairment		22 792	22 792	1 899	11 396	11 396	-		22 792
Depreciation & asset impairment		130 287	130 287	10 863	65 149	65 149	-		130 287
Finance charges		47 440	47 440	11 131	17 190	17 190	-		47 440
Bulk purchases		211 447	211 447	15 384	103 419	105 723	(2 304)	-2%	211 447
Other materials		49 647	60 220	6 248	19 953	21 927	(1 974)	-9%	60 220
Contracted services		173 424	174 274	15 277	67 918	73 705	(5 787)	-8%	174 274
Transfers and subsidies		1 778	1 778	4	973	973	-		1 778
Other expenditure		57 710	57 710	4 320	30 067	30 298	(231)	-1%	57 710
Loss on disposal of PPE							-		
Total Expenditure	-	1 037 801	1 049 291	91 185	479 498	491 079	(11 581)	-2%	1 049 291
Surplus/(Deficit)	-	(44 584)	(44 584)	18 139	48 822	26 402	22 421	85%	(44 584)
Transfers and subsidies - capital (monetary allocations) (National)		47 840	71 990	10 174	24 631	24 631	-		71 990
Transfers and subsidies - capital (in-kind - all)							-		
Surplus/(Deficit) after capital transfers & Taxation	-	3 256	27 406	28 313	73 453	51 033	-		27 406
Surplus/(Deficit) after taxation	-	3 256	27 406	28 313	73 453	51 033			27 406
Surplus/(Deficit) attributable to municipality	-	3 256	27 406	28 313	73 453	51 033			27 406
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	3 256	27 406	28 313	73 453	51 033			27 406

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 2.09% above the YTD budget.

Current expenditure is 2.36% below YTD budget projections for December 2017.

Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

WC032 Overstrand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	45 963	65 753	10 786	23 982	14 388	9 594	67%	65 753
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	14 000	14 360	-	4 046	2 484	1 562	63%	14 360
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	-	59 963	80 113	10 786	28 028	16 871	11 157	66%	80 113
Total Capital Expenditure	-	97 648	121 798	12 558	33 542	22 772	10 770	47%	121 798
Capital Expenditure - Functional Classification									
Governance and administration	-	2 705	2 705	1 222	1 517	1 240	278	22%	2 705
Executive and council							-		
Finance and administration		2 705	2 705	1 222	1 517	1 240	278	22%	2 705
Internal audit							-		
Community and public safety	-	26 908	46 698	7 908	16 177	10 045	6 132	61%	46 698
Community and social services		3 607	3 607	47	689	601	88	15%	3 607
Sport and recreation		2 266	2 266	77	289	378	(89)	-23%	2 266
Public safety		3 848	3 848	26	84	160	(76)	-47%	3 848
Housing		17 186	36 977	7 759	15 115	8 906	6 209	70%	36 977
Health							-		
Economic and environmental services	-	7 460	11 460	1 220	3 589	2 826	763	27%	11 460
Planning and development		45	45	2	20	21	(0)	-2%	45
Road transport		7 415	11 415	1 218	3 569	2 805	764	27%	11 415
Environmental protection							-		
Trading services	-	60 575	60 935	2 209	12 259	8 662	3 597	42%	60 935
Energy sources		19 790	20 150	-	4 080	3 198	882	28%	20 150
Water management		9 300	9 300	572	1 217	1 163	54	5%	9 300
Waste water management		29 875	29 875	1 637	6 875	4 100	2 775	68%	29 875
Waste management		1 610	1 610	-	87	201	(114)	-57%	1 610
Total Capital Expenditure - Functional Classification	-	97 648	121 798	12 558	33 542	22 772	10 770	47%	121 798
Funded by:									
National Government		26 330	26 330	2 415	9 501	6 607	2 894	44%	26 330
Provincial Government		21 510	45 660	7 759	15 263	8 272	6 991	85%	45 660
District Municipality							-		
Other transfers and grants							-		
Transfers recognised - capital	-	47 840	71 990	10 174	24 764	14 878	9 886	66%	71 990
Public contributions & donations							-		
Borrowing		30 000	30 000	617	5 416	4 721	695	15%	30 000
Internally generated funds		19 808	19 808	1 768	3 362	3 173	189	6%	19 808
Total Capital Funding	-	97 648	121 798	12 558	33 542	22 772	10 770	47%	121 798

Capital expenditure is 47,29% above the Year-to-Date budget for this quarter

Table C6: Monthly Budget Statement - Financial Position

WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	2016/17	Budget Year 2017/18			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		214 936	282 806	60 100	282 806
Call investment deposits		-	-	307 307	-
Consumer debtors		72 588	72 588	66 029	72 588
Other debtors		49 874	49 874	35 399	49 874
Current portion of long-term receivables		10	10	7	10
Inventory		15 030	15 030	44 160	15 030
Total current assets	-	352 438	420 308	513 003	420 308
Non current assets					
Long-term receivables		20	20	31	20
Investments		43 422	43 422	41 508	43 422
Investment property		152 550	152 550	155 269	152 550
Investments in Associate					
Property, plant and equipment		3 479 176	3 503 327	3 470 063	3 503 327
Agricultural					
Biological assets					
Intangible assets		5 942	5 942	6 287	5 942
Other non-current assets					
Total non current assets	-	3 681 110	3 705 260	3 673 158	3 705 260
TOTAL ASSETS	-	4 033 548	4 125 568	4 186 161	4 125 568
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing		33 047	33 047	32 184	33 047
Consumer deposits		49 215	49 215	37 134	49 215
Trade and other payables		73 773	73 773	97 637	73 773
Provisions		30 432	30 432	29 719	30 432
Total current liabilities	-	186 466	186 466	196 674	186 466
Non current liabilities					
Borrowing		409 052	409 052	395 462	409 052
Provisions		229 153	229 153	219 823	229 153
Total non current liabilities	-	638 205	638 205	615 285	638 205
TOTAL LIABILITIES	-	824 671	824 671	811 959	824 671
NET ASSETS	-	3 208 877	3 300 897	3 374 201	3 300 897
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		3 206 436	3 298 457	3 370 947	3 298 457
Reserves		2 440	2 440	3 254	2 440
TOTAL COMMUNITY WEALTH/EQUITY	-	3 208 877	3 300 897	3 374 201	3 300 897

The statement of financial position is in line with expectations for the financial year.

Table C7: Monthly Budget Statement - Cash Flow

WC032 Overstrand - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates		211 275	211 275	12 380	109 917	109 863	54	0%	211 275
Service charges		573 549	573 549	50 993	293 550	293 561	(11)	0%	573 549
Other revenue		67 761	67 761	8 216	42 292	42 294	(2)	0%	67 761
Government - operating		113 688	125 178	32 608	76 991	76 991	-		125 178
Government - capital		47 840	71 990	10 174	24 631	24 631	-		71 990
Interest		17 165	17 165	1 141	12 300	12 300	-		17 165
Dividends		-	-	-	-	-	-		-
Payments									
Suppliers and employees		(858 220)	(869 710)	(38 490)	(382 524)	(382 480)	44	0%	(869 710)
Finance charges		(47 440)	(47 440)	(11 131)	(17 190)	(17 190)	-		(47 440)
Transfers and Grants		(1 778)	(1 778)	(4)	(973)	(973)	-		(1 778)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	123 839	147 989	65 886	158 994	158 997	3	0%	147 989
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-		-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		11	11	0	1	1	-		11
Decrease (increase) in non-current investments		(6 019)	(6 019)	(473)	(3 526)	(3 526)	-		(6 019)
Payments									
Capital assets		(97 648)	(121 798)	(12 558)	(33 542)	(33 542)	-		(121 798)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(103 656)	(127 807)	(13 031)	(37 067)	(37 067)	-		(127 807)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-		-
Borrowing long term/refinancing		30 000	30 000	-	-	-	-		30 000
Increase (decrease) in consumer deposits		2 786	2 786	(7)	95	95	-		2 786
Payments									
Repayment of borrowing		(29 976)	(29 976)	(4 086)	(14 429)	(14 429)	-		(29 976)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	2 810	2 810	(4 093)	(14 333)	(14 333)	-		2 810
NET INCREASE/ (DECREASE) IN CASH HELD	-	22 992	22 992	48 762	107 593	107 596			22 992
Cash/cash equivalents at beginning:		191 944	259 814		259 814	259 814			259 814
Cash/cash equivalents at month/year end:	-	214 936	282 806		367 407	367 411			282 806

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R367.4 million.

The municipality started the year with a positive cash balance of R259.8 million. The December closing balance is R367.4 million. Refer to Supporting Table SC9 for more details on the cash position.

Supporting Table SC9: Monthly Budget Statement – Actual & revised targets for cash receipts & cash flows

WC032 Overstrand - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Budget Year 2017/18												2017/18 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome			
Cash Receipts By Source															
Property rates	20 930	17 275	11 355	8 716	14 188	37 453						101 358	211 275	226 489	243 365
Service charges - electricity revenue	31 662	29 493	26 350	24 771	25 640	23 514						175 412	336 842	351 305	366 866
Service charges - water revenue	8 467	7 796	14 386	11 939	14 353	8 956						47 786	113 682	120 005	126 758
Service charges - sanitation revenue	5 670	5 462	5 536	3 042	6 513	5 563						35 600	67 388	71 035	74 845
Service charges - refuse	4 750	4 777	6 862	3 949	7 468	6 326						20 864	54 995	57 833	60 679
Service charges - other	32	65	48	57	59	46						336	642	680	721
Interest earned - external investments	1 041	1 242	1 748	2 572	2 956	797						3 607	13 962	14 809	15 785
Interest earned - outstanding debtors	244	422	249	290	327	413						1 258	3 203	3 395	3 599
Dividends received															
Licences and permits	220	172	170	189	197	220						1 207	2 374	2 517	2 668
Agency services	301	336	276	332	352	287						1 535	3 419	3 616	3 831
Transfer receipts - operating	35 094	891	864	5 319	1 625	33 199						36 697	113 688	117 866	138 930
Other revenue	2 344	2 618	1 415	2 423	2 931	6 701						5 378	23 810	21 013	26 577
Cash Receipts by Source	114 425	73 694	72 738	67 159	80 120	126 913	-	-	-	-	-	448 387	983 437	1 030 990	1 107 470
Other Cash Flows by Source															
Contributions & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing												30 000	30 000	40 000	40 000
Receipt of non-current debtors															
Receipt of non-current receivables	1	0	7	(1)	0	(6)						10	11	10	10
Change in non-current investments	(502)	(590)	(442)	(1 318)	(565)	(110)						(2 493)	(6 019)	(7 124)	(7 339)
Total Cash Receipts by Source	113 925	76 312	63 576	69 215	82 408	150 816	-	-	-	-	-	501 804	1 058 055	1 111 223	1 211 098
Cash Payments by Type															
Remuneration of councillors	798	798	798	786	769	771						5 332	10 053	10 527	11 024
Interest paid	104	614	2 272	1 973	1 095	11 131						30 250	47 440	48 849	49 073
Bulk purchases - Electricity	4	26 113	25 965	15 395	20 558	15 384						108 028	211 447	224 152	237 548
Bulk purchases - Water & Sewer															
Other materials	744	836	1 337	5 981	4 807	6 248						29 694	49 647	47 577	60 360
Contracted services	991	13 972	10 400	13 017	14 217	15 277						105 550	173 424	182 919	194 712
Grants and subsidies paid - other municipalities		4										(4)			
Grants and subsidies paid - other	144		424	394	4	4						809	1 778	1 868	1 964
General expenses	5 273	3 561	47 940	(59 597)	(1 815)	31 867						56 206	83 434	110 162	127 291
Cash Payments by Type	30 081	69 856	111 296	6 187	77 957	105 308	-	-	-	-	-	506 752	907 439	969 193	1 043 989
Other Cash Flows/Payments by Type															
Capital assets		6 041	5 773	5 139	4 031	12 558						64 106	97 648	94 362	117 953
Repayment of borrowing		953	4 921	3 397	1 249	3 908						15 547	29 976	33 599	37 631
Other Cash Flows/Payments	19 462	259				(19 721)									
Total Cash Payments by Type	49 543	77 109	121 991	14 724	83 237	102 054	-	-	-	-	-	586 405	1 035 063	1 097 154	1 199 573
NET INCREASE/(DECREASE) IN CASH HELD	64 382	(798)	(58 415)	54 491	(829)	48 762	-	-	-	-	-	(84 601)	22 992	14 068	11 525
Cash/cash equivalents at the month/year begin	259 814	324 196	323 398	264 984	319 475	318 646	367 407	367 407	367 407	367 407	367 407	367 407	259 814	282 806	296 875
Cash/cash equivalents at the month/year end:	324 196	323 398	264 984	319 475	318 646	367 407	367 407	367 407	367 407	367 407	367 407	282 806	282 806	296 875	308 400

This supporting table gives details of information summarised in Table C7.

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

Supporting Table SC3 Debtors' age analysis

WC032 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2017/18										Actual Bad Debts Written Off against Debtors	Impaired - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	13 595	354	152	121	103	120	454	2 899	17 797	3 697		2 491
Trade and Other Receivables from Exchange Transactions - Electricity	1300	14 151	391	238	173	156	138	618	2 841	18 706	3 926		5 025
Receivables from Non-exchange Transactions - Property Rates	1400	17 665	413	223	267	145	117	642	2 391	21 862	3 562		5 719
Receivables from Exchange Transactions - Waste Water Management	1500	6 595	148	99	84	70	67	324	1 724	9 109	2 268		2 507
Receivables from Exchange Transactions - Waste Management	1600	5 185	122	81	68	59	52	275	1 282	7 124	1 736		1 979
Receivables from Exchange Transactions - Property Rental Debtors	1700	284	7	117	5	4	2	18	164	601	193		179
Interest on Arrear Debtor Accounts	1810	81	37	54	35	40	46	277	5 967	6 538	6 366		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	1 939	506	406	166	213	247	633	3 543	7 654	4 802		2 222
Total By Income Source	2000	59 495	1 977	1 369	919	789	789	3 242	20 812	89 391	26 550	-	20 122
2016/17 - totals only		52 936	1 463	830	845	666	703	3 795	19 807	81 046	25 816		20 593
Debtors Age Analysis By Customer Group													
Organs of State	2200	620	90	42	136	39	20	141	1 290	2 378	1 626		241
Commercial	2300	7 238	128	208	48	195	42	211	805	8 876	1 302		728
Households	2400	52 182	1 755	1 114	732	553	699	2 877	18 561	78 474	23 422		19 151
Other	2500	(546)	4	6	2	2	28	13	156	(337)	200		2
Total By Customer Group	2600	59 495	1 977	1 369	919	789	789	3 242	20 812	89 391	26 550	-	20 122

The overall increased debtors results mainly from the year-on-year increase in billings from increased tariffs at the start of the new financial year. This conclusion can be drawn from the increase in the 0-30 days (current) debtors.

Summary of Indigent Households

Indigent Household Statistics					
	Indigent Households	Amount	Other Households	Total Households	
2 017					
July	7 421	NO VOTE for 2017/2018	25 890	33 311	22.28%
August	7 398	NO VOTE for 2017/2018	25 889	33 287	22.22%
September	7 357	NO VOTE for 2017/2018	26 315	33 672	21.85%
October	7 357	NO VOTE for 2017/2018	26 312	33 669	21.85%
November	7 417	NO VOTE for 2017/2018	26 248	33 665	22.03%
December	7 392	NO VOTE for 2017/2018	26 244	33 636	21.98%
2 018					
January					
February					
March					
April					
May					
June					

Summary of Debtors Age Analysis

MONTH	< 30 Days	< 60 Days	< 90 Days	< 120 Days	< 150 Days	<180 Days	<365 Days	>365 Days	Total -	Older than 30 Days	Older than 90 days
2017/18											
June									0	0	0
May									0	0	0
April									0	0	0
March									0	0	0
February									0	0	0
January									0	0	0
December	59 494 662	1 977 221	1 369 348	918 559	789 109	789 098	3 241 811	20 811 503	89 391 309	29 896 647	26 550 079
November	56 824 069	1 827 423	1 126 524	887 759	865 134	737 673	3 257 471	20 763 675	86 289 729	29 465 660	26 511 713
October	57 275 613	1 556 784	1 124 343	1 051 265	811 234	746 035	3 280 142	21 206 503	87 051 919	29 776 306	27 095 179
September	58 698 682	1 721 440	1 250 398	879 548	799 399	608 430	3 308 540	21 086 775	88 353 212	29 654 531	26 682 693
Augustus	60 067 083	1 631 627	1 044 883	871 567	649 170	737 781	3 410 560	20 638 344	89 051 016	28 983 933	26 307 422
July	61 974 453	1 584 147	1 015 505	707 811	784 870	623 722	3 546 555	20 354 794	90 591 857	28 617 404	26 017 752

Government Debt

Overstrand Municipality as at 31/12/2017	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	1 033 523	684 664	347 780	1 080
WCED 2251	353 725	353 725	0	0
OTHER 2210+2255	728 769	728 769	0	0
HEALTH 2252	114 177	86 803	27 374	0
TPW 2256	113 722	22 003	91 360	360
HOUSING 2253+2215	4 832	4 832	0	0
OTHER MUNICIPALITIES 2276	29 112	29 112	0	0
TOTAL OUTSTANDING	2 377 861	1 909 908	466 513	1 440

Creditors' analysis

Supporting Table SC4

WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2017/18								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	3 039								3 039
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	709								709
Auditor General	0800									-
Other	0900	-								-
Total By Customer Type	1000	3 749	-	-	-	-	-	-	-	3 749

Supporting Table SC4 reflects current creditors at the end of December 2017.

The payment of creditors is within requirements of the MFMA.

Investment portfolio analysis

Supporting Table SC5

WC032 Overstrand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID R thousands	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
	Yrs/Months							
Municipality								
LIBERTY 15934476	15 YEARS	Policy	01/09/2025	60		14 143	125	14 328
LIBERTY 21196964	14 YEARS	Policy	01/09/2025	72		24 288	260	24 619
MOMENTUM MP 3853776	14 YEARS	Policy	01/07/2026	(74)		2 604	30	2 560
ABSA 9284200168	DEP PLUS	DEP PLUS		139	7.0%	24 320		24 459
ABSA 9295906141	DEP PLUS	DEP PLUS		139	7.0%	24 320		24 459
ABSA 9331734880	DEP PLUS	DEP PLUS		44	6.8%	8 360	(15)	8 389
03/7881534451 Nedbank	92 days	FIXED DEP	31/01/2018		7.7%	50 000		50 000
Standard Bank 288434005-026	91 days	FIXED DEP	28/02/2018		7.9%	100 000		100 000
03/7881534451 Nedbank	90 days	FIXED DEP	15/03/2018		7.9%		50 000	50 000
03/7881534451 Nedbank	182 days	FIXED DEP	15/06/2018		8.4%		50 000	50 000
Municipality sub-total				381		248 034	100 400	348 815
TOTAL INVESTMENTS AND INTEREST				381		248 034	100 400	348 815

Surplus cash not immediately required is invested in call and monthly deposits.

Long term investments relate to the sinking fund investments.

Allocation and grant receipts and expenditure

Supporting Table SC6 – Grant receipts

WC032 Overstrand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	88 073	88 073	28 074	66 328	66 328	-		88 073
Local Government Equitable Share		84 223	84 223	28 074	63 168	63 168	-		84 223
Finance Management		1 550	1 550		1 550	1 550			1 550
EPWP Incentive		2 300	2 300		1 610	1 610			2 300
Provincial Government:	-	24 378	35 867	4 196	13 743	13 743	-		35 867
Human Settlements Development Grant		17 639	28 713	4 196	8 786	8 786	-		28 713
Library Services Grant		6 306	6 306		4 904	4 904			6 306
Financial Management Capacity Building Grant		240	240				-		240
Community Development Workers Operational Support Grant		54	54		54	54	-		54
Maintenance & Constuction of Transport Infrastructure		139	139				-		139
Western Cape Financial Management Support Grant			280						280
Local Government Internship Grant			66						66
Greenest Municipality Competition			70				-		70
Total Operating Transfers and Grants	-	112 451	123 940	32 270	80 071	80 071	-		123 940
Capital Transfers and Grants									
National Government:	-	26 330	26 330	10 050	17 800	17 800	-		26 330
Municipal Infrastructure Grant (MIG)		22 330	22 330	10 050	13 800	13 800	-		22 330
Integrated National Electrification Programme		4 000	4 000		4 000	4 000			4 000
Provincial Government:	-	19 878	44 028	5 353	20 724	20 724	-		44 028
Human Settlements Development Grant		17 186	36 977	4 182	18 733	18 733	-		36 977
Library Services Grant		700	700						700
Development of Sport & Recreation Facilities		1 171	1 171	1 171	1 171	1 171			1 171
Fire Service Capacity Building Grant		800	800		800	800			800
Community Development Workers Operational Support Grant		21	21		21	21			21
Municipal Service Delivery and Capacity Building Grant			360						360
Provincial Sustainable Transport Programme			4 000						4 000
Other grant providers:	-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	-	46 208	70 358	15 403	38 524	38 524	-		70 358
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	158 659	194 299	47 673	118 596	118 596	-		194 299

Grant receipts are monitored according to the payment schedules.

Supporting Table SC7(1) – Grant expenditure

WC032 Overstrand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	-	3 850	3 850	328	1 623	1 623	-		3 850
Local Government Equitable Share							-		
Finance Management		1 550	1 550	78	531	531	-		1 550
EPWP Incentive		2 300	2 300	251	1 092	1 092	-		2 300
Provincial Government:	-	25 615	37 105	4 206	11 838	11 838	-		37 105
Human Settlements Development Grant		18 779	29 853	3 629	8 040	8 040	-		29 853
Library Services Grant		6 306	6 306	556	3 733	3 733	-		6 306
Financial Management Capacity Building Grant		240	240				-		240
Community Development Workers Operational Support Grant		54	54	21	28	28	-		54
Maintenance & Constuction of Transport Infrastructure		139	139						139
Greenest Municipality Competition		50	120		36	36			120
Local Government Internship Graduate Grant		48	114						114
Western Cape Financial Management Support Grant			280						280
Total operating expenditure of Transfers and Grants:	-	29 465	40 955	4 534	13 460	13 460	-		40 955
Capital expenditure of Transfers and Grants									
National Government:	-	26 330	26 330	2 415	9 501	9 501	-		26 330
Municipal Infrastructure Grant (MIG)		22 330	22 330	2 415	9 501	9 501	-		22 330
Integrated National Electrification Programme		4 000	4 000				-		4 000
Provincial Government:	-	21 510	45 660	7 759	15 263	15 263	-		45 660
Human Settlements Development Grant		17 186	36 977	7 759	15 115	15 115	-		36 977
Library Services Grant		1 132	1 132		133	133			1 132
Development of Sport & Recreation Facilities		1 171	1 171						1 171
Fire Service Capacity Building Grant		2 000	2 000						2 000
Community Development Workers Operational Support Grant		21	21		15	15			21
Municipal Service Delivery and Capacity Building Grant			360						360
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	-	47 840	71 990	10 174	24 764	24 764	-		71 990
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	77 305	112 945	14 708	38 224	38 224	-		112 945

Grant expenditure is monitored against grant receipts.

Supporting Table SC7(2) – Expenditure against approved rollovers

WC032 Overstrand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M06 December

Description	Budget Year 2017/18				
	Approved Rollover 2016/17	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands					%
<u>EXPENDITURE</u>					
<u>Operating expenditure of Approved Roll-overs</u>					
National Government:	-	-	-	-	
Local Government Equitable Share				-	
Finance Management				-	
EPWP Incentive				-	
Provincial Government:	3 334	-	-	3 334	100.0%
Human Settlements Development Grant	3 286			3 286	100.0%
Financial Management Capacity Building Grant				-	
Community Development Workers Operational Support Grant				-	
Maintenance & Constuction of Transport Infrastructure				-	
Local Government Internship Graduate Grant	48			48	
				-	
				-	
Total operating expenditure of Approved Roll-overs	3 334	-	-	3 334	100.0%
Capital expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Municipal Infrastructure Grant (MIG)				-	
				-	
				-	
Provincial Government:	2 170	-	-	2 170	100.0%
Community Library Service Grant	970			970	100.0%
Fire Service Capacity Building Grant	1 200			1 200	100.0%
				-	
Total capital expenditure of Approved Roll-overs	2 170	-	-	2 170	100.0%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS	5 504	-	-	5 504	100.0%

A Roll over application was submitted to Provincial Treasury during August 2017 for unspent Housing, Provincial Library, Fire Services Capacity Building and Internship Graduate Grants. The roll over outcome letter from Provincial Treasury was received in November 2017. All unspent grants applied for were granted and are reflected above.

Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages		9 393	9 393	718	4 396	4 696	(300)	-6%	9 393
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		660	660	53	324	330	(6)	-2%	660
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	-	10 053	10 053	771	4 720	5 026	(306)	-6%	10 053
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages		10 753	10 753	869	5 207	5 376	(170)	-3%	10 753
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		175	175	15	87	87	-		175
Housing Allowances							-		
Other benefits and allowances				-	4	4	-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	-	10 928	10 928	883	5 298	5 468	(170)	-3%	10 928
<u>Other Municipal Staff</u>									
Basic Salaries and Wages		204 000	204 000	17 453	107 639	108 252	(614)	-1%	204 000
Pension and UIF Contributions		35 806	35 806	2 787	16 461	16 501	(40)	0%	35 806
Medical Aid Contributions		12 625	12 625	909	5 395	5 450	(55)	-1%	12 625
Overtime		15 622	15 622	1 146	5 919	6 001	(82)	-1%	15 622
Performance Bonus		-	-	-	-	-	-		-
Motor Vehicle Allowance		8 213	8 213	929	5 396	5 407	(10)	0%	8 213
Cellphone Allowance		1 475	1 475	142	844	848	(4)	-1%	1 475
Housing Allowances		5 405	5 405	205	1 218	1 301	(83)	-6%	5 405
Other benefits and allowances		29 993	29 993	71	5 587	5 774	(187)	-3%	29 993
Payments in lieu of leave		765	765	64	383	383	(0)	0%	765
Long service awards		669	669	56	538	528	10	2%	669
Post-retirement benefit obligations		7 724	7 724	644	4 036	4 036	1	0%	7 724
Sub Total - Other Municipal Staff	-	322 297	322 297	24 404	153 416	154 480	(1 064)	-1%	322 297
Total Parent Municipality		343 277	343 277	26 058	163 434	164 974	(1 540)	-1%	343 277
TOTAL SALARY, ALLOWANCES & BENEFITS	-	343 277	343 277	26 058	163 434	164 974	(1 540)	-1%	343 277
TOTAL MANAGERS AND STAFF	-	333 225	333 225	25 288	158 714	159 948	(1 234)	-1%	333 225

SDBIP

The results of the SDBIP for the second quarter ended 31 December 2017 will be included in a separate comprehensive report to be tabled in Council.

Financial Performance

Supporting Table SC2

WC032 Overstrand - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December

Description of financial indicator	Basis of calculation	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	0.0%	17.1%	16.9%	3.6%	5.5%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	30.7%	24.6%	16.1%	24.6%
<u>Safety of Capital</u>						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0.0%	16.1%	15.6%	15.6%	15.6%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	16762.6%	16762.6%	12153.5%	16762.6%
<u>Liquidity</u>						
Current Ratio	Current assets/current liabilities	0.0%	189.0%	225.4%	260.8%	225.4%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0%	115.3%	151.7%	186.8%	151.7%
<u>Revenue Management</u>						
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing					
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	12.3%	12.2%	19.2%	12.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))		98.0%		Annual Indicator	98.0%
<u>Funding of Provisions</u>						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
<u>Other Indicators</u>						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated		633.4%		Annual Indicator	633.4%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		20.89%		Annual Indicator	20.89%
Employee costs	Employee costs/Total Revenue - capital revenue	0.0%	33.6%	33.2%	30.0%	33.2%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	17.0%	0.0%	0.0%	16.8%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.0%	17.9%	17.7%	3.3%	5.7%
<u>IDP regulation financial viability indicators</u>						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		17.0		Annual Indicator	17.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		15.4%		Annual Indicator	15.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		3.2		Annual Indicator	3.2

Capital programme performance

Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July		-		-		-	-		
August		2 040	2 040	6 041	6 041	2 040	(4 001)	-196.1%	6%
September		3 448	3 448	5 773	11 814	5 488	(6 326)	-115.3%	12%
October		4 926	4 926	5 139	16 953	10 414	(6 539)	-62.8%	17%
November		6 259	6 259	4 031	20 984	16 673	(4 311)	-25.9%	21%
December		6 099	6 099	12 558	33 542	22 772	(10 770)	-47.3%	34%
January		10 181	10 181			32 953	-		
February		14 759	14 759			47 712	-		
March		14 813	14 813			62 525	-		
April		16 669	16 669			79 194	-		
May		18 333	18 333			97 528	-		
June		120	24 270			121 798	-		
Total Capital expenditure		-	97 648	121 798	33 542				

Supporting Table SC13a

WC032 Overstrand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	-	28 205	32 565	1 225	7 852	4 800	(3 052)	-63.6%	32 565
Roads Infrastructure	-	5 155	9 155	1 196	3 502	2 170	(1 332)	-61.4%	9 155
<i>Roads</i>		5 155	9 155	1 196	3 502	2 170	(1 332)	-61.4%	9 155
Storm water Infrastructure	-	250	250	-	25	48	23	47.1%	250
<i>Drainage Collection</i>		250	250		25	48	23	47.1%	250
Electrical Infrastructure	-	18 790	19 150	-	4 080	2 211	(1 869)	-84.5%	19 150
<i>MV Substations</i>		3 000	3 000		2 939	1 000	(1 939)	-193.9%	3 000
<i>LV Networks</i>		15 790	16 150		1 141	1 211	70	5.8%	16 150
Water Supply Infrastructure	-	3 900	3 900	29	158	325	167	51.5%	3 900
<i>Reservoirs</i>		3 900	3 900	29	158	325	167	51.5%	3 900
Solid Waste Infrastructure	-	110	110	-	87	46	(41)	-90.2%	110
<i>Waste Drop-off Points</i>		110	110		87	46	(41)	-90.2%	110
Community Assets	-	6 545	6 545	147	897	1 068	171	16.0%	6 545
Community Facilities	-	4 579	4 579	71	608	744	136	18.2%	4 579
<i>Halls</i>		421	421		415	175	(240)	-136.9%	421
<i>Crèches</i>		100	100	47	99	50	(49)	-98.4%	100
<i>Fire/Ambulance Stations</i>		3 798	3 798	24	53	450	397	88.3%	3 798
<i>Cemeteries/Crematoria</i>		260	260		41	69	28	40.1%	260
Sport and Recreation Facilities	-	1 966	1 966	77	289	324	35	10.9%	1 966
<i>Indoor Facilities</i>							-		
<i>Outdoor Facilities</i>		1 966	1 966	77	289	324	35	10.9%	1 966
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	17 186	36 977	7 759	15 115	10 029	(5 086)	-50.7%	36 977
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	17 186	36 977	7 759	15 115	10 029	(5 086)	-50.7%	36 977
<i>Social Housing</i>		17 186	36 977	7 759	15 115	10 029	(5 086)	-50.7%	36 977
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	1 620	1 620	1 207	1 463	810	(653)	-80.6%	1 620
Computer Equipment		1 620	1 620	1 207	1 463	810	(653)	-80.6%	1 620
Furniture and Office Equipment	-	120	120	17	48	60	12	20.3%	120
Furniture and Office Equipment		120	120	17	48	60	12	20.3%	120
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	950	950	-	-	-	-	-	950
Transport Assets		950	950						950
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	-	54 626	78 776	10 355	25 375	16 767	(8 607)	-51.3%	78 776

Supporting Table SC13b

WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	11 280	11 280	377	377	906	529	58.4%	11 280
Roads Infrastructure	-	2 080	2 080	-	-	-	-		2 080
<i>Roads</i>		2 080	2 080						2 080
Electrical Infrastructure	-	1 000	1 000	-	-	-	-		1 000
<i>MV Networks</i>		1 000	1 000						1 000
Water Supply Infrastructure	-	900	900	5	5	263	258	98.2%	900
<i>Water Treatment Works</i>		900	900	5	5	263	258	98.2%	900
Sanitation Infrastructure	-	5 800	5 800	372	372	643	271	42.1%	5 800
<i>Waste Water Treatment Works</i>		5 800	5 800	372	372	643	271	42.1%	5 800
Solid Waste Infrastructure	-	1 500	1 500	-	-	-	-		1 500
<i>Waste Transfer Stations</i>		1 500	1 500						1 500
Community Assets	-	-	-	-	-	-	-		-
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	-	-	-	-	-	-		-
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Biological or Cultivated Assets							-		
Intangible Assets	-	-	-	-	-	-	-		-
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment							-		
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment							-		
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment							-		
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets							-		
Libraries	-	-	-	-	-	-	-		-
Libraries							-		
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals							-		
Total Capital Expenditure on renewal of existing assets	-	11 280	11 280	377	377	906	529	58.4%	11 280

Supporting Table SC13c

WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06
December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	132 746	132 746	14 522	60 848	66 373	5 525	8.3%	132 746
Roads Infrastructure	-	64 747	64 747	5 779	27 623	32 373	4 750	14.7%	64 747
<i>Roads</i>		64 747	64 747	5 779	27 623	32 373	4 750	14.7%	64 747
Storm water Infrastructure	-	6 168	6 168	535	2 997	3 084	87	2.8%	6 168
<i>Storm water Conveyance</i>		6 168	6 168	535	2 997	3 084	87	2.8%	6 168
Electrical Infrastructure	-	18 903	18 903	1 726	8 401	9 452	1 051	11.1%	18 903
<i>HV Transmission Conductors</i>		18 903	18 903	1 726	8 401	9 452	1 051	11.1%	18 903
Water Supply Infrastructure	-	17 549	17 549	1 911	8 955	8 775	(180)	-2.1%	17 549
<i>Water Treatment Works</i>		17 549	17 549	1 911	8 955	8 775	(180)	-2.1%	17 549
Sanitation Infrastructure	-	16 500	16 500	1 484	7 062	8 250	1 188	14.4%	16 500
<i>Waste Water Treatment Works</i>		16 500	16 500	1 484	7 062	8 250	1 188	14.4%	16 500
Solid Waste Infrastructure	-	8 879	8 879	3 086	5 811	4 439	(1 371)	-30.9%	8 879
<i>Waste Transfer Stations</i>		8 879	8 879	3 086	5 811	4 439	(1 371)	-30.9%	8 879
Community Assets	-	10 549	10 549	1 152	4 124	5 274	1 151	21.8%	10 549
Community Facilities	-	5 895	5 895	562	2 450	2 947	498	16.9%	5 895
<i>Halls</i>		2 523	2 523	220	904	1 262	358	28.4%	2 523
<i>Libraries</i>		205	205	2	21	102	81	79.2%	205
<i>Cemeteries/Crematoria</i>		57	57	-	16	29	13	44.3%	57
<i>Public Open Space</i>		3 110	3 110	340	1 509	1 555	46	3.0%	3 110
Sport and Recreation Facilities	-	4 654	4 654	590	1 674	2 327	653	28.1%	4 654
<i>Outdoor Facilities</i>		4 654	4 654	590	1 674	2 327	653	28.1%	4 654
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	6 942	6 942	919	3 140	3 471	331	9.5%	6 942
Operational Buildings	-	6 942	6 942	919	3 140	3 471	331	9.5%	6 942
<i>Municipal Offices</i>		6 942	6 942	919	3 140	3 471	331	9.5%	6 942
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	5 384	5 384	561	2 939	2 692	(247)	-9.2%	5 384
Computer Equipment		5 384	5 384	561	2 939	2 692	(247)	-9.2%	5 384
Furniture and Office Equipment	-	13 663	13 663	2 590	7 155	6 832	(323)	-4.7%	13 663
Furniture and Office Equipment		13 663	13 663	2 590	7 155	6 832	(323)	-4.7%	13 663
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets									
Libraries	-	-	-	-	-	-	-	-	-
Libraries									
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Repairs and Maintenance Expenditure	-	169 284	169 284	19 743	78 206	84 642	6 436	7.6%	169 284

Supporting Table SC13d

WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Depreciation by Asset Class/Sub-class									
Infrastructure	-	112 337	112 337	9 361	56 169	56 169	-		112 337
Roads Infrastructure	-	36 600	36 600	3 050	18 300	18 300	-		36 600
<i>Roads</i>		36 600	36 600	3 050	18 300	18 300	-		36 600
Storm water Infrastructure	-	3 465	3 465	289	1 732	1 732	-		3 465
<i>Storm water Conveyance</i>		3 465	3 465	289	1 732	1 732	-		3 465
Electrical Infrastructure	-	25 118	25 118	2 093	12 559	12 559	-		25 118
<i>HV Transmission Conductors</i>		25 118	25 118	2 093	12 559	12 559	-		25 118
Water Supply Infrastructure	-	27 354	27 354	2 279	13 677	13 677	-		27 354
<i>Water Treatment Works</i>		11 598	11 598	967	5 799	5 799	-		11 598
<i>Distribution</i>		15 756	15 756	1 313	7 878	7 878	-		15 756
Sanitation Infrastructure	-	15 886	15 886	1 324	7 943	7 943	-		15 886
<i>Reticulation</i>		12 467	12 467	1 039	6 234	6 234	-		12 467
<i>Waste Water Treatment Works</i>		3 419	3 419	285	1 709	1 709	-		3 419
Solid Waste Infrastructure	-	3 915	3 915	326	1 957	1 957	-		3 915
<i>Waste Transfer Stations</i>		3 915	3 915	326	1 957	1 957	-		3 915
Community Assets	-	766	766	64	383	383	-		766
Sport and Recreation Facilities	-	766	766	64	383	383	-		766
<i>Outdoor Facilities</i>		766	766	64	383	383	-		766
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	11 067	11 067	922	5 534	5 534	-		11 067
Operational Buildings	-	11 067	11 067	922	5 534	5 534	-		11 067
<i>Municipal Offices</i>		11 067	11 067	922	5 534	5 534	-		11 067
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Intangible Assets	-	615	615	51	308	308	-		615
Licences and Rights	-	615	615	51	308	308	-		615
<i>Computer Software and Applications</i>		615	615	51	308	308	-		615
Computer Equipment	-	788	788	66	394	394	-		788
Computer Equipment		788	788	66	394	394	-		788
Furniture and Office Equipment	-	4 035	4 035	336	2 018	2 018	-		4 035
Furniture and Office Equipment		4 035	4 035	336	2 018	2 018	-		4 035
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment		-	-	-	-	-	-		-
Transport Assets	-	678	678	57	339	339	-		678
Transport Assets		678	678	57	339	339	-		678
Libraries	-	-	-	-	-	-	-		-
Libraries		-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-		-
Total Depreciation	-	130 287	130 287	10 857	65 143	65 143	-		130 287

Supporting Table SC13e

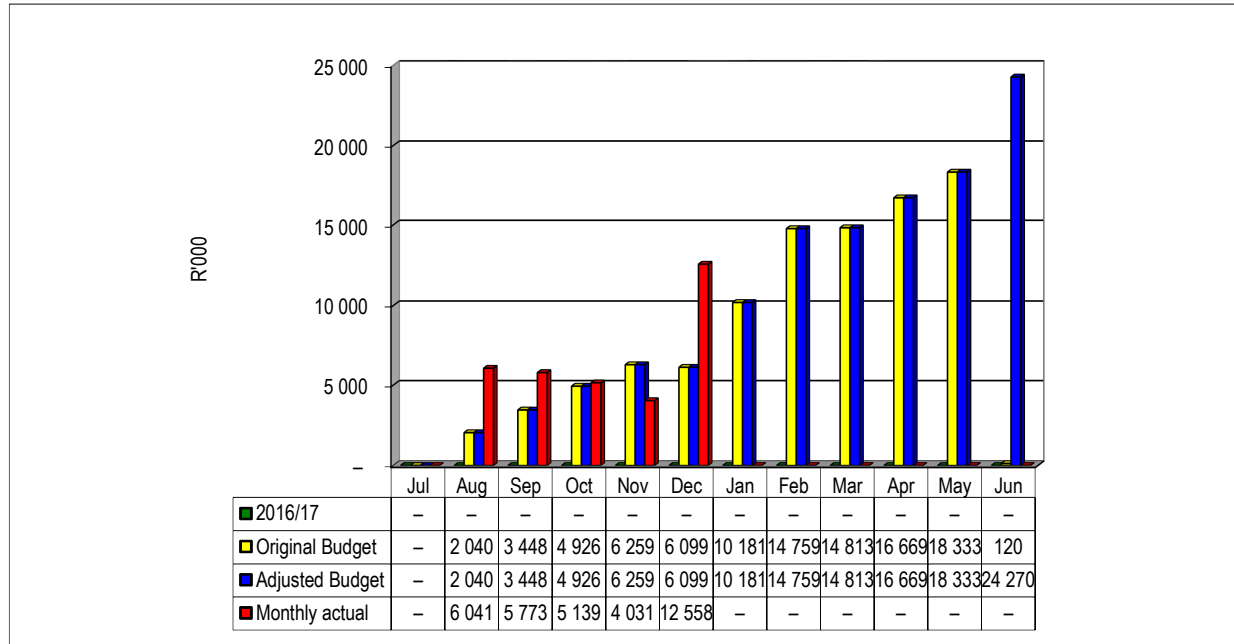
WC032 Overstrand - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M06 December

Description	2016/17	Budget Year 2017/18							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	28 505	28 505	1 825	7 599	4 875	(2 724)	-55.9%	28 505
Roads Infrastructure	-	180	180	22	67	90	23	25.8%	180
<i>Roads</i>	-	180	180	22	67	90	23	25.8%	180
Storm water Infrastructure	-	6 800	6 800	525	5 113	2 200	(2 913)	-132.4%	6 800
<i>Drainage Collection</i>	-	6 800	6 800	525	5 113	2 200	(2 913)	-132.4%	6 800
Water Supply Infrastructure	-	4 500	4 500	539	1 054	1 250	196	15.6%	4 500
<i>Distribution</i>	-	4 500	4 500	539	1 054	1 250	196	15.6%	4 500
Sanitation Infrastructure	-	17 025	17 025	740	1 364	1 335	(29)	-2.2%	17 025
<i>Pump Station</i>	-	5 000	5 000	240	677	500	(177)	-35.3%	5 000
<i>Reticulation</i>	-	3 100	3 100		188	404	216	53.5%	3 100
<i>Waste Water Treatment Works</i>	-	8 585	8 585	500	500	431	(69)	-16.1%	8 585
<i>Outfall Sewers</i>	-	340	340				-		340
Community Assets	-	3 177	3 177	1	165	204	39	19.2%	3 177
Community Facilities	-	2 877	2 877	1	165	204	39	19.2%	2 877
<i>Halls</i>	-	1 695	1 695				-		1 695
<i>Fire/Ambulance Stations</i>	-	50	50	1	32	25	(7)	-27.4%	50
<i>Libraries</i>	-	1 132	1 132		133	179	46	25.7%	1 132
Sport and Recreation Facilities	-	300	300	-	-	-	-		300
<i>Outdoor Facilities</i>	-	300	300				-		300
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	60	60	-	27	20	(7)	-34.1%	60
Operational Buildings	-	60	60	-	27	20	(7)	-34.1%	60
<i>Municipal Offices</i>	-	60	60		27	20	(7)	-34.1%	60
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Biological or Cultivated Assets	-	-	-	-	-	-	-		-
Intangible Assets	-	-	-	-	-	-	-		-
Computer Equipment	-	-	-	-	-	-	-		-
Computer Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Furniture and Office Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment	-	-	-	-	-	-	-		-
Machinery and Equipment	-	-	-	-	-	-	-		-
Transport Assets	-	-	-	-	-	-	-		-
Transport Assets	-	-	-	-	-	-	-		-
Libraries	-	-	-	-	-	-	-		-
Libraries	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-		-
Total Capital Expenditure on upgrading of existing assets	-	31 742	31 742	1 826	7 790	5 099	(2 691)	-52.8%	31 742

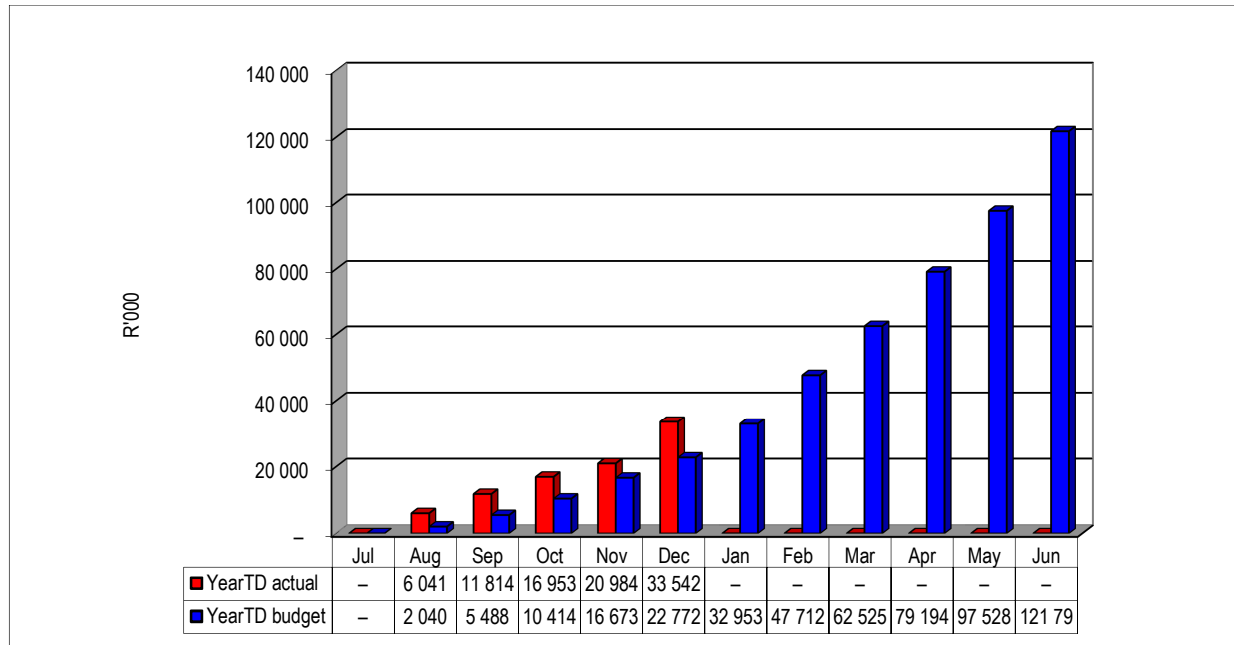
Other supporting documentation

Section 71 charts

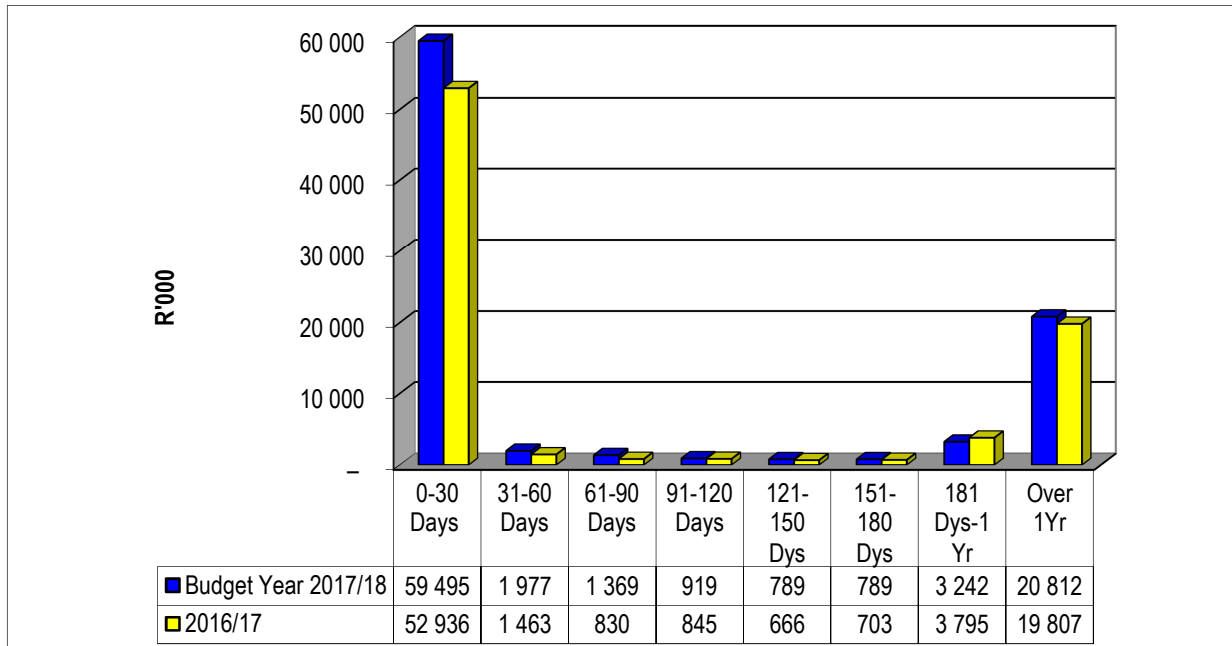
Capital expenditure monthly trend - actual vs target



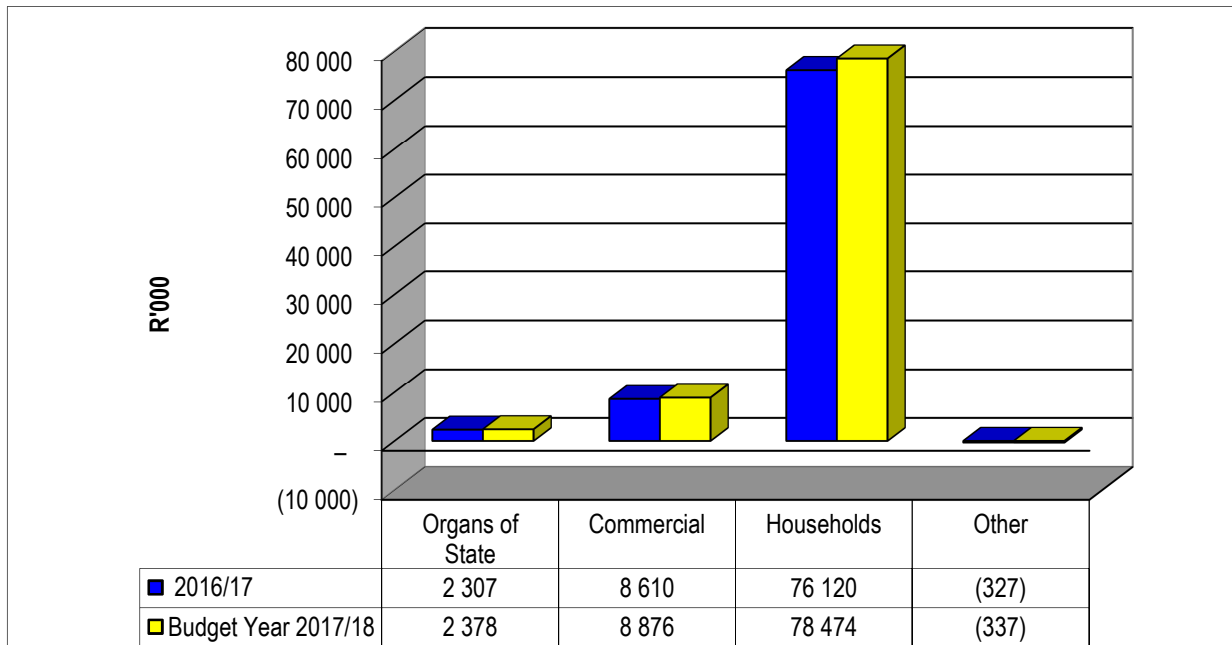
Capital expenditure – YTD actual vs YTD projection



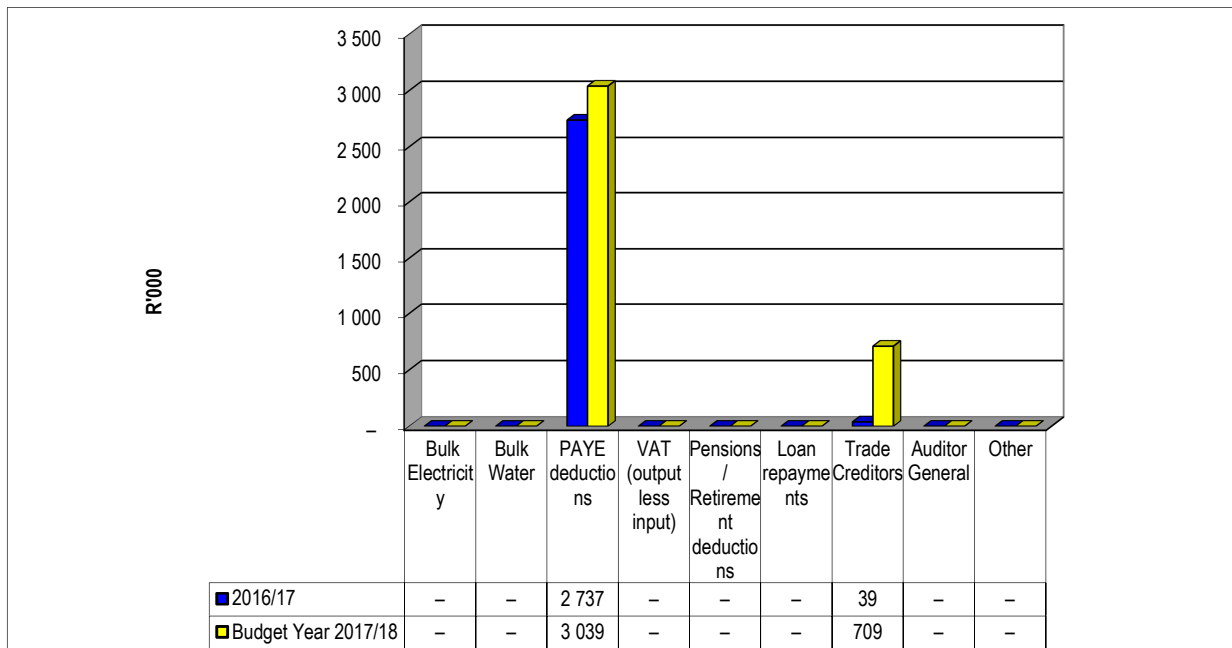
Debtors Age Analysis



Debtors by Type



Creditor Payments



Municipal manager's quality certification

I, CC Groenewald, the Municipal Manager of Overstrand Municipality, hereby certify that the –

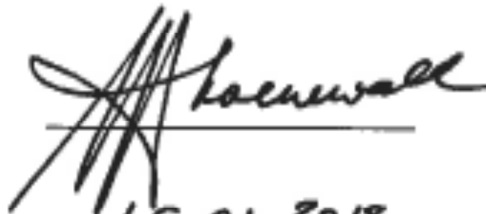
Quarterly Budget Report

for the period ending **December 2017** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **CC Groenewald**

Municipal Manager of **Overstrand Municipality (WC032)**

Signature:

A handwritten signature in black ink, appearing to read 'CC Groenewald', written over a horizontal line.

Date:

15.01.2018

OVERSTRAND MUNICIPALITY – COST CONTAINMENT MEASURES:

**NATIONAL TREASURY MFMA Circular No. 82 Municipal Finance Management Act No. 56 of 2003
Cost Containment Measures (Updated November 2016)**

December 2017

This document presents to council the status regarding cost containment measures in terms of MFMA Circular No. 82 Cost Containment Measures (Updated November 2016).

Purpose

Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilized to ensure value for money is achieved.

The purpose of the Circular is to guide municipalities and municipal entities on cost containment measures that must be implemented in an effort to address the impact of the country's economic challenges and to promote growth, address unemployment and equality, amongst others.

Background

The national government has been aware of the need to contain costs and Cabinet resolved that all spheres of government, including municipalities and municipal entities must implement measures to contain operational costs and eliminate all non-essential expenditure.

In the 2016 State of the Nation Address, cost containment measures were re-emphasised. It was highlighted that excessive and wasteful expenditure has to be reduced, and that increased action be taken to manage unnecessary expenditure. The following measures were among those announced:

- **Curtailement of overseas trips;**
- The submission of strong motivation to MM's, Mayors and, where necessary, oversight mechanisms at local, provincial and national spheres of Government by those requesting **permission to travel either locally or abroad:** i.e. their detailed report including research which argues the necessity of the trip and the benefit the country will achieve in undertaking the journey;
- The institutionalization of **further restrictions on conferences, catering, entertainment and social functions.**

In reinforcing the above, the Minister of Finance also announced further cost containment measures in his budget speech on 24 February 2016, and urged Mayors of municipalities to exercise and oversee the elimination of wasteful expenditure in government. SALGA supported the call for cost containment measures to be implemented in municipalities as per the Budget Forum engagements and commitments.

Municipalities must make clear and quantified commitments in this regard when tabling their upcoming budgets, and to reference these commitments when submitting budget documentation to the National and Provincial Treasuries, as required by the MFMA.

Annexure A of the circular presents cost containment measures that accounting officers and chief finance officers must consider, in order to contain operational costs and eliminate non-essential expenditure. In addition, **municipalities are advised to refer to MFMA Budget Circular No. 70 and other relevant Circulars on the elimination of non-priority spending.** (<http://mfma.treasury.gov.za/Circulars/Pages/default.aspx>).

Enforcement of cost containment measures

SALGA recently expressed concern over the lack of enforcement of such measures and municipal councils are herewith reminded of Section 171(1) of the MFMA whereby the accounting officer of a municipality commits an act of financial misconduct if that accounting officer deliberately or negligently contravenes a provision of the Act, or fails to comply with a duty imposed by the Act on the accounting officer of the municipality.

Failure to fulfill the duty outlined in section 62(1) (a) of the MFMA may result in the accounting officer committing an act of financial misconduct and that disciplinary or criminal proceedings are instituted against any official who has allegedly committed an act of financial misconduct or an offence in terms of chapter 15. The accounting officer also has a duty to ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.

Reference in Circular 82	Overstrand Mun Response
<p>In addition, section 167 of the MFMA provides that a municipality may only remunerate its office bearers within the parameters set out in that section. In particular, sub-section 167(2) provides that any benefit paid that is outside the parameters set out in subsection (1) is irregular expenditure and must be recovered from the political office-bearer concerned.</p> <p>Details of precisely what a municipality may pay or remunerate its political office bearers are set out in the Notices issued in terms of the Political Office Bearers Act by the Minister of Cooperative Governance and Traditional Affairs.</p>	<p>Comply.</p> <p>The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).</p>

Municipalities are reminded that the National Treasury will be conducting municipal budget benchmark engagements with non-delegated municipalities during which **all municipal budgets will be assessed against the cost containment measures outlined in this Circular. Provincial Treasuries will be conducting similar engagements and budget assessments with delegated municipalities.**

Consideration has been given to the lack of enforcement measures and therefore it is envisaged that regulations will be issued to align these measures with financial misconduct regulations. Disclosure of cost containment measures applied by the municipality and entity must be included in the Municipal Budget and Annual Report. Measures implemented and regular reports must be submitted to the Municipal Public Accounts Committee for review and recommendations to Council on additional measures to be taken.

The contents of the Circular has been shared with the office of the Auditor-General for their application, scrutiny and assessment.

Conclusion

It is important that the accounting officer ensures that the content of this Circular is brought to the attention of the Municipal Council and all other relevant officials within municipalities and municipal entities. It is recommended that:

Reference in Circular 82	Overstrand Mun Comments
<ul style="list-style-type: none"> Municipalities adopt this Circular together with their annual budgets; 	<ul style="list-style-type: none"> The Circular was included in the budget documentation to Council end of May 2017
<ul style="list-style-type: none"> Municipalities are advised to review other finance related policies to ensure consistency with this Circular; 	<ul style="list-style-type: none"> The Circular was included in the final 2016/2017 Budget documentation which served before Council on 31 May 2017
<ul style="list-style-type: none"> Municipalities implement the circular by creating the appropriate oversight mechanisms to monitor cost containment measures; Implementation of such measures will assist in ensuring that the provisions of sections 62 and 167 of the MFMA are complied with to ensure that reasonable steps are taken for public resources to be used effectively, efficiently, economically and in the best interests of the local community. 	<ul style="list-style-type: none"> This document to be included in the quarterly budget report to Council.

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular 79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni Kenneth Brown Jayce Nair

Intergovernmental Relations Chief Procurement Officer Acting Accountant-General

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

Annexure A – Cost Containment Measures (Overstrand Municipality comments noted in the second column):

Cabinet resolved, on 23 October 2013 that cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others;

engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.

It is prudent that Municipalities consider consultation with its -

<ul style="list-style-type: none"> • employees and • through public participation to obtain input and consideration from affected stakeholders such as communities, ratepayers, businesses, and so on which may prove to be beneficial when facilitating the implementation of cost containment policies and actions. 	<ul style="list-style-type: none"> • Noted • Circular 82 was included in the Draft Budget for 2017-2018 to Council on 29 March 2017 and was available for public participation and comments; • The Circular was included in the budget documentation to Council end of May 2017.
---	---

Municipalities are advised to ensure appropriate monitoring and reporting on such cost saving measures is instituted for ease of reporting to

- management and council on progress on a regular basis.
- The internal audit unit of municipalities must be copied with such reports.

1. Engagement of Consultants

<ul style="list-style-type: none"> • Accounting Officers must only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required. • Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality. • Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those: <ul style="list-style-type: none"> ○ determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA); ○ set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or ○ Prescribed by the body regulating the profession of the 	<p>Contents of the circular are noted; Appointment of consultants in terms of services required and listed.</p>
--	---

<p>consultant.</p> <ul style="list-style-type: none"> • Ensure an exacting “specification” of the work to be accomplished accompanies the tender and is used as a monitoring tool, are appropriately recorded and monitored. • Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary. • It is mandatory that accounting officers of municipalities and municipal entities conclude on the best “value for money”, i.e. matching fees against quality and against benchmarked practices. • Accounting officers of municipalities and municipal entities must appoint consultants on a time and cost basis with specific start and end dates. • Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs. • If travel and subsistence costs for appointed consultants are exclusive of the contract, the costs must be in accordance with the following provisions: <ul style="list-style-type: none"> a) Hotel accommodation may not exceed the amount mentioned in this Circular; b) Only economy class air tickets may be purchased for flights; c) Only group B vehicles or lower may be hired for engagements, as mentioned in this Circular; d) Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time. • Municipalities are urged to develop consultancy reduction plans. • Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality’s SCM policy. 	
--	--

2. Travel and subsistence

<p>The National Treasury, on behalf of all three spheres of government, has negotiated improved upfront discounts for flights as well as discounted accommodation rates. Therefore municipalities and municipal entities are requested to utilize these agreements to assist in their respective cost containment measures, unless they can negotiate lower air travel rates or utilize other service providers that offer lower rates.</p> <p><u>Net and Non-Commissionable Rates</u> All rates offered to Government as of 1 April 2016 will be net and non-commissionable. This will include the informal accommodation market e.g. Guest Houses and Bed & Breakfast establishments.</p> <p><u>Rebates, Overrides, Volume based income</u> In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven</p>	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962).
--	---

<p>target incentives being paid by suppliers to Travel Management Company (TMC). As of 1 April 2016 these payments and the practice of overrides is to discontinue for Government business.</p>	<p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein.</p>
---	---

2.1 National Travel Policy

The Treasury will issue a National Travel Policy framework during December 2016.

This will be available on the OCPO's website:

(http://ocpo.treasury.gov.za/Buyers_Area/Legislation/Pages/default.aspx)

2.2 Air Travel


<ul style="list-style-type: none"> • The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel). • For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied. • Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months. • The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability. • In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a</p>
--	---

<p>codes as detailed in Annexure B.</p> <ul style="list-style-type: none"> • Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number. • Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes. • Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel. 	<p>full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.</p>
---	---

2.3 Domestic Hotel Accommodation

<ul style="list-style-type: none"> • National Treasury has established maximum allowable rates for domestic accommodation. When sourcing accommodation for officials, municipalities should find options that are equal to or lower than the rates in Table 1, depending on the allowable star grading and the band. Competition and cost effectiveness must remain a key principle. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and</p>
---	--

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 550
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150

Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.

*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge.

Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.

**Maximum amounts that can be claimed for meals. The claim for the actual amounts must be supported by a receipt.

- If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four star establishment if the rate at the four star establishment is the same as or lower than a three star establishment.
- Where there is an alternative star grading indicated in **Table 1** (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
 - a. the higher star graded facility is the only available option due to location and availability; or
 - b. the municipality or municipal entity has negotiated lower rates with the higher star graded facility.

standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.

<ul style="list-style-type: none"> Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey). 	
--	--

2.4 Vehicle Hire

<ul style="list-style-type: none"> Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles; Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle. Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services. Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B. Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> South African Revenue Services (SARS) Municipal Finance Management Act, 2003 (Act No. 56 of 2003) South African Local Government Association (SALGA) Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during February 2017.</p>
---	--

3 Credit Cards

The use of credit and debit cards was addressed in an earlier MFMA Circular.

<p>A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:</p> <ul style="list-style-type: none"> contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed; contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure; 	<ul style="list-style-type: none"> Overstrand Municipality does not allow the use of credit and debit cards.
---	---

<ul style="list-style-type: none"> • contravening section 15 of the MFMA by incurring expenditure not authorised in an approved budget; • non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public; • non-compliance with the supply chain management regulations; and • undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices. 	
<p>While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.</p>	<ul style="list-style-type: none"> • Noted
<p>Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.</p>	<ul style="list-style-type: none"> • Noted

4 Catering costs

<ul style="list-style-type: none"> • Do not incur catering expenses for any meetings where only municipal officials are in attendance. Notwithstanding the above, the accounting officer may incur catering expenses for the following, provided that such lasts for five (5) continuous hours or more: <ol style="list-style-type: none"> a) The hosting of conferences, workshops, courses, forums, recruitment interviews, training courses, hearings; b) Meetings related to commissions or committees of inquiry; or c) Meetings hosted by the board of directors of municipal entities, including governance committee meetings. • Ensure that entertainment allowances of qualifying officials do not exceed two thousand rand (R2 000) per person per financial year. The National Treasury may periodically review this amount. • Do not incur expenses on alcoholic beverages. • Ensure that team building and social functions, including year-end functions, are not financed from the municipal budgets or by any suppliers or sponsors. • Notwithstanding the above, accounting officers may incur no more than the petty cash allocation or limitations on expenditure from their respective budgets to host farewell functions to employees who are either: <ol style="list-style-type: none"> (a) proceeding on retirement due to ill health; or (b) proceeding on retirement after reaching the qualifying age limit of a minimum of ten (10) or more years working for the public service. • Accounting officers and accounting authorities may not host farewell functions for employees who have: <ol style="list-style-type: none"> (a) been dismissed; (b) elected to resign or leave by accepting severance packages; or (c) Approached the end of their contractual term. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
---	---

5 Events, advertising and sponsorships

<ul style="list-style-type: none"> • Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost effective means such as websites to market the institution or properly publicise the matters or events under consideration. • Memorabilia, gifts and other novelties should be of token value only and should only be offered by municipalities and municipal entities in order to acknowledge support or a visit or attendance by a dignitary in connection with a benefit to the local community; to reciprocate the giving of a similar token gift by another organisation; or similar but in all cases there must be an identifiable benefit to the community. • Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
--	---

6 Conferences, meetings, study tours, etc.

<ul style="list-style-type: none"> • Employees of municipalities and municipal entities may attend conferences hosted by professional bodies or non-governmental institutions (external conferences) held within the borders of South Africa provided that expenses related to their attendance do not exceed two thousand five hundred rand (R2 500) per person per day. The number of municipal officials attending such conferences and workshops must be limited, see below. The National Treasury may periodically review this amount. • Employees must make every effort to take advantage of early registration discounts by seeking the required approvals to attend well in advance of the conference as it relates to their area of work. No late registration is acceptable. • Conferences abroad must be limited to its ultimate minimum or none at all. • Utilise municipal and/or provincial office facilities for conferences, meetings, strategic planning sessions etc. where an appropriate venue exists within the municipal jurisdiction. • Limit or stop overseas trips and the delegations going on such trips unless a tangible and clear benefit to the local community and performance of essential service provision can be established beforehand. • The number of employees travelling to conferences or meetings on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. • Similar to the above, the number of employees travelling by air to other centres to attend an official engagement on the same matter is also limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures. 	<p>Noted. Expenditure in this regard only approved after consideration being given to cost containment measures</p>
---	---

7 Office furnishing

<ul style="list-style-type: none"> • Municipalities should exercise due precaution in refurbishing offices, purchasing equipment, etc. especially when new persons are elected or appointed. Use of existing facilities and equipment is encouraged. • Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
---	---

8 Staff study, perks and suspension costs

<ul style="list-style-type: none"> • Training attended by employees and councillors of municipalities and municipal entities may only be attended at pre-approved service providers to ensure sufficient quality of training and obtain value for money. • Expenditure associated with overseas study tours by councillors or officials must be reduced and preferably stopped. • Encourage staff to take time off to make up for overtime worked. • Planned overtime must be submitted to management for consideration on a monthly basis. • Unplanned overtime worked must be motivated and approved by management. • Costs associated with long-standing staff suspensions and legal costs associated with not following due processes when suspending and dismissing staff must be eliminated. • Constant management of staff, improvements in productivity levels and feedback must be provided to all staff. 	<ul style="list-style-type: none"> • Noted. Expenditure in this regard only approved after consideration being given to cost containment measures.
---	---

9 Cost containment on other related expenditure items

<ul style="list-style-type: none"> • Accounting officers of municipalities and municipal entities are advised to ensure that all commodities and products that the National Treasury designated as transversal contracts are utilised to benefit from savings where lower prices or rates have been negotiated. 	<ul style="list-style-type: none"> • Consideration as part of strategic sourcing.
--	--

<ul style="list-style-type: none"> • Periodic or quarterly threat assessments against councillors and key officials should be undertaken by the appropriate authority (SAPS) and reported to the Speakers Office. Approval for security measures must be informed by such reports, if paid for from municipal funds. The use of metropolitan traffic officers for such purposes should be avoided. • Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies. • Printing of documents should carefully considered be back-to-back and use of colour printing for graphs only, while use of electronic means should be preferred. • Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. • Every effort must be made to recover debt from consumers before write-off. Municipalities to avoid the excessive usage of debt collectors and improve its internal capacity for debt collection. • Ensure synergy between municipal divisions or departments to avoid duplication of processes and efforts. • Where possible the warranties on vehicle and computer equipment should be extended instead of procuring new ones. • Labour saving devices should be shared to optimize the capacity utilization of each device. • Purchasing of newspapers and other publications for municipal employees to limited and stopped. • Municipalities should ensure that awareness is raised with municipal staff so that a high degree of energy saving measures can be introduced, e.g. air-conditioning and lights in buildings are switched off at night and when offices are not in use. • All other cost containment measures introduced by council are also encouraged and supported. 	<ul style="list-style-type: none"> • Noted and in compliance, with constant consideration of opportunities to ensure cost containment.
---	---