

**7.
QUARTERLY BUDGET REPORT FOR SEPTEMBER 2016**

5/1/18-2016/2017
B A King
14 October 2016

(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 September 2016

Annexure B: Cost Containment Measures September 2016

RECOMMENDATION TO THE COUNCIL:

that the budget report for the quarter ended September 2016, 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

September 2016

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	32
Municipal manager's quality certification	35

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 first quarter ended 30 September 2016 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

None. All the major sources of revenue are currently within acceptable norms. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality.

1.1.3 Other relevant information

The 2016/2017 Budget represents the 2nd year of pilot site implementation and was compiled according to version 5.3 of the mSCOA classification framework. The below results reflects the first quarter's financial position.

YTD Actual operating revenue at the end of the first quarter for 2016/2017 is at 27.18% of the budgeted revenue. The expenditure reflects spending of 21.12% against the budgeted expenditure. Capital expenditure amounts to R6.4m, or 7.29% of the total original budget of R88.3m, at the end of September 2016.

No adjustments budget was tabled in this quarter.

Outstanding consumer debtors remain stable and only reflect the year-on-year increase from increased tariffs as from 1 July 2016.

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

Resolutions***IN-YEAR REPORTS 2016/2017***

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 September 2016, 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 not yet completed the audit of the 2015/2016 financial statements the 'Audited Outcome' for 2015/2016 will only be included after the audit is completed.

Revenue by Source

The Year-to-Date actual revenue is 0.50% above the YTD budget projections at the end of September 2016.

NERSA did not approve all the electricity tariffs at the rates as per our application. A decreased tariff was approved for the following tariffs:

Tariff Code	Tariff Group	kWh	Block
	Domestic		
E1A3	Two part credit meters 60A	351 - 600	2
E1B3	Two part pre-paid meters 60A	351 - 600	2
E3E3	Two part credit meters 100A	351 - 600	2
E3E4	Two part credit meters 100A	>600	3
E3E7	Two part pre-paid meters 100A	351 - 600	2
	Commercial		
E3G1	One part pre-paid (up to 100A)		

The estimated monetary impact of this reduction amounts to R0,337m for the financial year. The effect of this reduction is being monitored.

Borrowings

The balance of borrowings amounts to R429.8m at the end of September 2016.

Operating expenditure by vote & type

Current expenditure is 1.39% below YTD budget projections as at September 2016.

Capital expenditure

YTD Capital expenditure amounts to R6.4m or 7.24% of the total original budget of R88.3m. The current capital commitments of orders in progress amounts to R20m or 22.65% of the original capital budget of R88.3m.

Cash flows

The municipality started the year with a positive cash balance of R174.8 million. The September closing balance is R219.3 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

Grants totaling R7m was received during September 2016.

Spending on Grants

Spending on grants amounts to R9.2m for September 2016 which includes FMG, EPWP, Housing, CDW, Provincial Library Grant & Housing.

Material variances

The table below summarises variances for projected revenue and expenditure.

WC032 Overstrand - Supporting Table SC1 Material variance explanations - M03 September			
Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
<u>Revenue By Source</u>	0.50%	Not material	
<u>Expenditure By Type</u>	-1.39%	Not material	
<u>Capital Expenditure</u>	26.35%	Capital Commitments =R20m	
<u>Financial Position</u>			
In order			
<u>Cash Flow</u>			
in order			

Performance in relation to SDBIP targets

See the comprehensive report 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 - M03 September**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	181 439	-	16 064	51 611	51 251	360	1%	181 439
Service charges	-	607 054	-	49 421	148 778	148 302	476	0%	607 054
Investment revenue	-	10 489	-	586	3 668	3 668	-		10 489
Transfers recognised - operational	-	126 313	-	6 708	48 525	48 525	-		126 313
Other own revenue	-	67 879	-	5 619	17 380	16 874	506	3%	67 879
Total Revenue (excluding capital transfers and contributions)	-	993 175	-	78 398	269 961	268 620	1 342	0%	993 175
Employee costs	-	314 204	-	23 621	67 526	67 916	(391)	-1%	314 204
Remuneration of Councillors	-	9 110	-	747	2 176	2 278	(102)	-4%	9 110
Depreciation & asset impairment	-	117 690	-	9 808	29 423	29 423	0	0%	117 690
Finance charges	-	46 421	-	2 427	3 185	3 185	-		46 421
Materials and bulk purchases	-	285 811	-	31 856	72 780	72 823	(43)	-0%	285 811
Transfers and grants	-	57 479	-	4 698	14 032	14 370	(337)	-2%	57 479
Other expenditure	-	242 280	-	17 299	37 527	39 843	(2 315)	-6%	242 280
Total Expenditure	-	1 072 995	-	90 456	226 649	229 837	(3 188)	-1%	1 072 995
Surplus/(Deficit)	-	(79 820)	-	(12 058)	43 313	38 782	4 530	12%	(79 820)
Transfers recognised - capital	-	39 962	-	2 540	2 540	2 540	-		39 962
Contributions & Contributed assets	-	4 500	-	-	-	-	-		4 500
Surplus/(Deficit) after capital transfers & contributions	-	(35 358)	-	(9 518)	45 853	41 322	4 530	11%	(35 358)
Surplus/ (Deficit) for the year	-	(35 358)	-	(9 518)	45 853	41 322	4 530	11%	(35 358)
Capital expenditure & funds sources									
Capital expenditure	-	88 358	-	5 869	6 440	5 098	1 343	26%	88 358
Capital transfers recognised	-	43 462	-	2 479	2 479	2 823	(344)	-12%	43 462
Public contributions & donations	-	1 462	-	-	-	134	(134)	-100%	1 462
Borrowing	-	33 824	-	3 328	3 900	2 060	1 839	89%	33 824
Internally generated funds	-	9 608	-	62	62	80	(18)	-23%	9 608
Total sources of capital funds	-	88 358	-	5 869	6 440	5 098	1 343	26%	88 358
Financial position									
Total current assets	-	238 962	-		357 003				238 962
Total non current assets	-	3 284 285	-		3 720 225				3 284 285
Total current liabilities	-	183 981	-		146 142				183 981
Total non current liabilities	-	636 115	-		611 612				636 115
Community wealth/Equity	-	2 703 150	-		3 319 473				2 703 150
Cash flows									
Net cash from (used) operating	-	103 090	-	(1 108)	65 745	65 151	(595)	-1%	103 090
Net cash from (used) investing	-	(95 217)	-	(6 277)	(8 478)	(8 478)	-		(95 217)
Net cash from (used) financing	-	5 787	-	(10 380)	(12 725)	(12 725)	-		5 787
Cash/cash equivalents at the month/year end	-	114 127	-	-	219 322	144 414	(74 908)	-52%	188 441
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	50 963	1 741	1 604	1 547	883	716	3 646	19 162	80 262
Creditors Age Analysis									
Total Creditors	2 828	-	-	-	-	-	-	-	2 828

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

WC032 Overstrand - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Standard									
<i>Governance and administration</i>	-	274 984	-	17 488	88 257	87 720	536	1%	274 984
Executive and council	-	73 269	-	18	30 450	30 450	-		73 269
Budget and treasury office	-	200 953	-	17 311	57 434	56 937	498	1%	200 953
Corporate services	-	762	-	159	372	334	38	12%	762
<i>Community and public safety</i>	-	116 537	-	10 445	29 770	29 800	(30)	0%	116 537
Community and social services	-	11 676	-	795	2 334	2 664	(330)	-12%	11 676
Sport and recreation	-	9 875	-	525	1 215	1 490	(274)	-18%	9 875
Public safety	-	37 988	-	3 170	10 044	9 497	547	6%	37 988
Housing	-	56 997	-	5 955	16 176	16 149	27	0%	56 997
<i>Economic and environmental services</i>	-	25 639	-	2 064	4 003	4 363	(360)	-8%	25 639
Planning and development	-	14 810	-	1 132	3 020	3 217	(197)	-6%	14 810
Road transport	-	10 746	-	932	964	1 125	(162)	-14%	10 746
Environmental protection	-	83	-	-	20	21	(1)	-3%	83
<i>Trading services</i>	-	620 478	-	50 941	150 472	149 276	1 196	1%	620 478
Electricity	-	362 878	-	29 601	89 338	89 208	131	0%	362 878
Water	-	114 100	-	9 516	26 358	25 280	1 098	4%	114 100
Waste water management	-	77 930	-	6 383	18 358	18 416	(58)	0%	77 930
Waste management	-	65 570	-	5 440	16 417	16 393	25	0%	65 570
<i>Other</i>	-	-	-	-	-	-	-		-
Total Revenue - Standard	-	1 037 637	-	80 938	272 501	271 160	1 342	0%	1 037 637
Expenditure - Standard									
<i>Governance and administration</i>	-	262 295	-	19 800	55 959	56 745	(786)	-1%	262 295
Executive and council	-	114 535	-	8 743	25 443	25 492	(49)	0%	114 535
Budget and treasury office	-	69 180	-	5 536	14 040	14 470	(430)	-3%	69 180
Corporate services	-	78 579	-	5 521	16 475	16 783	(307)	-2%	78 579
<i>Community and public safety</i>	-	179 163	-	15 737	42 647	43 994	(1 347)	-3%	179 163
Community and social services	-	34 465	-	2 631	7 065	7 245	(180)	-2%	34 465
Sport and recreation	-	20 239	-	1 378	3 305	3 626	(321)	-9%	20 239
Public safety	-	74 657	-	5 806	15 641	16 487	(846)	-5%	74 657
Housing	-	49 802	-	6 122	16 636	16 636	-		49 802
<i>Economic and environmental services</i>	-	176 435	-	14 045	32 605	33 059	(453)	-1%	176 435
Planning and development	-	80 325	-	6 820	15 229	15 484	(255)	-2%	80 325
Road transport	-	90 397	-	6 767	16 274	16 361	(87)	-1%	90 397
Environmental protection	-	5 712	-	458	1 102	1 214	(112)	-9%	5 712
<i>Trading services</i>	-	455 103	-	40 874	95 438	96 040	(601)	-1%	455 103
Electricity	-	277 742	-	28 376	63 412	63 470	(59)	0%	277 742
Water	-	59 028	-	3 450	9 186	9 337	(152)	-2%	59 028
Waste water management	-	59 828	-	4 454	11 577	11 872	(295)	-2%	59 828
Waste management	-	58 505	-	4 594	11 264	11 360	(95)	-1%	58 505
<i>Other</i>	-	-	-	-	-	-	-		-
Total Expenditure - Standard	-	1 072 995	-	90 456	226 649	229 837	(3 188)	-1%	1 072 995
Surplus/ (Deficit) for the year	-	(35 358)	-	(9 518)	45 853	41 322	4 530	11%	(35 358)

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) - M03 September

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue by Vote									
Vote 1 - Council	-	73 182	-	17	30 444	30 444	-		73 182
Vote 2 - Municipal Manager	-	-	-	-	-	-	-		-
Vote 3 - Management Services	-	1	-	83	189	143	45	31.6%	1
Vote 4 - Finance	-	200 953	-	17 311	57 434	56 937	498	0.9%	200 953
Vote 5 - Community Services	-	291 065	-	23 695	65 956	66 621	(665)	-1.0%	291 065
Vote 6 - Local Economic Development	-	3 352	-	351	844	838	6	0.7%	3 352
Vote 7 - Infrastructure & Planning	-	431 096	-	36 311	107 591	106 681	911	0.9%	431 096
Vote 8 - Protection Services	-	37 988	-	3 170	10 044	9 497	547	5.8%	37 988
Total Revenue by Vote	-	1 037 637	-	80 938	272 501	271 160	1 342	0.5%	1 037 637
Expenditure by Vote									
Vote 1 - Council	-	91 748	-	7 186	21 221	21 795	(574)	-2.6%	91 748
Vote 2 - Municipal Manager	-	4 722	-	350	992	1 121	(130)	-11.6%	4 722
Vote 3 - Management Services	-	46 490	-	3 133	9 666	10 278	(593)	-5.8%	46 490
Vote 4 - Finance	-	69 180	-	5 536	14 040	14 470	(430)	-3.0%	69 180
Vote 5 - Community Services	-	346 998	-	24 468	63 426	65 931	(2 505)	-3.8%	346 998
Vote 6 - Local Economic Development	-	10 795	-	1 075	2 438	2 328	110	4.7%	10 795
Vote 7 - Infrastructure & Planning	-	428 407	-	43 102	99 206	97 427	1 779	1.8%	428 407
Vote 8 - Protection Services	-	74 657	-	5 606	15 641	16 487	(846)	-5.1%	74 657
Total Expenditure by Vote	-	1 072 995	-	90 456	226 649	229 837	(3 188)	-1.4%	1 072 995
Surplus/ (Deficit) for the year	-	(35 358)	-	(9 518)	45 853	41 322	4 530	11.0%	(35 358)

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) - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									
Revenue By Source									
Property rates		180 591		16 040	51 528	51 168	360	1%	180 591
Property rates - penalties & collection charges		848		25	83	83	-		848
Service charges - electricity revenue		356 959		29 586	89 251	89 240	11	0%	356 959
Service charges - water revenue		111 544		8 357	25 076	24 726	350	1%	111 544
Service charges - sanitation revenue		72 318		5 989	17 867	17 778	89	0%	72 318
Service charges - refuse revenue		65 510		5 434	16 403	16 378	25	0%	65 510
Rental of facilities and equipment		4 728		396	1 227	1 221	5	0%	4 728
Interest earned - external investments		10 489		586	3 688	3 668	-		10 489
Interest earned - outstanding debtors		2 756		216	693	689	4	1%	2 756
Fines		31 143		2 638	8 546	8 045	501	6%	31 143
Licences and permits		2 330		224	635	583	53	9%	2 330
Agency services		3 220		293	855	805	50	6%	3 220
Transfers recognised - operational		126 313		6 708	48 525	48 525	-		126 313
Other revenue		23 702		1 852	5 424	5 530	(107)	-2%	23 702
Gains on disposal of PPE							-		
contributions)	-	993 175	-	78 398	268 961	268 820	1 342	0%	993 175
Expenditure By Type									
Employee related costs		314 204		23 621	67 526	67 916	(391)	-1%	314 204
Remuneration of councillors		9 110		747	2 176	2 278	(102)	-4%	9 110
Debt impairment		23 888		1 991	5 972	5 972	-		23 888
Depreciation & asset impairment		117 690		9 808	29 423	29 423	0	0%	117 690
Finance charges		46 421		2 427	3 185	3 185	-		46 421
Bulk purchases		210 763		23 326	50 837	50 934	(97)	0%	210 763
Other materials		75 048		8 530	21 943	21 889	54	0%	75 048
Contracted services		158 368		10 963	19 977	21 116	(1 139)	-5%	158 368
Transfers and grants		57 479		4 698	14 032	14 370	(337)	-2%	57 479
Other expenditure		60 024		4 345	11 579	12 755	(1 176)	-9%	60 024
Loss on disposal of PPE							-		
Total Expenditure	-	1 072 995	-	90 456	226 649	229 837	(3 188)	-1%	1 072 995
Surplus/(Deficit)	-	(79 820)	-	(12 058)	43 313	38 782	4 530	12%	(79 820)
Transfers recognised - capital		39 962		2 540	2 540	2 540	-		39 962
Contributions recognised - capital		4 500					-		4 500
Contributed assets							-		
Surplus/(Deficit) after capital transfers & Taxation	-	(35 358)	-	(9 518)	45 853	41 322			(35 358)
Surplus/(Deficit) after taxation	-	(35 358)	-	(9 518)	45 853	41 322			(35 358)
Surplus/(Deficit) attributable to municipality	-	(35 358)	-	(9 518)	45 853	41 322			(35 358)
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	(35 358)	-	(9 518)	45 853	41 322			(35 358)

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 0.50% above the YTD budget.

Current expenditure is 1.39% below YTD budget projections for September 2016.

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

WC032 Overstrand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M03 September

Vote Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	-	-	-	-	-	-	-	-
Vote 4 - Finance	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services	-	14 311	-	4 380	4 381	1 394	2 987	214%	14 311
Vote 6 - Local Economic Development	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	15 000	-	1 367	1 368	1 377	(9)	-1%	15 000
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	-	29 311	-	5 747	5 748	2 771	2 977	107%	29 311
Total Capital Expenditure	-	88 356	-	5 869	6 440	5 098	1 343	26%	88 356
Capital Expenditure - Standard Classification									
Governance and administration	-	855	-	20	20	39	(20)	-50%	855
Executive and council		46		6	6	6	(0)	-1%	46
Budget and treasury office									
Corporate services		809		14	14	34	(20)	-58%	809
Community and public safety	-	19 502	-	102	102	283	(181)	-64%	19 502
Community and social services		2 995				25	(25)	-100%	2 995
Sport and recreation		2 545		92	92	106	(14)	-13%	2 545
Public safety		1 080		10	10	45	(35)	-78%	1 080
Housing		12 882				107	(107)	-100%	12 882
Health									
Economic and environmental services	-	12 933	-	932	932	970	(38)	-4%	12 933
Planning and development		183				14	(14)	-100%	183
Road transport		12 750		932	932	956	(24)	-2%	12 750
Environmental protection									
Trading services	-	55 066	-	4 815	5 387	3 805	1 582	42%	55 066
Electricity		21 799		1 368	1 368	756	612	81%	21 799
Water		15 021		1 698	1 773	1 377	396	29%	15 021
Waste water management		18 231		1 750	2 246	1 671	575	34%	18 231
Waste management		15				1	(1)	-100%	15
Total Capital Expenditure - Standard Classification	-	88 356	-	5 869	6 440	5 098	1 343	26%	88 356
Funded by:									
National Government		26 030		2 479	2 479	2 386	93	4%	26 030
Provincial Government		13 932				116	(116)	-100%	13 932
District Municipality									
Other transfers and grants		3 500				321	(321)	-100%	3 500
Transfers recognised - capital	-	43 462	-	2 479	2 479	2 823	(344)	-12%	43 462
Public contributions & donations		1 482				134	(134)	-100%	1 482
Borrowing		33 824		3 328	3 900	2 060	1 839	88%	33 824
Internally generated funds		9 608		62	62	80	(18)	-23%	9 608
Total Capital Funding	-	88 356	-	5 869	6 440	5 098	1 343	26%	88 356

Capital expenditure is 26,35% above the Year-to-Date budget

Table C6: Monthly Budget Statement - Financial Position**WC032 Overstrand - Table C6 Monthly Budget Statement - Financial Position - M03 September**

Description	2015/16	Budget Year 2016/17			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		114 127		22 269	114 127
Call investment deposits		-		197 053	-
Consumer debtors		66 944		60 365	66 944
Other debtors		44 217		48 667	44 217
Current portion of long-term receivables		11		12	11
Inventory		13 663		28 636	13 663
Total current assets	-	238 962	-	357 003	238 962
Non current assets					
Long-term receivables		30		41	30
Investments		35 328		31 778	35 328
Investment property		159 761		152 550	159 761
Investments in Associate					
Property, plant and equipment		3 084 987		3 529 947	3 084 987
Agricultural					
Biological assets					
Intangible assets		4 179		5 909	4 179
Other non-current assets					
Total non current assets	-	3 284 285	-	3 720 225	3 284 285
TOTAL ASSETS	-	3 523 246	-	4 077 228	3 523 246
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing		29 378		28 538	29 378
Consumer deposits		46 429		36 097	46 429
Trade and other payables		81 244		56 698	81 244
Provisions		26 930		24 808	26 930
Total current liabilities	-	183 981	-	146 142	183 981
Non current liabilities					
Borrowing		412 288		405 476	412 288
Provisions		223 827		206 137	223 827
Total non current liabilities	-	636 115	-	611 612	636 115
TOTAL LIABILITIES	-	820 097	-	757 755	820 097
NET ASSETS	-	2 703 150	-	3 319 473	2 703 150
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		2 700 931		3 317 262	2 700 931
Reserves		2 218		2 211	2 218
TOTAL COMMUNITY WEALTH/EQUITY	-	2 703 150	-	3 319 473	2 703 150

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 - M03 September**

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges		177 978		25 779	49 251	49 240	11	0%	177 978
Service charges		595 436		34 353	149 206	149 107	99	0%	595 436
Other revenue		60 595		5 338	19 224	19 189	35	0%	60 595
Government - operating		126 313		6 708	48 525	48 525	-		126 313
Government - capital		44 462		2 540	2 540	2 540	-		44 462
Interest		13 245		802	4 361	4 361	-		13 245
Dividends		-		-	-	-	-		-
Payments									
Suppliers and employees		(811 039)		(69 503)	(190 145)	(190 594)	(449)	0%	(811 039)
Finance charges		(46 421)		(2 427)	(3 185)	(3 185)	-		(46 421)
Transfers and Grants		(57 479)		(4 698)	(14 032)	(14 032)	-		(57 479)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	103 090	-	(1 108)	65 745	65 151	(595)	-1%	103 090
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-		-	-	-	-		-
Decrease (increase) in non-current debtors		-		-	-	-	-		-
Decrease (increase) other non-current receivables		13		4	0	0	-		13
Decrease (increase) in non-current investments		(6 873)		(411)	(2 038)	(2 038)	-		(6 873)
Payments									
Capital assets		(88 356)		(5 869)	(5 440)	(6 440)	-		(88 356)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(95 217)	-	(6 277)	(8 478)	(8 478)	-		(95 217)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-		(9)	(36)	(36)	-		-
Borrowing long term/refinancing		30 000		-	-	-	-		30 000
Increase (decrease) in consumer deposits		2 628		(7 573)	(7 846)	(7 846)	-		2 628
Payments									
Repayment of borrowing		(26 841)		(2 798)	(4 844)	(4 844)	-		(26 841)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	5 787	-	(10 380)	(12 725)	(12 725)	-		5 787
NET INCREASE/ (DECREASE) IN CASH HELD	-	13 660	-	(17 764)	44 541	43 947			13 660
Cash/cash equivalents at beginning:		100 467			174 781	100 467			174 781
Cash/cash equivalents at month/year end:		114 127			219 322	144 414			188 441

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R219.3 million.

The municipality started the year with a positive cash balance of R174.8 million. The September closing balance is R219.3 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 - M03 September

Description	Budget Year 2016/17												2018/17 Medium Term Revenue & Expenditure Framework			
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome				
Cash Receipts By Source																
Property rates	14 723	8 690	25 755									127 962	177 130	190 545	201 979	
Property rates - penalties & collection charges	30	28	25									765	848	899	953	
Service charges - electricity revenue	27 008	28 458	17 650									276 993	350 118	377 363	400 006	
Service charges - water revenue	13 245	16 174	8 458									71 543	108 419	116 964	123 983	
Service charges - sanitation revenue	7 566	5 966	3 551									53 651	70 935	76 304	80 883	
Service charges - refuse	8 885	7 424	4 630									43 315	64 255	69 121	73 269	
Rental of facilities and equipment	377	344	430									3 487	4 638	3 319	3 518	
Interest earned - external investments	793	2 289	586									6 822	10 489	12 795	13 563	
Interest earned - outstanding debtors	236	240	216									2 063	2 756	2 921	3 097	
Fines	2 541	3 367	2 638									22 597	31 143	31 164	31 187	
Licences and permits	198	214	224									1 695	2 330	2 470	2 618	
Agency services	267	295	293									2 366	3 220	3 413	3 618	
Transfer receipts - operating	30 985	10 833	6 708									77 788	126 313	100 430	113 519	
Other revenue	3 888	2 395	1 753									11 227	19 263	16 325	21 370	
Cash Receipts by Source	110 813	86 773	72 981	-	-	-	-	-	-	-	-	708 888	973 587	1 004 796	1 071 569	
Other Cash Flows by Source																
Transfer receipts - capital	-	-	2 540									40 922	43 462	63 604	67 271	
Contributions & Contributed assets	-	-	-									1 000	1 000	-	-	
Proceeds on disposal of PPE	-	-	-									-	-	-	-	
Borrowing long term/refinancing	-	-	-									30 000	30 000	30 000	40 000	
Increase in consumer deposits	(197)	(75)	(7 573)									10 474	2 628	2 321	2 438	
Receipt of non-current debtors	-	-	-									-	-	-	-	
Receipt of non-current receivables	(3)	0	4									12	13	11	10	
Change in non-current investments	(525)	(1 102)	(411)									(4 825)	(6 873)	(6 399)	(6 541)	
Total Cash Receipts by Source	110 689	85 587	67 531	-	-	-	-	-	-	-	-	780 609	1 043 797	1 084 834	1 177 587	
Cash Payments by Type																
Employee related costs	19 435	31 208	22 287									233 656	306 828	314 204	330 841	
Remuneration of councillors	719	710	747									6 934	9 110	9 620	10 161	
Interest paid	114	644	2 427									43 236	46 421	46 952	45 449	
Bulk purchases - Electricity	3 413	24 098	23 326									159 926	210 763	227 329	245 197	
Bulk purchases - Water & Sewer												-	-	-	-	
Other materials	506	12 908	8 530									53 105	75 048	40 659	46 605	
Contracted services	660	8 363	10 963									138 391	158 368	164 936	174 154	
Grants and subsidies paid - other municipalities												-	-	-	-	
Grants and subsidies paid - other	4 661	4 673	4 898									43 447	57 479	60 608	64 336	
General expenses	20 267	(1 635)	3 649									28 641	50 922	88 431	88 572	
Cash Payments by Type	49 775	80 958	76 628	-	-	-	-	-	-	-	-	787 576	914 939	963 940	1 005 314	
Other Cash Flows/Payments by Type																
Capital assets	-	571	5 869									81 916	88 356	94 230	107 271	
Repayment of borrowing	1 182	964	2 798									21 996	26 641	29 775	33 384	
Total Cash Payments by Type	50 957	82 396	85 295	-	-	-	-	-	-	-	-	811 488	1 030 137	1 077 945	1 145 969	
NET INCREASE/(DECREASE) IN CASH HELD	59 113	3 191	(17 764)	-	-	-	-	-	-	-	-	(30 880)	13 660	16 389	31 577	
Cash/cash equivalents at the month/year beg	174 783	233 885	237 085	219 322	219 322	219 322	219 322	219 322	219 322	219 322	219 322	219 322	174 783	188 442	204 831	
Cash/cash equivalents at the month/year end	233 896	237 086	219 322	219 322	219 322	219 322	219 322	219 322	219 322	219 322	219 322	188 442	188 442	204 831	236 409	

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 - M03 September

Description	NT Code	Budget Year 2016/17										Actual Bad Debts Written Off against Debtors	Impaired - Bad Debts LLo 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	9 054	350	339	150	140	123	615	2 712	13 482	3 740		3 737
Trade and Other Receivables from Exchange Transactions - Electricity	1300	13 454	352	174	137	132	110	572	2 420	17 352	3 371		4 264
Receivables from Non-exchange Transactions - Property Rates	1400	14 430	438	245	183	175	167	707	2 542	18 888	3 775		4 763
Receivables from Exchange Transactions - Waste Water Management	1500	4 627	175	125	92	90	77	371	1 790	7 347	2 420		2 242
Receivables from Exchange Transactions - Waste Management	1600	3 613	140	92	73	71	62	287	1 326	5 663	1 819		1 763
Receivables from Exchange Transactions - Property Rental Debtors	1700	249	44	42	41	44	32	51	137	632	305		150
Interest on Arrear Debtor Accounts	1810	51	25	45	64	31	28	244	5 582	5 990	5 869		-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		-
Other	1900	5 494	218	542	808	199	118	797	2 732	10 909	4 655		2 179
Total By Income Source	2000	50 963	1 741	1 604	1 547	883	716	3 646	19 162	80 262	25 954	-	19 098
2015/16 - totals only		49 036	1 691	1 105	1 097	792	751	3 711	18 743	76 926	25 094		15 995
Debtors Age Analysis By Customer Group													
Organs of State	2200	855	45	160	633	19	20	125	233	2 119	1 029		229
Commercial	2300	7 597	216	71	52	57	62	187	735	8 887	1 093		691
Households	2400	42 810	1 471	1 334	856	788	628	3 314	17 840	69 040	23 426		10 176
Other	2500	(209)	9	9	6	19	6	21	353	215	406		2
Total By Customer Group	2600	50 963	1 741	1 604	1 547	883	716	3 646	19 162	80 262	25 954	-	19 098

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	
2 016					
July	7 304	4 360 616	25 142	32 446	22.51%
August	7 298	4 355 084	25 131	32 429	22.50%
September	7 503	4 488 280	25 161	32 664	22.97%
October			0		
November			0		
December			0		
2 017					
January			0		
February			0		
March			0		
April			0		
May			0		
June			0		

A19/35

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
2016/17											
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									0	0	0
November									0	0	0
October									0	0	0
September	50 963 328	1 741 045	1 604 160	1 547 365	882 541	715 623	3 646 312	19 181 890	80 262 363	29 299 035	25 953 831
Augustus	56 126 377	2 282 003	1 806 712	993 626	794 009	872 603	3 748 957	19 052 307	85 877 596	29 551 219	25 462 503
July	57 488 799	2 827 740	1 235 593	926 254	965 306	723 870	3 798 288	19 044 794	87 011 644	29 522 845	25 459 511

Government Debt

Overstrand Municipality as at 30/09/2016	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	464 620	342 230	117 311	5 078
WCED 2251	428 774	428 771	0	0
OTHER 2210+2255	603 391	603 391	0	0
HEALTH 2262	105 706	105 706	0	0
TPW 2256	347 712	3 206	339 970	4 536
HOUSING 2253+2215	33 380	1 521	31 478	382
OTHER MUNICIPALITIES 2276	135 720	135 720	0	0
TOTAL OUTSTANDING	2 119 299	1 620 544	488 759	9 996

Creditors' analysis**Supporting Table SC4****WC032 Overstrand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September**

Description	NT Code	Budget Year 2016/17								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	2 774								2 774
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	55								55
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	2 828	-	-	-	-	-	-	-	2 828

Supporting Table SC4 reflects current creditors at the end of September 2016.

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 - M03 September

Investments by maturity Name of institution & investment ID	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							
R thousands								
Municipality								
LIBERTY 15934476	15 YEARS	Policy	01/09/2025	19		10 954	125	11 098
LIBERTY 21196964	14 YEARS	Policy	01/09/2025	4		18 348	260	18 612
MOMENTUM MP 3853776	14 YEARS	Policy	01/07/2026	(26)		2 065	30	2 069
ABSA 4074809272	DAILY	CALL		2	6.0%	442		444
ABSA 9284200168	DEP PLUS	DEP PLUS		137	6.3%	23 734		23 871
ABSA 9295906141	DAILY	DEP PLUS		138	6.3%	23 570		23 705
Nedbank 03/7881534451	60 days	FIXED DEP	28/10/2016		7.7%		50 000	50 000
Standard Bank 288434005/024	91 days	FIXED DEP	28/11/2016		7.8%		50 000	50 000
Investec 1400-198164-452	55 days	FIXED DEP	21/11/2016		7.7%		50 000	50 000
TOTAL INVESTMENTS AND INTEREST				271		79 113	150 415	229 799

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 - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	76 347	-	-	32 351	32 351	-		76 347
Local Government Equitable Share		72 950			30 395	30 395	-		72 950
Finance Management		1 475			1 475	1 475			1 475
Municipal Systems Improvement									
EPWP Incentive		1 922			481	481			1 922
Provincial Government:	-	49 966	-	6 909	20 643	20 643	-		49 966
Housing		43 795		6 834	17 572	17 572	-		43 795
Provincial Library Grant		5 839			2 998	2 998			5 839
Community Development Worker Grant		75		75	75	75	-		75
Main Road Subsidy		137					-		137
Financial Management Support Grant		120					-		120
Total Operating Transfers and Grants	-	126 313	-	6 909	52 994	52 994	-		126 313
Capital Transfers and Grants									
National Government:	-	26 030	-	-	10 258	10 258	-		26 030
Municipal Infrastructure Grant (MIG)		21 030			5 258	5 258	-		21 030
INEP		5 000			5 000	5 000	-		5 000
Provincial Government:	-	13 932	-	-	-	-	-		13 932
Housing		12 882					-		12 882
Provincial Library Grant		1 050					-		1 050
Other grant providers:	-	3 500	-	154	154	154	-		3 500
DWA ACIP		3 500		154	154	154	-		3 500
Total Capital Transfers and Grants	-	43 462	-	154	10 412	10 412	-		43 462
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	169 775	-	7 064	63 407	63 407	-		169 775

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 - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	-	3 397	-	262	570	570	-		3 397
Local Government Equitable Share							-		
Finance Management		1 475		37	108	108	-		1 475
Municipal Systems Improvement							-		
EPWP Incentive		1 922		225	462	462	-		1 922
Provincial Government:	-	49 966	-	6 446	17 561	17 561	-		49 966
Housing		43 795		5 929	16 057	16 057	-		43 795
Community Development Worker Grant		75		15	16	16	-		75
Main Road Subsidy		137					-		137
Financial Management Support Grant		120					-		120
Provincial Library Grant		5 839		502	1 488	1 488	-		5 839
Total operating expenditure of Transfers and Grants:	-	53 363	-	6 708	18 130	18 130	-		53 363
Capital expenditure of Transfers and Grants									
National Government:	-	26 030	-	2 540	2 540	2 540	-		26 030
Municipal Infrastructure Grant (MIG)		21 030		2 540	2 540	2 540	-		21 030
INEP		5 000					-		5 000
Provincial Government:	-	13 932	-	-	-	-	-		13 932
Housing		12 882					-		12 882
Provincial Library Grant		1 050					-		1 050
Other grant providers:	-	4 500	-	-	-	-	-		4 500
National Lotto		1 000					-		1 000
DWA ACIP		3 500					-		3 500
Total capital expenditure of Transfers and Grants	-	44 462	-	2 540	2 540	2 540	-		44 462
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	97 825	-	9 248	20 670	20 670	-		97 825

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 - M03 September

Description	Budget Year 2016/17				
	Approved Rollover 2015/16	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands					
EXPENDITURE					
Operating expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Local Government Equitable Share				-	
Finance Management				-	
Municipal Systems Improvement				-	
EPWP Incentive				-	
Other transfers and grants (insert description)				-	
Provincial Government:	-	-	-	-	
Housing				-	
Community Development Worker Grant				-	
Main Road Subsidy				-	
Financial Management Support Grant				-	
District Municipality:	-	-	-	-	
Other grant providers:	-	-	-	-	
Total operating expenditure of Approved Roll-overs	-	-	-	-	
Capital expenditure of Approved Roll-overs					
National Government:	-	-	-	-	
Municipal Infrastructure Grant (MIG)				-	
INEP				-	
Other capital transfers (insert description)				-	
Provincial Government:	-	-	-	-	
Provincial Library Grant				-	
District Municipality:	-	-	-	-	
Other grant providers:	-	-	-	-	
Total capital expenditure of Approved Roll-overs	-	-	-	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS	-	-	-	-	

No application for roll overs was submitted to NT or PT.

Expenditure on councillor allowances and employee benefits

Supporting Table SC8

WC032 Overstrand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		8 499		696	2 022	2 125	(103)	-5%	8 499
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		612		51	154	153	1	1%	612
Housing Allowances							-		
Other benefits and allowances							-		
Sub Total - Councillors	-	9 110	-	747	2 176	2 278	(102)	-4%	9 110
Senior Managers of the Municipality									
Basic Salaries and Wages		10 150		887	2 526	2 538	(12)	0%	10 150
Pension and UIF Contributions							-		
Medical Aid Contributions							-		
Overtime							-		
Performance Bonus							-		
Motor Vehicle Allowance							-		
Cellphone Allowance		154		13	39	39	-		154
Housing Allowances							-		
Other benefits and allowances							-		
Payments in lieu of leave							-		
Long service awards							-		
Post-retirement benefit obligations							-		
Sub Total - Senior Managers of Municipality	-	10 305	-	900	2 564	2 576	(12)	0%	10 305
Other Municipal Staff									
Basic Salaries and Wages		199 010		14 295	42 101	42 245	(143)	0%	199 010
Pension and UIF Contributions		32 625		2 537	7 576	7 667	(91)	-1%	32 625
Medical Aid Contributions		11 423		851	2 550	2 594	(45)	-2%	11 423
Overtime		14 920		1 253	2 241	2 341	(100)	-4%	14 920
Performance Bonus				-		-	-		
Motor Vehicle Allowance		6 990		883	2 507	2 480	26	1%	6 990
Cellphone Allowance		1 278		104	310	373	(63)	-17%	1 278
Housing Allowances		5 851		198	595	639	(44)	-7%	5 851
Other benefits and allowances		11 375		887	2 111	2 137	(26)	-1%	11 375
Payments in lieu of leave		709		59	177	177	(0)	0%	709
Long service awards		3 139		272	649	785			3 139
Provision for Bonus		496		41	124	124	(0)	0%	496
Post-retirement benefit obligations		16 081		1 340	4 020	4 020	(0)	0%	16 081
Sub Total - Other Municipal Staff	-	303 899	-	22 720	64 961	65 582	(621)	-1%	303 899
Total Parent Municipality	-	323 314	-	24 368	69 702	70 436	(734)	-1%	323 314
TOTAL SALARY, ALLOWANCES & BENEFITS	-	323 314	-	24 368	69 702	70 436	(734)	-1%	323 314
TOTAL MANAGERS AND STAFF	-	314 204	-	23 621	67 526	68 158	(633)	-1%	314 204

SDBIP

The results of the SDBIP for the first quarter ended 30 September 2016 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 - M03 September

Description of financial indicator	Basis of calculation	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management						
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure	0.0%	15.3%	0.0%	1.4%	5.2%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	38.3%	0.0%	60.6%	38.3%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0.0%	19.3%	0.0%	14.8%	19.3%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	18584.8%	0.0%	18335.6%	18584.8%
Liquidity						
Current Ratio	Current assets/current liabilities	0.0%	129.9%	0.0%	244.3%	129.9%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0%	62.0%	0.0%	150.1%	62.0%
Revenue Management						
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%	11.2%	0.0%	40.4%	11.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management						
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(a))		98.0%		Annual Indicator	98.0%
Funding of Provisions						
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions					
Other Indicators						
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated		6.0%		Annual Indicator	6.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		18.9%		Annual Indicator	18.9%
Employee costs	Employee costs/Total Revenue - capital revenue	0.0%	31.6%	0.0%	25.0%	31.6%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.0%	16.5%	0.0%	1.2%	5.6%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year		19.1		Annual Indicator	19.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		14.0%		Annual Indicator	14.0%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure		1.6		Annual Indicator	1.6

Capital programme performance

Supporting Table SC12

WC032 Overstrand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 September

Month	2015/16	Budget Year 2016/17							
	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		50		-		50	-		
August		2 978		571	571	3 028	2 456	81.1%	1%
September		2 070		5 869	6 440	5 098	(1 343)	-26.3%	7%
October		3 885				8 983	-		
November		4 195				13 178	-		
December		4 188				17 365	-		
January		2 185				19 550	-		
February		8 551				28 102	-		
March		10 086				38 188	-		
April		12 051				50 238	-		
May		11 331				61 570	-		
June		26 787				88 356	-		
Total Capital expenditure	-	88 356	-	6 440					

Supporting Table SC13a

WC032 Overstrand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	-	36 284	-	3 296	3 741	2 868	(874)	-30.5%	36 284
Infrastructure - Road transport	-	1 840	-	148	148	115	(33)	-28.4%	1 840
<i>Roads, Pavements & Bridges</i>	-	1 610	-	-	-	-	-	-	1 610
<i>Storm water</i>	-	230	-	148	148	115	(33)	-28.4%	230
Infrastructure - Electricity	-	21 599	-	1 368	1 368	1 080	(288)	-26.6%	21 599
<i>Generation</i>	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>	-	21 599	-	1 368	1 368	1 080	(288)	-26.6%	21 599
<i>Street Lighting</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	4 529	-	824	824	944	120	12.7%	4 529
<i>Dams & Reservoirs</i>	-	4 529	-	824	824	944	120	12.7%	4 529
<i>Water purification</i>	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	8 301	-	956	1 402	729	(673)	-82.3%	8 301
<i>Reticulation</i>	-	4 801	-	-	-	-	-	-	4 801
<i>Sewerage purification</i>	-	3 500	-	956	1 402	729	(673)	-82.3%	3 500
Infrastructure - Other	-	15	-	-	-	-	-	-	15
<i>Waste Management</i>	-	15	-	-	-	-	-	-	15
Community	-	10 366	-	49	49	427	378	88.5%	10 366
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	480	-	20	20	100	80	80.3%	480
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	945	-	-	-	-	-	-	945
Libraries	-	1 050	-	-	-	-	-	-	1 050
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	880	-	10	10	183	174	94.7%	880
Social rental housing	-	6 961	-	-	-	-	-	-	6 961
Other	-	50	-	20	20	143	124	86.3%	50
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	2 173	-	-	-	-	-	-	2 173
General vehicles	-	1 485	-	-	-	-	-	-	1 485
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Other	-	688	-	-	-	-	-	-	688
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	-	48 823	-	3 345	3 790	3 294	(496)	-15.1%	48 823

Supporting Table SC13b

WC032 Overstrand - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	30 547	-	2 452	2 578	1 718	(860)	-50.0%	30 547
Infrastructure - Road transport	-	11 855	-	1 182	1 182	681	(501)	-73.5%	11 855
Roads, Pavements & Bridges		10 355		932	932	431	(501)	-116.1%	10 355
Storm water		1 500		250	250	250	-		1 500
Infrastructure - Electricity	-	-	-	-	-	-	-		-
Generation									
Transmission & Reticulation									
Street Lighting									
Infrastructure - Water	-	10 492	-	874	949	695	(254)	-36.5%	10 492
Dams & Reservoirs									
Water purification									
Reticulation		10 492		874	949	695	(254)	-36.5%	10 492
Infrastructure - Sanitation	-	8 200	-	396	447	342	(105)	-30.7%	8 200
Reticulation									
Sewerage purification		8 200		396	447	342	(105)	-30.7%	8 200
Infrastructure - Other	-	-	-	-	-	-	-		-
Waste Management									
Community	-	8 986	-	73	73	86	13	15.7%	8 986
Parks & gardens									
Sportsfields & stadia		2 065		73	73	86	13	15.7%	2 065
Swimming pools									
Community halls		1 000							1 000
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Cemeteries									
Social rental housing		5 921							5 921
Other									
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Housing development									
Other									
Other assets	-	-	-	-	-	-	-		-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-		-
Total Capital Expenditure on renewal of	-	39 533	-	2 524	2 650	1 804	(846)	-46.9%	39 533

Supporting Table SC13c

WC032 Overstrand - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 September

Description	2015/16	Budget Year 2018/17							
	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	-	110 372	-	7 601	17 926	27 593	9 667	35.0%	110 372
Infrastructure - Road transport	-	61 852	-	4 083	8 644	15 463	6 819	44.1%	61 852
Roads, Pavements & Bridges		55 545		3 710	7 860	13 886	6 026	43.4%	55 545
Storm water		6 306		373	784	1 577	793	50.3%	6 306
Infrastructure - Electricity	-	17 747	-	1 472	3 561	4 437	876	19.7%	17 747
Generation							-		
Transmission & Reticulation		17 747		1 472	3 561	4 437	876	19.7%	17 747
Street Lighting							-		
Infrastructure - Water	-	16 555	-	865	2 404	4 139	1 735	41.9%	16 555
Dams & Reservoirs							-		
Water purification							-		
Reticulation		16 555		865	2 404	4 139	1 735	41.9%	16 555
Infrastructure - Sanitation	-	11 672	-	952	2 710	2 918	208	7.1%	11 672
Reticulation							-		
Sewerage purification		11 672		952	2 710	2 918	208	7.1%	11 672
Infrastructure - Other	-	2 546	-	228	607	637	30	4.6%	2 546
Waste Management		2 546		228	607	637	30	4.6%	2 546
Community	-	4 878	-	563	1 084	1 219	135	11.1%	4 878
Parks & gardens		2 214		177	477	554	77	13.9%	2 214
Sportsfields & stadia		608		15	33	152	119	78.0%	608
Swimming pools		557		30	62	139	77	55.5%	557
Community halls		617		29	156	154	(2)	-1.2%	617
Libraries		103		2	6	26	20	77.5%	103
Recreational facilities							-		
Fire, safety & emergency							-		
Security and policing							-		
Cemeteries		28		-	7	7	0	5.9%	28
Social rental housing							-		
Other		751		310	344	188	(156)	-83.0%	751
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development							-		
Other assets	-	5 545	-	104	746	1 386	641	46.2%	5 545
General vehicles							-		
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment							-		
Computers - hardware/equipment							-		
Other Buildings		673		27	47	168	122	72.2%	673
Other		4 872		78	699	1 218	519	42.6%	4 872
Agricultural assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expendi	-	120 795	-	8 269	19 756	30 199	10 443	34.6%	120 795

Supporting Table SC13d

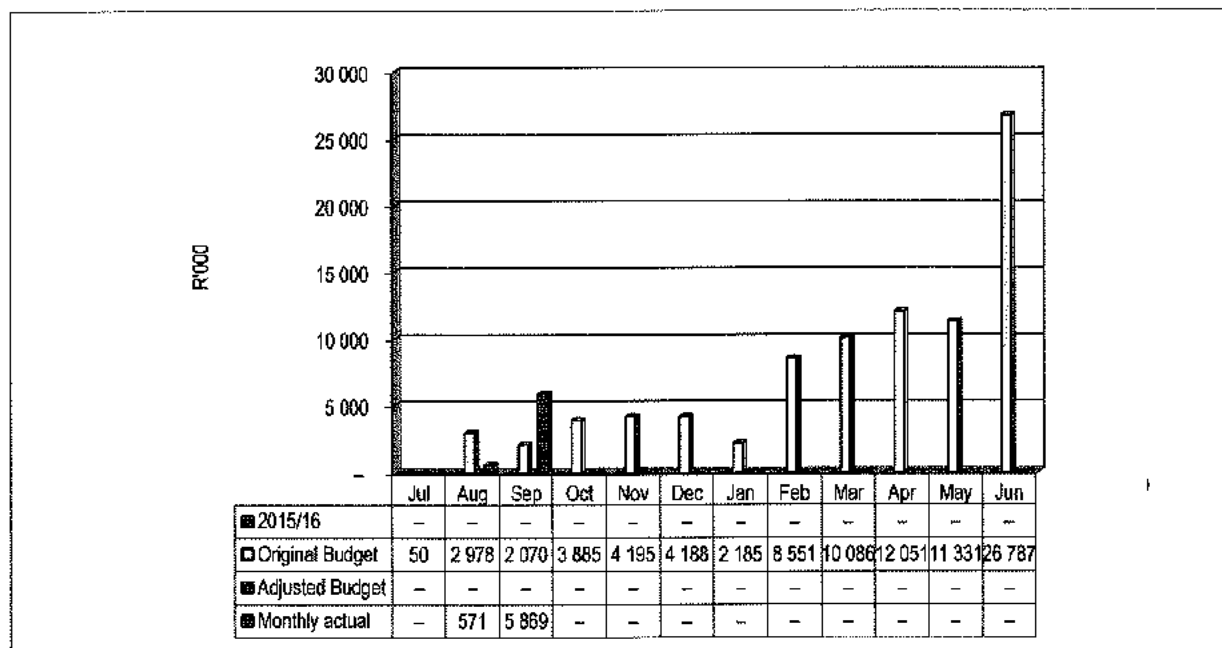
WC032 Overstrand - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M03 September

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Depreciation by Asset Class/Sub-class									
Infrastructure	-	99 505	-	8 292	24 876	24 876	-		99 505
Infrastructure - Road transport	-	34 067	-	2 839	8 517	8 517	-		34 067
<i>Roads, Pavements & Bridges</i>		31 330		2 611	7 833	7 833	-		31 330
<i>Storm water</i>		2 737		228	684	684	-		2 737
Infrastructure - Electricity	-	21 304	-	1 775	5 326	5 326	-		21 304
<i>Generation</i>							-		
<i>Transmission & Reticulation</i>		21 304		1 775	5 326	5 326	-		21 304
<i>Street Lighting</i>							-		
Infrastructure - Water	-	21 116	-	1 760	5 279	5 279	-		21 116
<i>Dams & Reservoirs</i>							-		
<i>Water purification</i>							-		
<i>Reticulation</i>		21 116		1 760	5 279	5 279	-		21 116
Infrastructure - Sanitation	-	18 002	-	1 500	4 501	4 501	-		18 002
<i>Reticulation</i>		18 002		1 500	4 501	4 501	-		18 002
<i>Sewerage purification</i>							-		
Infrastructure - Other	-	5 015	-	418	1 254	1 254	-		5 015
<i>Waste Management</i>		4 153		346	1 038	1 038	-		4 153
<i>Other</i>		862		72	216	216	-		862
Community	-	3 806	-	317	951	951	-		3 806
Recreational facilities		3 806		317	951	951	-		3 806
Heritage assets	-	-	-	-	-	-	-		-
Investment properties	-	-	-	-	-	-	-		-
Other assets	-	13 190	-	1 099	3 298	3 298	-		13 190
General vehicles							-		
Specialised vehicles	-	-	-	-	-	-	-		-
Plant & equipment							-		
Computers - hardware/equipment							-		
Furniture and other office equipment							-		
Civic Land and Buildings		6 008		501	1 502	1 502	-		6 008
Other Buildings							-		
Other Land							-		
Surplus Assets - (Investment or Inventory)							-		
Other		7 182		599	1 796	1 796	-		7 182
Agricultural assets	-	-	-	-	-	-	-		-
Biological assets	-	-	-	-	-	-	-		-
Intangibles	-	1 190	-	99	297	297	-		1 190
Computers - software & programming							-		
Other		1 190		99	297	297	-		1 190
Total Depreciation	-	117 690	-	9 808	29 423	29 423	-		117 690

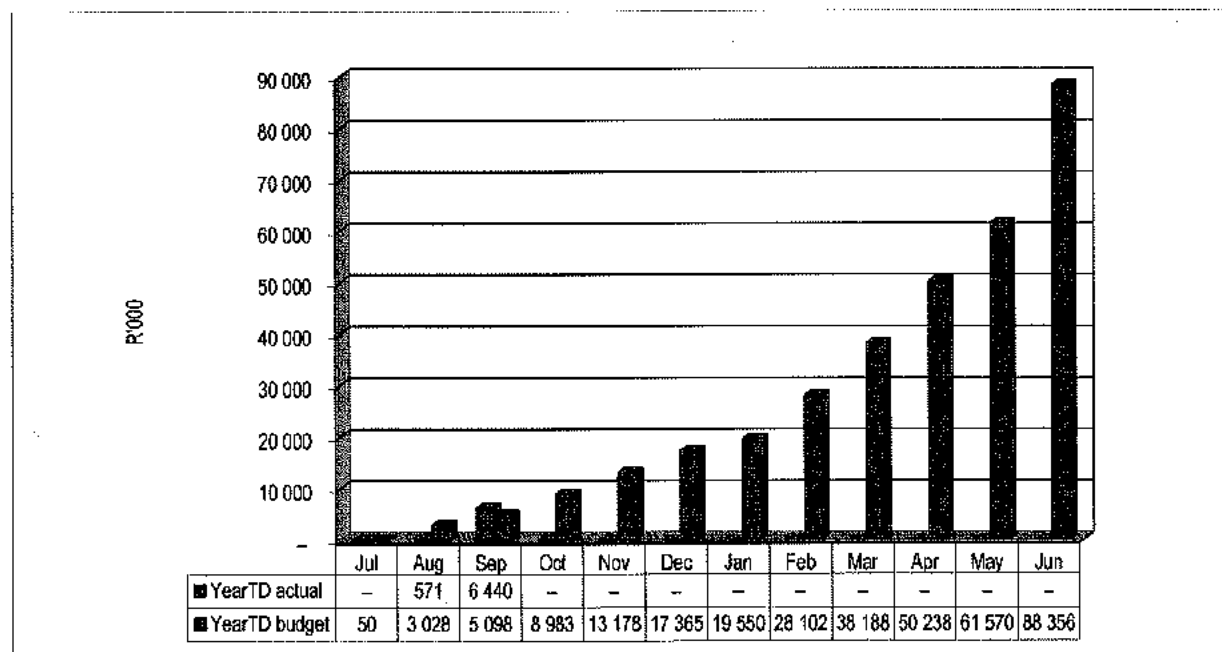
Other supporting documentation

Section 71 charts

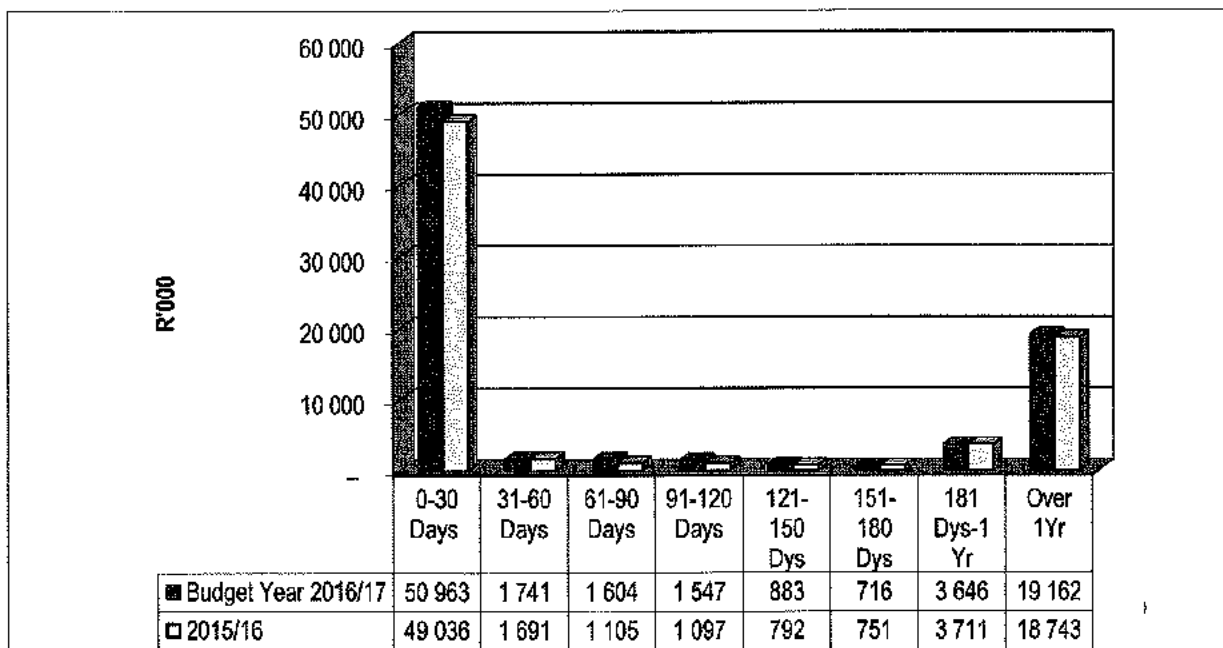
Capital expenditure monthly trend - actual vs target



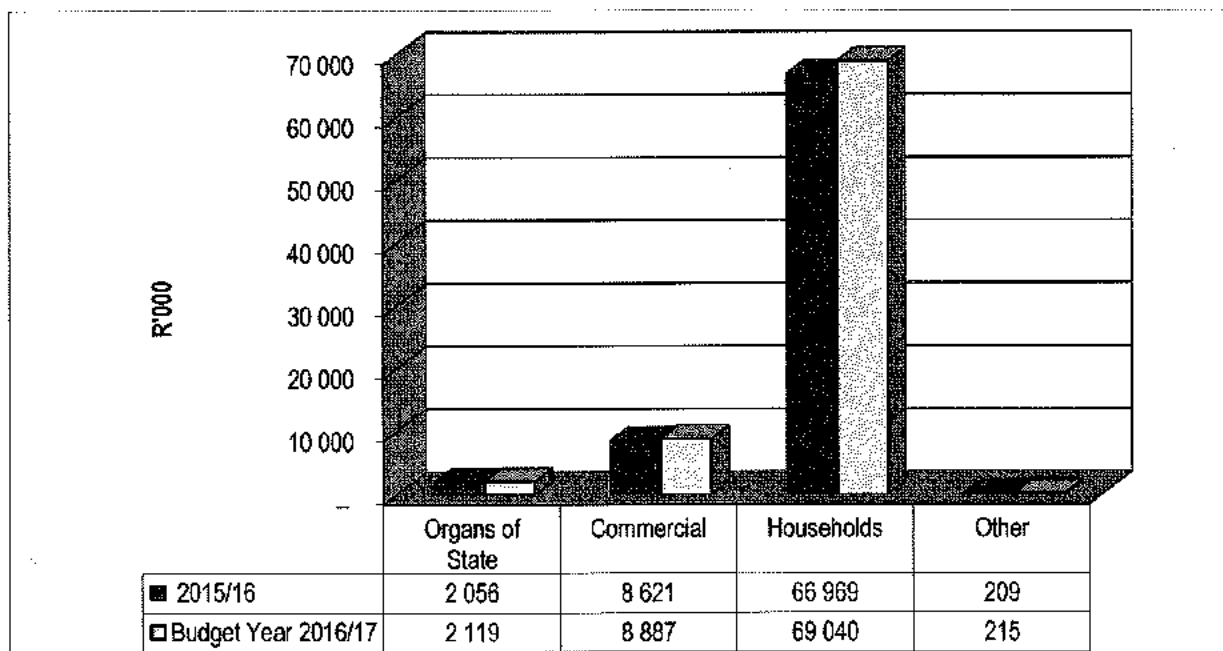
Capital expenditure – YTD actual vs YTD trend



Debtors Age Analysis

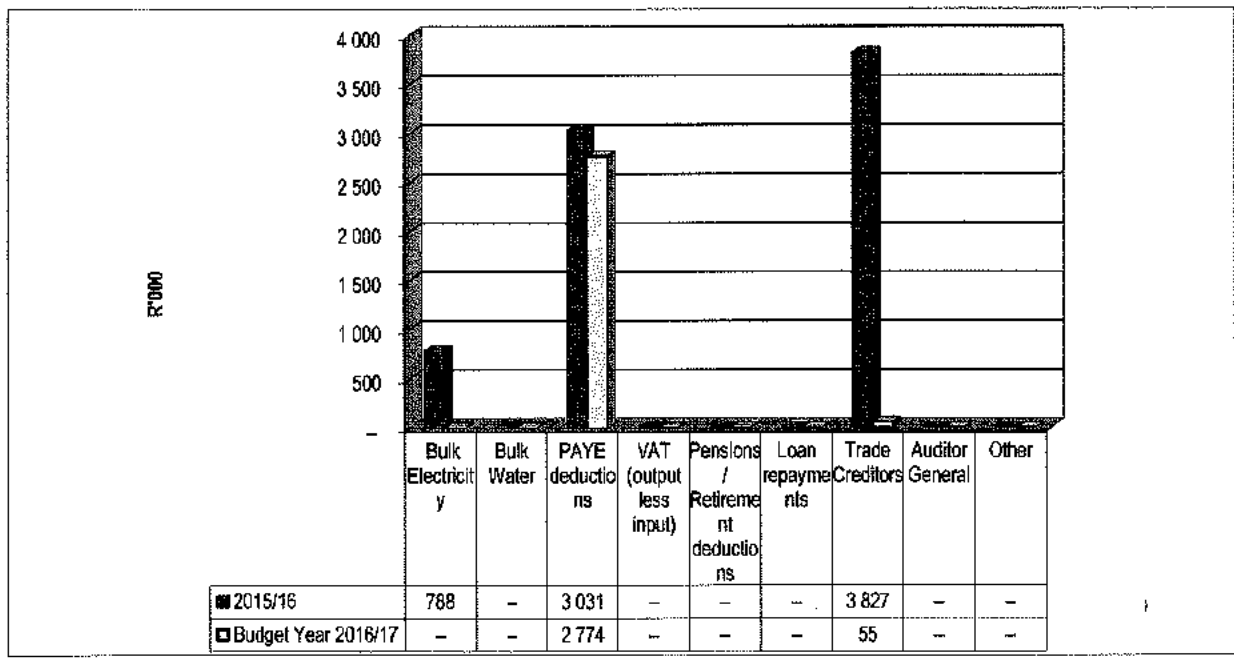


Debtors by Type



A34/35

Creditor Payments



Municipal manager's quality certification

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

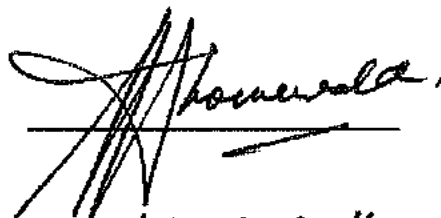
Quarterly Budget Report

for the period ending **September 2016** 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 'Groenewald', written over a horizontal line.

Date:

14.10.2016

OVERSTRAND MUNICIPALITY – COMMENTS:

**NATIONAL TREASURY MFMA Circular No. 82 Municipal Finance Management Act No. 56 of 2003
Cost Containment Measures (30 March 2016)**

SEPTEMBER 2016

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

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 this 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:

- **Curtailment 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 this 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 Cooperative 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 soon 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 this 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 2016
<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 that served before Council on 25 May 2016
<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 • The Circular was included in the budget documentation to Council end of May 2016; • The cost containment measures referred to in Circular 70 of 4 December 2013 was addressed and included as Annexure H (Budget Circulars), in the Draft Budget as tabled and made available for public participation and comments.
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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); 	<p>Contents of the circular are noted; Appointment of consultants in terms of services required and listed.</p>
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<ul style="list-style-type: none"> ○ 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 consultant. <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. 	
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2. Travel and subsistence

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.

Net and Non-Commissionable Rates

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.

Rebates, Overrides, Volume based income

The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:

- 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>In the spirit of transparency, the OCPO is taking a firm position on rebates, overrides or any volume driven 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>
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2.1 National Travel Policy

The Treasury will implement a Government Travel Policy as of 1 April 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"> • Treasury has negotiated with the two "Full Service Carriers", i.e. SAA and BA for discounted rates for government officials for domestic air travel. (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 will be entering into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016 in the interim, where after the agreements will be reviewed with a view of longer term applicability. • 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. • 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. 	<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>
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- 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.

full understanding of this Policy and which are not dealt with adequately herein.

2.3 Domestic Hotel Accommodation

National Treasury has negotiated maximum allowable rates with four hotel groups. A non-exclusive MOU is being entered into with the hotels over a period of six months from 1 April to 30 September 2016 while National Treasury prepares for an open bid process. The hotels are as follows, Premier Group, Protea Hotels, City Lodge and Tsogo Sun. The instruction to travel agents must be to obtain quotes from each of the four hotels; however it is not necessarily limited to them as accommodation depends on availability, locality and rates, which could be lower. Competition and cost effectiveness must remain a key principle.

Table 1: Rates set for Domestic Hotel Accommodation

Accommodation Grid			
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 Drink at Dinner
Credited Hotel	BAND 1	BAND 2	BAND 3
1 Star property	R580.00	R710.00	R855.00
2 Star property	R900.00	R1 030.00	R1 230.00
3 Star property	R1 100.00	R1 200.00	R1 400.00
4 Star property	R1 250.00	R1 350.00	R1 550.00
5 Star property	R2 100.00	R2 200.00	R2 500.00
Bed & Breakfast of Guest House	BAND 1	BAND 2	BAND 3
1 Star property	-	R180.00	R270.00
2 Star property	-	R250.00	R350.00
3 Star property	-	R400.00	R520.00
4 Star property	-	R500.00	R750.00
5 Star property	-	R800.00	R975.00
S&T Allowance	BAND 1	BAND 2	BAND 3
Breakfast	R120.00	-	-
Lunch	R120.00	R120.00	-
Dinner	R150.00	R150.00	-
Total as per TP	R390.00	R270.00	-

S&T Claims accepted based on Travel Policy, detail include Parking, Laundry and W/F.
Important Note: All other costs incurred are for the individuals account.
Note: Consideration should be given to include such a table in policies.

- 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).

The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:

- 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).

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.

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.</p>
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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; • 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. 	<ul style="list-style-type: none"> • Overstrand Municipality does not allow the use of credit and debit cards.
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<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: <ul 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: <ul 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: <ul 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.
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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.
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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>
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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.
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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.
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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.
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<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.
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