

**7.
BUDGET REPORT FOR THE QUARTER ENDED SEPTEMBER 2019****5/1/1/21-2019/2020****BA King****23 October 2019****Senior Manager: Financial Services****(028) 313 8154**

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 following additional information is also included:

The Executive Mayor's special fund report is attached as Annexure B.

The Cost Containment Regulations, 2019 report, attached as Annexure C, represents the status for the three month period up to the end of September 2019 (Quarter 1). The status report on Cost Containment Measures till 30 June 2019 is attached as Annexure E.

The Municipal Cost Containment Regulations were published on 07 June 2019 - effective date 01 July 2019. See Annexure D attached.

The quarterly post implementation status of the mSCOA Project is attached as Annexure F.

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 2019
- Annexure B: Executive Mayor's special fund – September 2019
- Annexure C: Report on the Cost Containment Regulations, 2019 – September 2019
- Annexure D: Municipal Cost Containment Regulations, 2019
- Annexure E: Final report on Cost Containment Measures
- Annexure F: Municipal Regulations on the Standard Chart of Accounts (mSCOA): Post Implementation Status of the mSCOA Project – September 2019

RECOMMENDATION TO THE COUNCIL:

that the budget report for the quarter ended September 2019, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003 and additional information, **be noted**.

RESPONSIBLE OFFICIAL :

BA KING

TARGET DATE FOR IMPLEMENTATION :

TO BE NOTED



QUARTERLY BUDGET REPORT SEPTEMBER 2019

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.



We belong



We care



We serve

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	24
Material variances to the SDBIP.....	25
Municipal financial performance indicators.....	26
Capital programme performance	27
Other supporting documentation	34
Municipal manager’s quality certification	42

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

y-o-y – year-on-year

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 2019 will be tabled in a separate comprehensive report to council.

1.1.2 Financial problems or risks facing the municipality

No financial problems or risks from a budgetary implementation or financial management perspective.

1.1.3 Other relevant information

The 2019/2020 Budget was compiled according to version 6.3 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 2019/2020 is at 27.05% of the budgeted revenue of R1.173bn. The expenditure reflects spending of 20.19% against the budgeted expenditure of R1.250bn.

YTD Capital expenditure at the end of September 2019 amounts to R36.3m, or 13.86% of the original budget of R261.7m. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

No adjustments budget was tabled during this quarter.

Outstanding consumer debtors remain stable and the increase primarily reflects the year-on-year increase from increased tariffs as from 1 July 2019.

The positive cash flow remains stable and is in line with budgeted performance.

On 28 June 2019 NERSA approved Electricity tariffs that will come into effect from 01 July 2019.

Resolutions

IN-YEAR REPORTS 2019/2020

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

RECOMMENDATION TO THE COUNCIL:

that the report for the quarter ended September 2019, prepared as part of the financial reporting obligations arising from the Local Government: Municipal Finance Management Act, 2003 and additional information, **be noted**.

Executive Summary

As the Auditor General has not yet completed the audit of the 2018/2019 financial statements, the 'Audited Outcome' for 2018/2019 will only reflect in the quarterly report to be tabled after the audit has been completed.

Revenue by Source

The Year-to-Date actual revenue is R317.4m, which is 1.01% above the YTD budget projections of R314.3m at the end of September 2019.

Borrowings

The balance of borrowings amounts to R458.8m at the end of September 2019.

Operating expenditure by vote & type

Current expenditure amounts to R252.4m which is 2.47% below YTD budget projections of R258.8m at the end of September 2019.

Capital expenditure

YTD Capital expenditure amounts to R36.3m or 13.86% of the original budget of R261.7m. The current capital commitments of orders in progress amounts to R54.6m or 20.87% of the original capital budget of R261.7m.

Cash flows

The municipality started the year with a positive cash balance of R533.2 million. The September closing balance is R630.9 million. Refer to Supporting Table SC9 for more details on the cash position.

Allocations received (National & Provincial Grants)

Grants totaling R2.8m was received during September 2019.

Spending on Grants

Spending on grants amounts to R26.6m for September 2019 which includes FMG, EPWP, Main Road Subsidy, LG Internship Graduate Grant, Provincial Library Grant, Housing, INEP & MIG.

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>	1.01%		
<u>Expenditure By Type</u>	-2.47%		
<u>Capital Expenditure</u>	87.37%	Capital Commitments= R54.6m (20.87%)	
<u>Financial Position</u>			
In order			
<u>Cash Flow</u>			
In order			

Total Revenue (including capital grants)

R thousand	Original Budget	YearTD actual	% of Budget Received/Spent
Revenue	1 243 711	338 738	27.2%
Expenditure	1 249 963	252 367	20.2%
Surplus / (Deficit)	(6 252)	86 371	
Capital	261 677	36 264	13.9%

Total Revenue (excluding capital grants)

R thousand	Original Budget	YearTD actual	% of Budget Received/Spent
Revenue	1 173 517	317 427	27.0%
Expenditure	1 249 963	252 367	20.2%
Surplus / (Deficit)	(76 446)	65 060	
Capital	261 677	36 264	13.9%

Performance in relation to SDBIP targets

See the comprehensive quarterly report to be tabled in Council.

Remedial or corrective steps

Refer to the SDBIP report.

In-year budget statement tables / ...

Table C1: s71 Monthly Budget Statement Summary

WC032 Overstrand - Table C1 Monthly Budget Statement Summary - M03 September

Description	2018/19	Budget Year 2019/20							
	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	-	242 150	-	19 611	61 536	61 143	393	1%	242 150
Service charges	-	676 330	-	57 185	173 341	172 010	1 331	1%	676 330
Investment revenue	-	28 010	-	3 580	3 385	3 385	-		28 010
Transfers and subsidies	-	152 183	-	6 230	55 809	55 809	-		152 183
Other own revenue	-	74 844	-	6 579	23 355	21 917	1 439	7%	74 844
Total Revenue (excluding capital transfers and contributions)	-	1 173 517	-	93 186	317 427	314 264	3 163	1%	1 173 517
Employes costs	-	399 804	-	30 876	87 379	89 187	(1 808)	-2%	399 804
Remuneration of Councillors	-	11 383	-	908	2 710	2 846	(136)	-5%	11 383
Depreciation & asset impairment	-	131 285	-	10 940	32 821	32 821	-		131 285
Finance charges	-	51 549	-	1 479	1 561	1 561	-		51 549
Materials and bulk purchases	-	339 554	-	42 166	80 910	82 236	(1 326)	-2%	339 554
Transfers and subsidies	-	500	-	8	25	25	-		500
Other expenditure	-	315 888	-	21 727	46 961	50 079	(3 118)	-6%	315 888
Total Expenditure	-	1 249 963	-	108 105	252 367	258 754	(6 387)	-2%	1 249 963
Surplus/(Deficit)	-	(76 446)	-	(14 919)	65 060	55 510	9 550	17%	(76 446)
Transfers and subsidies - capital (monetary)	-	70 194	-	20 343	21 311	21 311	-		70 194
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	-	(6 252)	-	5 424	86 371	76 821	9 550	12%	(6 252)
Surplus/ (Deficit) for the year	-	(6 252)	-	5 424	86 371	76 821	9 550	12%	(6 252)
Capital expenditure & funds sources									
Capital expenditure	-	261 677	-	29 546	36 264	19 354	16 909	87%	261 677
Capital transfers recognised	-	70 194	-	20 343	21 311	8 363	12 948	155%	70 194
Borrowing	-	90 501	-	8 480	14 085	10 084	4 002	40%	90 501
Internally generated funds	-	100 981	-	723	867	908	(40)	-4%	100 981
Total sources of capital funds	-	261 677	-	29 546	36 264	19 354	16 909	87%	261 677
Financial position									
Total current assets	-	583 535	-		789 708				583 535
Total non current assets	-	3 823 679	-		3 693 103				3 823 679
Total current liabilities	-	234 096	-		223 455				234 096
Total non current liabilities	-	694 547	-		641 027				694 547
Community wealth/Equity	-	3 478 571	-		3 618 329				3 478 571
Cash flows									
Net cash from (used) operating	-	165 492	-	(4 302)	139 076	139 111	35	0%	165 492
Net cash from (used) investing	-	(269 006)	-	(30 266)	(37 819)	(37 819)	-		(269 006)
Net cash from (used) financing	-	58 619	-	(2 174)	(3 452)	(3 452)	-		58 619
Cash/cash equivalents at the month/year end	-	444 120	-	-	630 993	586 854	(44 139)	-8%	488 293
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	70 079	2 848	1 616	2 226	1 093	1 138	4 852	25 604	109 455
Creditors Age Analysis									
Total Creditors	5 242	-	-	-	-	-	-	-	5 242

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

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	-	317 773	-	24 586	82 908	82 038	870	1%	317 773
Executive and council	-	31 168	-	18	14 372	12 964	1 408	11%	31 168
Finance and administration	-	286 589	-	24 564	68 518	69 064	(546)	-1%	286 589
Internal audit	-	36	-	6	18	9	9	102%	36
<i>Community and public safety</i>	-	132 968	-	27 329	38 884	35 235	3 650	10%	132 968
Community and social services	-	8 073	-	724	2 392	2 358	34	1%	8 073
Sport and recreation	-	24 825	-	2 184	4 736	4 487	248	6%	24 825
Public safety	-	47 393	-	3 211	10 404	10 830	(426)	-4%	47 393
Housing	-	52 676	-	21 210	21 353	17 559	3 794	22%	52 676
<i>Economic and environmental services</i>	-	14 270	-	801	2 236	3 213	(977)	-30%	14 270
Planning and development	-	10 019	-	783	2 014	2 505	(490)	-20%	10 019
Road transport	-	4 206	-	18	192	701	(509)	-73%	4 206
Environmental protection	-	45	-	-	30	8	22	291%	45
<i>Trading services</i>	-	778 700	-	60 814	214 709	215 089	(380)	0%	778 700
Energy sources	-	438 026	-	38 510	127 179	126 650	528	0%	438 026
Water management	-	147 953	-	10 131	36 315	36 865	(550)	-1%	147 953
Waste water management	-	105 084	-	6 414	26 556	26 719	(162)	-1%	105 084
Waste management	-	87 637	-	5 759	24 659	24 855	(196)	-1%	87 637
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	-	1 243 711	-	113 529	338 738	335 575	3 163	1%	1 243 711
Expenditure - Functional									
<i>Governance and administration</i>	-	247 061	-	21 777	55 735	57 033	(1 298)	-2%	247 061
Executive and council	-	59 731	-	3 736	14 764	14 776	(12)	0%	59 731
Finance and administration	-	184 233	-	17 810	40 289	41 534	(1 245)	-3%	184 233
Internal audit	-	3 097	-	231	681	723	(42)	-6%	3 097
<i>Community and public safety</i>	-	197 962	-	17 590	37 792	39 230	(1 439)	-4%	197 962
Community and social services	-	17 929	-	1 370	3 572	3 771	(199)	-5%	17 929
Sport and recreation	-	51 814	-	3 278	8 470	9 384	(894)	-10%	51 814
Public safety	-	94 795	-	7 217	19 372	18 578	(206)	-1%	94 795
Housing	-	33 424	-	5 727	6 378	6 518	(140)	-2%	33 424
<i>Economic and environmental services</i>	-	162 841	-	10 714	28 508	29 733	(1 224)	-4%	162 841
Planning and development	-	44 429	-	2 905	8 463	9 311	(847)	-9%	44 429
Road transport	-	106 751	-	7 202	18 466	18 599	(133)	-1%	106 751
Environmental protection	-	11 661	-	606	1 579	1 823	(244)	-13%	11 661
<i>Trading services</i>	-	639 154	-	57 809	129 538	131 995	(2 458)	-2%	639 154
Energy sources	-	363 841	-	38 553	82 596	83 591	(995)	-1%	363 841
Water management	-	116 983	-	7 635	18 437	19 077	(640)	-3%	116 983
Waste water management	-	85 886	-	6 364	15 598	16 173	(576)	-4%	85 886
Waste management	-	72 444	-	5 257	12 907	13 154	(246)	-2%	72 444
<i>Other</i>	-	2 945	-	216	795	763	32	4%	2 945
Total Expenditure - Functional	-	1 249 963	-	108 105	252 367	258 754	(6 387)	-2%	1 249 963
Surplus/ (Deficit) for the year	-	(6 252)	-	5 424	86 371	76 821	9 550	12%	(6 252)

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

The main functional areas 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 functional 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	2018/19	Budget Year 2019/20							
	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	-	31 083	-	11	14 358	12 951	1 408	10.9%	31 083
Vote 2 - Municipal Manager & Internal Audit	-	36	-	6	18	13	5	39.9%	36
Vote 3 - Management Services	-	844	-	268	459	234	225	96.3%	844
Vote 4 - Finance	-	284 914	-	24 246	87 912	68 570	(659)	-1.0%	284 914
Vote 5 - Community Services	-	379 676	-	25 322	95 161	94 293	869	0.9%	379 676
Vote 6 - Economic and Social Development & Tourism	-	2 635	-	178	307	310	(3)	-1.0%	2 635
Vote 7 - Infrastructure & Planning	-	497 130	-	60 286	150 117	148 374	1 744	1.2%	497 130
Vote 8 - Protection Services	-	47 393	-	3 211	10 404	10 831	(426)	-3.9%	47 393
Total Revenue by Vote	-	1 243 711	-	113 529	338 738	335 575	3 163	0.9%	1 243 711
Expenditure by Vote									
Vote 1 - Council	-	36 077	-	2 203	10 302	10 302	0	0.0%	36 077
Vote 2 - Municipal Manager & Internal Audit	-	5 797	-	416	1 252	1 264	(12)	-1.0%	5 797
Vote 3 - Management Services	-	56 900	-	4 943	12 330	12 718	(388)	-3.1%	56 900
Vote 4 - Finance	-	75 077	-	8 779	16 873	16 634	238	1.4%	75 077
Vote 5 - Community Services	-	439 679	-	29 634	77 582	80 679	(3 096)	-3.8%	439 679
Vote 6 - Economic and Social Development & Tourism	-	13 291	-	757	2 233	2 599	(366)	-14.1%	13 291
Vote 7 - Infrastructure & Planning	-	527 994	-	54 020	111 922	114 478	(2 556)	-2.2%	527 994
Vote 8 - Protection Services	-	95 150	-	7 353	19 873	20 079	(206)	-1.0%	95 150
Total Expenditure by Vote	-	1 249 963	-	108 105	252 367	258 754	(6 387)	-2.5%	1 249 963
Surplus/ (Deficit) for the year	-	(6 252)	-	5 424	86 371	76 821	9 550	12.4%	(6 252)

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; Economic and Social Development & Tourism; 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	2018/19	Budget Year 2019/20							
	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		242 150		19 611	61 536	61 143	393	1%	242 150
Service charges - electricity revenue		398 868		35 674	107 099	105 700	1 399	1%	398 868
Service charges - water revenue		127 320		9 418	29 775	29 708	67	0%	127 320
Service charges - sanitation revenue		80 020		6 353	19 131	19 071	60	0%	80 020
Service charges - refuse revenue		70 122		5 742	17 335	17 531	(195)	-1%	70 122
Rental of facilities and equipment		3 562		524	1 632	1 514	118	8%	3 562
Interest earned - external investments		28 010		3 580	3 385	3 385	-		28 010
Interest earned - outstanding debtors		4 151		373	1 202	1 107	95	9%	4 151
Fines, penalties and forfeits		32 552		2 687	8 529	8 138	391	5%	32 552
Licences and permits		2 462		188	625	616	10	2%	2 462
Agency services		4 700		366	1 265	1 175	90	8%	4 700
Transfers and subsidies		152 183		6 230	55 809	55 809	-		152 183
Other revenue		27 416		2 441	10 101	9 367	734	8%	27 416
Gains on disposal of PPE							-		
Total Revenue (excluding capital transfers and contributions)	-	1 173 517	-	93 186	317 427	314 264	3 163	1%	1 173 517
Expenditure By Type									
Employee related costs		399 804		30 876	87 379	89 187	(1 808)	-2%	399 804
Remuneration of councillors		11 383		908	2 710	2 846	(136)	-5%	11 383
Debt impairment		24 902		2 075	6 225	6 225	-		24 902
Depreciation & asset impairment		131 285		10 940	32 821	32 821	-		131 285
Finance charges		51 549		1 479	1 561	1 561	-		51 549
Bulk purchases		275 880		33 325	68 278	68 970	(692)	-1%	275 880
Other materials		63 675		8 841	12 631	13 266	(634)	-5%	63 675
Contracted services		207 536		11 161	22 926	25 077	(2 151)	-9%	207 536
Transfers and subsidies		500		8	25	25	-		500
Other expenditure		83 450		8 491	17 810	18 776	(966)	-5%	83 450
Loss on disposal of PPE							-		
Total Expenditure	-	1 249 963	-	108 105	252 367	258 754	(6 387)	-2%	1 249 963
Surplus/(Deficit)	-	(76 446)	-	(14 919)	65 060	55 510	9 550	17%	(76 446)
Transfers and subsidies - capital (monetary allocations) (National /		70 194		20 343	21 311	21 311	-		70 194
Transfers and subsidies - capital (in-kind - all)							-		
Surplus/(Deficit) after capital transfers & Taxation	-	(6 252)	-	5 424	86 371	76 821			(6 252)
Surplus/(Deficit) after taxation	-	(6 252)	-	5 424	86 371	76 821			(6 252)
Surplus/(Deficit) attributable to municipality	-	(6 252)	-	5 424	86 371	76 821			(6 252)
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	-	(6 252)	-	5 424	86 371	76 821			(6 252)

The annual revenue budget is approved as 'Revenue by Source'. The Year-to-Date actual revenue is 1.01% above the YTD budget projections.

Current expenditure is 2.47% below YTD budget projections for September 2019.

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

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

Vote Description	2018/19	Budget Year 2019/20							
	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 5 - Community Services	-	54 583	-	5 135	9 247	8 543	703	8%	54 583
Vote 6 - Economic and Social Development & Tourism	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure & Planning	-	40 128	-	23 180	25 124	7 782	17 342	223%	40 128
Vote 8 - Protection Services	-	5 588	-	-	-	-	-	-	5 588
Total Capital Multi-year expenditure	-	100 298	-	28 316	34 371	16 325	18 045	141%	100 298
Single Year expenditure appropriation									
Vote 1 - Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager & Internal Audit	-	-	-	-	-	-	-	-	-
Vote 3 - Management Services	-	3 975	-	-	-	-	-	-	3 975
Vote 4 - Finance	-	30	-	22	22	8	15	193%	30
Vote 5 - Community Services	-	97 601	-	64	64	319	(255)	-80%	97 601
Vote 6 - Economic and Social Development & Tourism	-	7 906	-	-	-	-	-	-	7 906
Vote 7 - Infrastructure & Planning	-	45 186	-	1 119	1 738	2 144	(406)	-19%	45 186
Vote 8 - Protection Services	-	6 680	-	25	69	558	(489)	-88%	6 680
Total Capital single-year expenditure	-	161 378	-	1 231	1 893	3 029	(1 136)	-38%	161 378
Total Capital Expenditure	-	261 677	-	29 546	36 264	19 354	16 909	87%	261 677
Capital Expenditure - Functional Classification									
Governance and administration	-	4 105	-	22	22	341	(319)	-84%	4 105
Executive and council	-	10	-	-	-	-	-	-	10
Finance and administration	-	4 095	-	22	22	341	(319)	-84%	4 095
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	-	64 760	-	18 987	17 549	5 178	12 370	239%	64 760
Community and social services	-	3 280	-	-	-	-	-	-	3 280
Sport and recreation	-	18 770	-	1 116	1 634	1 564	70	4%	18 770
Public safety	-	16 271	-	25	69	106	(37)	-35%	16 271
Housing	-	26 439	-	15 846	15 846	3 508	12 338	352%	26 439
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	-	30 410	-	68	168	534	(366)	-89%	30 410
Planning and development	-	8 899	-	4	104	242	(138)	-57%	8 899
Road transport	-	21 510	-	64	64	293	(229)	-78%	21 510
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	-	162 402	-	12 470	18 525	13 301	5 224	39%	162 402
Energy sources	-	34 124	-	7 334	9 278	6 531	2 747	42%	34 124
Water management	-	48 504	-	3 707	5 722	3 559	2 163	61%	48 504
Waste water management	-	62 843	-	1 429	3 525	3 211	314	10%	62 843
Waste management	-	16 931	-	-	-	-	-	-	16 931
Total Capital Expenditure - Functional Classification	-	261 677	-	29 546	36 264	19 354	16 909	87%	261 677
Funded by:									
National Government	-	39 010	-	4 497	5 465	4 176	1 289	31%	39 010
Provincial Government	-	31 184	-	15 846	15 846	4 187	11 659	278%	31 184
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	70 194	-	20 343	21 311	8 363	12 948	155%	70 194
Borrowing	-	90 501	-	8 480	14 085	10 084	4 002	40%	90 501
Internally generated funds	-	100 981	-	723	867	908	(40)	-4%	100 981
Total Capital Funding	-	261 677	-	29 546	36 264	19 354	16 909	87%	261 677

Capital expenditure is 87.37% above the Year-to-Date budget projections. Refer to the table on page 28 for the implementation status of the Top 10 Capital Projects.

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

Description	2018/19	Budget Year 2019/20			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash		124 120		195 728	124 120
Call investment deposits		320 000		435 265	320 000
Consumer debtors		73 134		81 637	73 134
Other debtors		35 523		40 901	35 523
Current portion of long-term receivables		7		7	7
Inventory		30 752		36 170	30 752
Total current assets	-	583 535	-	789 708	583 535
Non current assets					
Long-term receivables		4		13	4
Investments		57 885		52 079	57 885
Investment property		114 846		119 698	114 846
Investments in Associate					
Property, plant and equipment		3 645 621		3 512 716	3 645 621
Biological					
Intangible		5 323		8 597	5 323
Other non-current assets					
Total non current assets	-	3 823 679	-	3 693 103	3 823 679
TOTAL ASSETS	-	4 407 214	-	4 482 810	4 407 214
LIABILITIES					
Current liabilities					
Bank overdraft					
Borrowing		42 244		42 244	42 244
Consumer deposits		63 074		40 375	63 074
Trade and other payables		95 207		107 265	95 207
Provisions		33 570		33 570	33 570
Total current liabilities	-	234 096	-	223 455	234 096
Non current liabilities					
Borrowing		455 453		416 606	455 453
Provisions		239 095		224 420	239 095
Total non current liabilities	-	694 547	-	641 027	694 547
TOTAL LIABILITIES	-	928 643	-	864 481	928 643
NET ASSETS	-	3 478 571	-	3 618 329	3 478 571
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)		3 475 231		3 615 065	3 475 231
Reserves		3 340		3 264	3 340
TOTAL COMMUNITY WEALTH/EQUITY	-	3 478 571	-	3 618 329	3 478 571

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	2018/19	Budget Year 2019/20							
	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		241 063		33 969	65 751	65 750	1	0%	241 063
Service charges		673 293		79 531	182 783	182 799	(16)	0%	673 293
Other revenue		66 179		11 130	24 374	24 376	(2)	0%	66 179
Government - operating		152 183		6 230	55 809	55 809	-		152 183
Government - capital		70 194		20 343	21 311	21 311	-		70 194
Interest		32 161		2 746	4 587	4 587	-		32 161
Dividends							-		
Payments									
Suppliers and employees		(1 017 533)		(156 766)	(213 954)	(213 936)	18	0%	(1 017 533)
Finance charges		(51 549)		(1 479)	(1 561)	(1 561)	-		(51 549)
Transfers and Grants		(500)		(8)	(25)	(25)	-		(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	165 492	-	(4 302)	139 076	139 111	35	0%	165 492
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-		-	-	-	-		-
Decrease (increase) in non-current debtors		-		-	-	-	-		-
Decrease (increase) other non-current receivables		10		0	1	1	-		10
Decrease (increase) in non-current investments		(7 339)		(720)	(1 556)	(1 556)	-		(7 339)
Payments									
Capital assets		(261 677)		(29 546)	(36 264)	(36 264)	-		(261 677)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(269 006)	-	(30 266)	(37 819)	(37 819)	-		(269 006)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-		-	-	-	-		-
Borrowing long term/refinancing		74 300		-	-	-	-		74 300
Increase (decrease) in consumer deposits		23 028		20	356	356	-		23 028
Payments									
Repayment of borrowing		(38 709)		(2 195)	(3 807)	(3 807)	-		(38 709)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	58 619	-	(2 174)	(3 452)	(3 452)	-		58 619
NET INCREASE/ (DECREASE) IN CASH HELD	-	(44 895)	-	(36 743)	97 806	97 840			(44 895)
Cash/cash equivalents at beginning:		489 014			533 188	489 014			533 188
Cash/cash equivalents at month/year end:		444 120			630 993	586 854			488 293

Table C7 balances to the current Cash balance, shown in the 'YTD actual' column, which is R 630.9million.

The municipality started the year with a positive cash balance of R533.2 million. The September closing balance is R630.9 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 2019/20												2019/20 Medium Term Revenue & Expenditure Framework		
	July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome			
Cash Receipts By Source															
Property rates	21 376	10 407	33 969									175 312	241 063	255 558	272 340
Service charges - electricity revenue	15 051	43 242	45 156									293 628	397 077	455 317	523 459
Service charges - water revenue	10 820	14 069	19 997									81 863	126 748	133 404	141 435
Service charges - sanitation revenue	6 806	4 126	7 596									61 133	79 661	82 132	87 076
Service charges - refuse	5 550	3 589	6 782									53 887	69 907	79 071	89 573
Service charges - other		-	-												
Rental of facilities and equipment	618	594	368									1 965	3 546	3 727	3 932
Interest earned - external investments	-	1 012	2 373									24 625	28 010	29 690	31 471
Interest earned - outstanding debtors	408	421	373									2 949	4 151	4 400	4 664
Dividends received	-	-	-									-	-	-	-
Fines, penalties and forfeits	3 078	2 765	2 687									(137)	8 393	8 908	9 424
Licences and permits	223	215	188									1 837	2 462	2 580	2 627
Agency services	469	431	366									3 435	4 700	4 982	5 281
Transfer receipts - operating	48 554	1 025	6 230									96 374	152 183	157 143	168 217
Other revenue	5 435	(583)	7 522									34 705	47 078	31 707	31 846
Cash Receipts by Source	118 386	81 312	133 607									831 574	1 164 879	1 248 620	1 371 345
Other Cash Flows by Source															
Transfer receipts - capital	236	732	20 343									48 884	70 194	42 164	68 993
Contributions & Contributed assets												-	-	-	-
Proceeds on disposal of PPE												-	-	-	-
Short term loans												-	-	-	-
Borrowing long term/refinancing												74 300	74 300	54 000	60 000
Increase in consumer deposits	(67)	403	20									22 673	23 028	4 654	4 682
Receipt of non-current debtors												-	-	-	-
Receipt of non-current receivables		0	0									9	10	7	3
Change in non-current investments	(538)	(297)	(720)									(5 783)	(7 339)	(7 575)	(7 730)
Total Cash Receipts by Source	118 017	82 149	153 251									971 656	1 325 073	1 341 870	1 487 292
Cash Payments by Type															
Employee related costs	26 546	29 076	30 101									302 500	388 224	414 152	438 547
Remuneration of councillors	894	908	908									8 673	11 383	11 878	12 397
Interest paid	82	(0)	1 479									49 988	51 549	54 249	56 058
Bulk purchases - Electricity	3	34 950	33 325									207 602	275 880	319 000	368 859
Bulk purchases - Water & Sewer												-	-	-	-
Other materials	1 015	2 775	8 841									51 043	63 675	71 299	71 581
Contracted services	1 510	10 255	11 161									184 610	207 536	229 784	237 280
Grants and subsidies paid - other municipalities												-	-	-	-
Grants and subsidies paid - other	8	8	8									475	500	525	551
General expenses	1 476	(52 219)	72 428									49 151	70 836	74 960	105 513
Cash Payments by Type	31 534	25 754	158 252									854 042	1 069 582	1 175 846	1 290 787
Other Cash Flows/Payments by Type															
Capital assets	608	6 109	29 546									225 413	261 677	148 464	154 324
Repayment of borrowing	1 613	-	2 195									34 901	38 709	42 244	47 007
Other Cash Flows/Payments												-	-	-	-
Total Cash Payments by Type	33 755	31 863	189 993									1 114 356	1 369 967	1 366 554	1 492 118
NET INCREASE/(DECREASE) IN CASH HELD	84 262	50 287	(36 743)									(142 700)	(44 895)	(24 684)	(4 825)
Cash/cash equivalents at the month/year begin	533 188	617 449	667 736	630 993	630 993	630 993	630 993	630 993	630 993	630 993	630 993	630 993	533 188	488 293	463 609
Cash/cash equivalents at the month/year end:	617 449	667 736	630 993	630 993	630 993	630 993	630 993	630 993	630 993	630 993	630 993	488 293	488 293	463 609	458 784

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

PART 2 – SUPPORTING DOCUMENTATION

Debtors' analysis

WC032 Overstrand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	NT Code	Budget Year 2019/20										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.O Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	13 701	516	343	263	257	282	383	3 123	19 389	4 809		5 250
Trade and Other Receivables from Exchange Transactions - Electricity	1300	18 993	495	272	175	153	134	677	3 718	24 615	4 856		5 781
Receivables from Non-exchange Transactions - Property Rates	1400	20 884	696	375	269	236	281	1 038	2 781	26 558	4 603		6 825
Receivables from Exchange Transactions - Waste Water Management	1500	7 282	284	192	172	159	154	633	1 852	10 729	2 971		2 908
Receivables from Exchange Transactions - Waste Management	1600	6 521	208	121	98	88	78	380	1 410	8 884	2 034		2 387
Receivables from Exchange Transactions - Property Rental Debtors	1700	808	327	32	23	4	4	18	237	1 450	285		251
Interest on Arrear Debtor Accounts	1810	111	60	45	75	51	62	403	7 949	8 755	8 540		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820												
Other	1900	1 781	263	237	1 151	145	143	841	4 534	8 095	6 814		2 872
Total By Income Source	2900	78 079	2 848	1 618	2 228	1 093	1 138	4 852	25 604	108 455	34 912	-	26 284
2017/18 - total only		63 695	2 171	1 806	1 255	1 098	935	4 132	24 496	99 589	31 917		
Debtors Age Analysis By Customer Group													
Organs of State	2200	1 854	139	35	30	32	90	87	1 619	3 888	1 859		315
Commercial	2300	9 881	545	92	54	48	41	219	1 272	11 932	1 634		951
Households	2400	58 811	2 160	1 487	2 142	1 013	1 006	4 539	22 618	93 776	31 319		25 025
Other	2500	(247)	3	1	0	0	0	8	95	(141)	101		3
Total By Customer Group	2900	78 079	2 848	1 618	2 228	1 093	1 138	4 852	25 604	108 455	34 912	-	26 284

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

Summary of Indigent Households

Indigent Household Statistics					
	Indigent Households	Amount	Other Households	Total Households	
2 019					
July	8 018	NO VOTE for 2019/2020	26 884	34 902	22.97%
August	8 041	NO VOTE for 2019/2020	26 858	34 899	23.04%
September	7 654	NO VOTE for 2019/2020	27 137	34 791	22.00%
October					
November					
December					
2 020					
January					
February					
March					
April					
May					
June					

Monthly FBS (Free Basic Services)

Free Basic Water				Free Basic Sanitation			
No. of indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. 6 kilolitres per household)	No. of indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (e.g. VIP toilets)
7654			6KL	7654	0	7654	waterborne
Free Basic Electricity				Free Basic Refuse Removal			
Beneficiaries provided by Eskom	Beneficiaries provided by Municipality	Non-grtd energy Beneficiaries	level of Service (e.g. 50 Kwh per household)	No. of indigent (poor) beneficiaries	No. of other beneficiaries (non indigent)	Total beneficiaries	level of Service (type of subsidy)
130	7524		50kWh	7654	0	7654	Total monthly levy

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
2019/2020											
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	70 078 633	2 847 560	1 616 076	2 225 775	1 093 345	1 137 727	4 851 696	25 603 880	109 454 791	39 376 158	34 912 422
Augustus	72 343 845	2 204 467	2 467 897	1 215 310	1 203 190	1 019 048	4 821 906	25 279 680	110 555 341	38 211 497	33 539 133
July	63 876 893	2 954 201	1 496 394	1 318 657	1 102 605	1 033 738	4 397 937	24 923 281	101 103 706	37 226 612	32 776 217

Government Debt

Overstrand Municipality as at 30/09/2019	Total Debt	Services	Rates	Other
Department Responsible for the Debt				
NPW 2227	2 166 935	1 178 553	972 310	16 072
WCED 2251	1 273 722	1 273 722	0	0
OTHER 2210+2255	75 478	18 339	57 139	0
HEALTH 2252	141 641	128 967	11 747	927
TPW 2256	179 868	-75 212	254 983	97
HOUSING 2253+2215	22 854	22 854	0	0
OTHER MUNICIPALITIES 2276	27 142	27 142	0	0
TOTAL OUTSTANDING	3 887 639	2 574 365	1 296 179	17 095

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

Description	NT Code	Budget Year 2019/20								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100									-
Bulk Water	0200									-
PAYE deductions	0300	4 199								4 199
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	1 043								1 043
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	5 242	-	-	-	-	-	-	-	5 242

Supporting Table SC4 reflects current creditors at the end of September 2019.

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	Capital Guan- tee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commis- sion Paid (Rands)	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
								Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
R thousands												
Municipality												
LIBERTY 15934476	15 YEARS	Policy	YES	VARIABLE		NO	01/09/2025	17 561	85		125	17 771
LIBERTY 21196964	14 YEARS	Policy	YES	VARIABLE		NO	01/09/2025	30 778	154		260	31 192
MOMENTUM MP 3853776	14 YEARS	Policy	YES	VARIABLE		NO	01/07/2026	3 020	66		30	3 116
ABSA 9331734880	DEP PLUS	DEP PLUS	YES	VARIABLE	6.25	NO		10 267	50	(52)		10 265
Nedbank 03/7881534451 ref: 245	184 days	FIXED DEP	YES	FIXED	8.5	NO	07/11/2019	100 000				100 000
Nedbank 03/7881534451 ref:246	124 days	FIXED DEP	YES	FIXED	8.15	NO	30/09/2019	100 000	2 769	(102 769)		-
Standard Bank 288434005-028	124 days	FIXED DEP	YES	FIXED	8.05	NO	28/10/2019	75 000				75 000
Nedbank 03/7881534451 ref: 247	124 days	FIXED DEP	YES	FIXED	8.05	NO	28/10/2019	75 000				75 000
Nedbank 03/7881534451 ref: 248	184 days	FIXED DEP	YES	FIXED	8.05	NO	15/01/2020	100 000				100 000
Standard Bank 288434005-027	124 days	FIXED DEP	YES	FIXED	7.8	NO	09/12/2019	75 000				75 000
TOTAL INVESTMENTS AND INTEREST								586 626		(102 821)	415	487 345

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	2018/19	Budget Year 2019/20							
	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:	-	110 882	-	-	46 666	46 666	-		110 882
Local Government Equitable Share		106 697			44 457	44 457	-		106 697
Finance Management		1 550			1 550	1 550			1 550
EPWP Incentive		2 635			659	659			2 635
Provincial Government:	-	38 392	-	2 830	15 336	15 336	-		38 392
Human Settlements Development Grant		25 061		2 830	9 749	9 749	-		25 061
Library Services Grant		7 287			2 429	2 429	-		7 287
Financial Management Capacity Building Grant		380					-		380
Maintenance & Construction of Transport Infrastructure		126					-		126
Western Cape Financial Management Support Grant		280					-		280
Local Government Internship Grant							-		
Municipal Service Delivery & Capacity Building Grant							-		
Thusong Service Centre		100					-		100
Resourcing Funding for Est & Support of a K9 Unit		2 000					-		2 000
Disaster Management Grant		3 157			3 157	3 157	-		3 157
Total Operating Transfers and Grants	-	149 274	-	2 830	62 002	62 002	-		149 274
Capital Transfers and Grants									
National Government:	-	39 010	-	-	9 650	9 650	-		39 010
Municipal Infrastructure Grant (MIG)		32 010			6 650	6 650	-		32 010
Integrated National Electrification Programme		7 000			3 000	3 000	-		7 000
Provincial Government:	-	28 281	-	-	58 531	58 531	-		28 281
Human Settlements Development Grant		26 439			56 689	56 689	-		26 439
Resourcing Funding for Est & Support of a K9 Unit									
Disaster Management Grant		1 843			1 843	1 843	-		1 843
Other grant providers:	-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	-	67 291	-	-	68 181	68 181	-		67 291
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	216 565	-	2 830	130 183	130 183	-		216 565

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	2018/19	Budget Year 2019/20							
	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:	-	4 185	-	236	533	533	-		4 185
Local Government Equitable Share							-		
Finance Management		1 550		58	227	227	-		1 550
EPWP incentive		2 635		178	307	307	-		2 635
Provincial Government:	-	37 968	-	5 994	7 662	7 662	-		37 968
Human Settlements Development Grant		25 837		5 316	5 316	5 316	-		25 837
Library Services Grant		7 287		672	2 202	2 202			7 287
Financial Management Capacity Building Grant		980							980
Maintenance & Construction of Transport Infrastructure		126			126	126			126
Western Cape Financial Management Support Grant		560							560
Local Government Internship Grant		36		6	18	18			36
Municipal Service Delivery & Capacity Building Grant		144					-		144
Thusong Service Centre		100					-		100
Resourcing Funding for Est & Support of a K9 Unit		2 897							2 897
Other grant providers:	-	176	-	0	0	0	-		176
Spaces For Sport		176		0	0	0	-		176
Total operating expenditure of Transfers and Grants:	-	42 329	-	6 230	8 195	8 195	-		42 329
Capital expenditure of Transfers and Grants									
National Government:	-	39 010	-	4 497	5 465	5 465	-		39 010
Municipal Infrastructure Grant (MIG)		32 010		1 702	2 220	2 220	-		32 010
Integrated National Electrification Programme		7 000		2 795	3 244	3 244	-		7 000
Provincial Government:	-	31 184	-	15 846	15 846	15 846	-		31 184
Human Settlements Development Grant		26 439		15 846	15 846	15 846	-		26 439
Public Transport Non-Motorised Infra Grant		2 903							2 903
Resourcing Funding for Est & Support of a K9 Unit		1 843							1 843
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	-	70 194	-	20 343	21 311	21 311	-		70 194
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	112 523	-	26 574	29 506	29 506	-		112 523

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 2019/20				
	Approved Rollover 2018/19	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				-	
EPWP Incentive				-	
Other transfers and grants (insert description)				-	
Provincial Government:					
Human Settlements Development Grant					
Library Services Grant					
Financial Management Capacity Building Grant					
Local Government Internship Grant					
Total operating expenditure of Approved Roll-overs					
Capital expenditure of Approved Roll-overs					
National Government:					
Municipal Infrastructure Grant (MIG)					
Other capital transfers (insert description)					
Provincial Government:					
Human Settlements Development Grant					
Public Transport Non-Motorised Infrastructure Grant					
Library Services Grant					
Total capital expenditure of Approved Roll-overs					
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS					

A Roll over application was submitted to Provincial Treasury during July and August 2019 for the unspent Title Deeds- Housing Funds, LG Internship Graduate Grant, Financial Management Capacity Building Grant, Financial Management Support Grant, Municipal Service Delivery & Capacity Building Grant and Resourcing Funding for Establishment and support of a K9 Unit. The final outcome is expected to be gazette in November 2019.

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	2018/19	Budget Year 2019/20							
	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		10 317		815	2 435	2 579	(145)	-6%	10 317
Pension and UIF Contributions				-		-	-		
Medical Aid Contributions				-		-	-		
Motor Vehicle Allowance				-		-	-		
Cellphone Allowance		1 066		93	275	266	9	3%	1 066
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	-	11 383	-	908	2 710	2 846	(136)	-5%	11 383
Senior Managers of the Municipality									
Basic Salaries and Wages		11 292		960	2 890	2 823	67	2%	11 292
Pension and UIF Contributions				-		-	-		
Medical Aid Contributions				-		-	-		
Overtime				-		-	-		
Performance Bonus		109							109
Motor Vehicle Allowance				-		-	-		
Cellphone Allowance		187		16	47	47			187
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	-	11 588	-	975	2 936	2 870	67	2%	11 588
Other Municipal Staff									
Basic Salaries and Wages		245 260		19 142	56 082	57 311	(1 228)	-2%	245 260
Pension and UIF Contributions		41 471		3 305	9 896	10 049	(153)	-2%	41 471
Medical Aid Contributions		14 459		1 068	3 206	3 359	(153)	-5%	14 459
Overtime		29 320		3 147	5 713	5 864	(151)	-3%	29 320
Performance Bonus									440
Motor Vehicle Allowance		7 947		653	1 945	1 975	(30)	-1%	7 947
Cellphone Allowance		2 067		163	480	514	(33)	-6%	2 067
Housing Allowances		2 567		208	630	638	(8)	-1%	2 567
Other benefits and allowances		30 363		985	2 800	2 919	(119)	-4%	30 363
Payments in lieu of leave		1 125		94	281	281			1 125
Long service awards		2 062		172	516	516			2 062
Post-retirement benefit obligations		11 571		964	2 893	2 893			11 131
Sub Total - Other Municipal Staff	-	388 216	-	29 901	84 443	86 318	(1 875)	-2%	388 216
TOTAL SALARY, ALLOWANCES & BENEFITS	-	411 187		31 784	90 089	92 033	(1 945)	-2%	411 187
TOTAL MANAGERS AND STAFF	-	399 804	-	30 876	87 379	89 188	(1 809)	-2%	399 804

SDBIP

The results of the SDBIP for the first quarter ended 30 September 2019 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	2018/19	Budget Year 2019/20			
		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%	14.6%	0.0%	0.6%	5.0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants	0.0%	34.6%	0.0%	38.8%	34.6%
Safety of Capital						
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves	0.0%	17.0%	0.0%	15.6%	17.0%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	13636.3%	0.0%	12763.8%	13636.3%
Liquidity						
Current Ratio	Current assets/current liabilities	0.0%	249.3%	0.0%	353.4%	249.3%
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0%	189.7%	0.0%	282.4%	189.7%
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%	9.3%	0.0%	38.6%	9.3%
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(e))		100.0%		Annual Indicator	100.0%
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		5.5%		Annual Indicator	5.5%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source		18.3%		Annual Indicator	18.3%
Employee costs	Employee costs/Total Revenue - capital revenue	0.0%	34.1%	0.0%	27.5%	34.1%
Repairs & Maintenance	R&M/Total Revenue - capital revenue	0.0%	17.0%	0.0%	8.5%	17.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue	0.0%	15.6%	0.0%	0.5%	5.4%
IDP regulation financial viability indicators						
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)		13.4		Annual Indicator	13.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services		11.8%		Annual Indicator	11.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure		4.9		Annual Indicator	4.9

Capital programme performance

Supporting Table SC12

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

Month	2018/19	Budget Year 2019/20							
	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									
Monthly expenditure performance trend									
July		4 945		608	608	4 945	(4 336)	-87.7%	0%
August		6 475		6 109	6 717	11 420	(4 702)	-41.2%	3%
September		7 934		29 546	36 264	19 354	16 909	87.4%	14%
October		10 520				29 874	-		
November		17 031				46 905	-		
December		12 706				59 611	-		
January		16 129				75 740	-		
February		20 223				95 963	-		
March		21 360				117 322	-		
April		26 186				143 508	-		
May		19 313				162 821	-		
June		98 856				261 677	-		

See comments under variances.

Top 10 Capital Projects

Number	Local Area	Ward	Project description	Original Budget R'000	Adjusted budget R'000	YTD Expenditure R'000	Status of the project	At what stage is each project currently	Any challenges identified that is resulting in delays?	What measures are in place to remedy the existing challenges.
1	Overstrand	Overstrand	WATER MASTER PLAN IMPLEMENTATION	16 286 360		2 343 878	Construction	Construction stage, 20% completed (Contract SC1919/2018)	Relatively slow progress made by the contractor in some areas.	Being managed in terms of the contract General Conditions, including penalties for late completion.
2	Hawston	Ward 08	UPGRADE HAWSTON SPORT COMPLEX	15 577 530		1 607 702	Design/Tender.	Phase 1 under construction. Phase 2 - Tender advertised 04/10/2019	Awaited MIG approval.	Tender advertised 04/10/2019
3	Masakhane	Ward 01	MASAKHANE IRDP(296)	11 113 300		5 038 106	In progress - Installation of Civil Infrastructure.	89% Progress	N/A	N/A
4	Overstrand	Overstrand	HERMANUS NEW WASTE MANAGEMENT FACILITY	10 000 000			Planning	Project in planning phase, Transport impact statement and survey of services completed for new location. Plans being drafted, to be followed by tender specifications.	Consent use application still has to be advertised for public comment in terms of the authority zoning of the property.	All tasks are being expedited as far as practically possible.
5	Pringle Bay	Ward 10	NEW RESERVOIR FOR PRINGLE BAY	9 175 105			Advertising	Tenders were advertised on 9 September 2019, for closure on 11 October 2019.	Initial tender had to be cancelled due to no responsive bid received. 6 Month compulsory waiting period for re-advertising.	Evaluation and adjudication process will be expedited where possible.
6	Hermanus	Ward 03	CBD REGENERATION PROGRAM	7 644 182			Tender cancelled 04/10/2019.	Design/Tender stage.	Tender cancelled 04/10/2019	Busy with preparations for re-tendering process.
7	Blompark	Ward 02	BLOMPARK HOUSING PROJECT BULK STORMWATER	7 485 744			Tender awarded 20/09/2019	Site handover meeting held 03/10/2019	N/A	N/A
8	Masakhane	Ward 01 & 02	NEW 4ML RESERVOIR	7 088 256		612 683	Design/Tender.	Tender advertised 04/10/2019.	Awaited MIG approval.	Tender advertised 04/10/2019.
9	Gansbaai	Ward 02	GANSBAAI CBD SEWER NETWORK EXTENSION	6 574 574		1 661 134	Construction	Construction stage, 30% completed (Contract SC1916/2018)	None at this stage.	Not applicable.
10	Hermanus	Ward 03	STORMWATER - MAIN RD & HIGH STREET	6 257 665		183 232	Tender cancelled 04/10/2019	Design/Tender stage.	Tender cancelled 04/10/2019	Busy with preparations for re-tendering process.
Totals				97 212 716	0	11 446 746				

Supporting Table SC13a

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

Description	2018/19	Budget Year 2019/20							
	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	-	143 762	-	8 168	10 603	7 750	(2 853)	-36.8%	143 762
Roads Infrastructure	-	19 683	-	64	64	421	357	84.8%	19 683
Roads	-	19 683	-	64	64	421	357	84.8%	19 683
Storm water Infrastructure	-	23 841	-	157	157	460	304	66.0%	23 841
Drainage Collection	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	23 801	-	4 616	6 172	3 211	(2 961)	-92.2%	23 801
MV Substations	-	6 956	-	-	-	-	-	-	6 956
MV Networks	-	16 845	-	4 616	6 172	3 211	(2 961)	-92.2%	16 845
Water Supply Infrastructure	-	42 344	-	2 363	2 363	2 068	(295)	-14.2%	42 344
Boreholes	-	2 000	-	-	-	-	-	-	2 000
Reservoirs	-	16 273	-	2 363	2 363	2 068	(295)	-14.2%	16 273
Water Treatment Works	-	2 150	-	-	-	-	-	-	2 150
Distribution	-	21 921	-	-	-	-	-	-	21 921
Sanitation Infrastructure	-	24 093	-	969	1 848	1 590	(258)	-16.2%	24 093
Pump Station	-	300	-	-	-	-	-	-	300
Reticulation	-	14 358	-	969	1 848	1 590	(258)	-16.2%	14 358
Waste Water Treatment Works	-	9 435	-	-	-	-	-	-	9 435
Capital Spares	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	10 000	-	-	-	-	-	-	10 000
Landfill Sites	-	10 000	-	-	-	-	-	-	10 000
Community Assets	-	12 890	-	26	170	982	612	82.7%	12 890
Community Facilities	-	12 420	-	-	144	887	743	83.8%	12 420
Halls	-	-	-	-	-	-	-	-	-
Crèches	-	793	-	-	-	-	-	-	793
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-
Testing Stations	-	1 100	-	-	-	-	-	-	1 100
Cemeteries/Crematoria	-	1 500	-	-	-	-	-	-	1 500
Police	-	-	-	-	-	-	-	-	-
Parks	-	526	-	-	-	-	-	-	526
Public Open Space	-	5 321	-	-	144	887	743	83.8%	5 321
Nature Reserves	-	2 300	-	-	-	-	-	-	2 300
Public Ablution Facilities	-	880	-	-	-	-	-	-	880
Sport and Recreation Facilities	-	380	-	26	26	95	69	72.6%	380
Outdoor Facilities	-	380	-	26	26	95	69	72.6%	380
Other assets	-	35 472	-	15 846	15 846	3 610	(12 236)	-339.0%	35 472
Operational Buildings	-	9 034	-	-	-	-	-	-	9 034
Housing	-	26 439	-	15 846	15 846	3 610	(12 236)	-339.0%	26 439
Social Housing	-	26 439	-	15 846	15 846	3 610	(12 236)	-339.0%	26 439
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	4 200	-	-	-	-	-	-	4 200
Computer Equipment	-	4 200	-	-	-	-	-	-	4 200
Furniture and Office Equipment	-	280	-	-	-	-	-	-	280
Furniture and Office Equipment	-	280	-	-	-	-	-	-	280
Machinery and Equipment	-	900	-	51	51	225	174	77.3%	900
Machinery and Equipment	-	900	-	51	51	225	174	77.3%	900
Transport Assets	-	17 493	-	-	-	-	-	-	17 493
Transport Assets	-	17 493	-	-	-	-	-	-	17 493
Total Capital Expenditure on new assets	-	214 907	-	24 091	26 670	12 567	(14 103)	-112.2%	214 907

Supporting Table SC13b

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

Description	2018/19	Budget Year 2019/20							
	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	-	6 570	-	-	-	-	-	-	6 570
Roads Infrastructure	-	10	-	-	-	-	-	-	10
Roads	-	10	-	-	-	-	-	-	10
Electrical Infrastructure	-	-	-	-	-	-	-	-	-
MV Networks	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	2 560	-	-	-	-	-	-	2 560
Water Treatment Works	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	4 000	-	-	-	-	-	-	4 000
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	-	6 570	-	-	-	-	-	-	6 570

Supporting Table SC13c

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

Description	2018/19	Budget Year 2019/20							
	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	-	139 955	-	8 484	17 742	31 679	13 937	44.0%	139 955
Roads Infrastructure	-	65 331	-	3 897	7 653	16 333	8 679	53.1%	65 331
Roads	-	62 398	-	2 907	6 664	15 599	8 936	57.3%	62 398
Road Structures	-	2 933	-	990	990	733	(266)	-34.9%	2 933
Storm water Infrastructure	-	6 600	-	303	571	1 650	1 079	65.4%	6 600
Drainage Collection	-	3 339	-	221	489	835	346	41.4%	3 339
Storm water Conveyance	-	3 262	-	82	82	815	733	89.9%	3 262
Electrical Infrastructure	-	37 099	-	2 121	5 009	6 051	1 041	17.2%	37 099
HV Transmission Conductors	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	16 935	-	1 314	2 903	4 234	1 331	31.4%	16 935
Sanitation Infrastructure	-	11 541	-	795	1 549	2 885	1 336	46.3%	11 541
Waste Water Treatment Works	-	10 671	-	716	1 470	2 668	1 196	44.9%	10 671
Solid Waste Infrastructure	-	2 220	-	48	50	479	429	89.5%	2 220
Landfill Sites	-	55	-	1	3	14	10	75.5%	55
Waste Transfer Stations	-	427	-	0	0	107	107	99.9%	427
Waste Processing Facilities	-	74	-	-	-	-	-	-	74
Waste Drop-off Points	-	1 433	-	47	47	358	312	86.9%	1 433
Waste Separation Facilities	-	230	-	-	-	-	-	-	230
Coastal Infrastructure	-	189	-	6	6	47	41	87.4%	189
Information and Communication Infrastructure	-	40	-	-	-	-	-	-	40
Community Assets	-	40 198	-	2 860	7 054	10 046	2 992	29.8%	40 198
Community Facilities	-	34 241	-	2 614	6 436	8 557	2 121	24.8%	34 241
Halls	-	3 875	-	401	826	969	143	14.8%	3 875
Fire/Ambulance Stations	-	912	-	30	30	228	197	86.6%	912
Testing Stations	-	13	-	-	-	-	-	-	13
Libraries	-	164	-	1	1	41	40	97.3%	164
Cemeteries/Crematoria	-	978	-	72	163	244	81	33.3%	978
Public Open Space	-	4 219	-	349	747	1 065	308	29.2%	4 219
Sport and Recreation Facilities	-	5 957	-	246	618	1 489	872	58.5%	5 957
Outdoor Facilities	-	5 957	-	246	618	1 489	872	58.5%	5 957
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	2 217	-	151	182	518	336	64.9%	2 217
Operational Buildings	-	2 217	-	151	182	518	336	64.9%	2 217
Municipal Offices	-	2 074	-	151	182	518	336	64.9%	2 074
Building Plan Offices	-	105	-	-	-	-	-	-	105
Stores	-	38	-	-	-	-	-	-	38
Intangible Assets	-	5 653	-	1 411	1 411	1 413	2	0.2%	5 653
Computer Equipment	-	1 193	-	89	89	298	209	70.2%	1 193
Computer Equipment	-	1 193	-	89	89	298	209	70.2%	1 193
Furniture and Office Equipment	-	431	-	54	52	108	56	52.1%	431
Furniture and Office Equipment	-	431	-	54	52	108	56	52.1%	431
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	9 542	-	517	522	2 386	1 863	78.1%	9 542
Transport Assets	-	9 542	-	517	522	2 386	1 863	78.1%	9 542
Total Repairs and Maintenance Expenditure	-	199 189	-	13 566	27 051	46 448	19 397	41.8%	199 189

Supporting Table SC13d

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

Description	2018/19	Budget Year 2019/20							
	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	-	104 946	-	8 746	26 237	26 237	0	0.0%	104 946
Roads Infrastructure	-	34 090	-	2 841	8 523	8 523	0	0.0%	34 090
Roads	-	34 090	-	2 841	8 523	8 523	0	0.0%	34 090
Storm water Infrastructure	-	6 044	-	504	1 511	1 511	0	0.0%	6 044
Storm water Conveyance	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	25 166	-	2 097	6 292	6 292	(0)	0.0%	25 166
HV Transmission Conductors	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	27 501	-	2 292	6 875	6 875	0	0.0%	27 501
Water Treatment Works	-	-	-	-	-	-	-	-	-
Distribution	-	27 501	-	2 292	6 875	6 875	0	0.0%	27 501
Sanitation Infrastructure	-	9 897	-	825	2 474	2 474	0	0.0%	9 897
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	9 897	-	825	2 474	2 474	0	0.0%	9 897
Solid Waste Infrastructure	-	2 248	-	187	562	562	0	0.0%	2 248
Waste Transfer Stations	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	12 662	-	1 055	3 166	3 166	0	0.0%	12 662
Operational Buildings	-	12 662	-	1 055	3 166	3 166	0	0.0%	12 662
Municipal Offices	-	12 662	-	1 055	3 166	3 166	0	0.0%	12 662
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	723	-	60	181	181	(0)	0.0%	723
Licences and Rights	-	723	-	60	181	181	(0)	0.0%	723
Computer Software and Applications	-	723	-	60	181	181	(0)	0.0%	723
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	8 137	-	678	2 034	2 034	0	0.0%	8 137
Furniture and Office Equipment	-	8 137	-	678	2 034	2 034	0	0.0%	8 137
Machinery and Equipment	-	736	-	61	184	184	0	0.0%	736
Machinery and Equipment	-	736	-	61	184	184	0	0.0%	736
Transport Assets	-	4 081	-	340	1 020	1 020	(0)	0.0%	4 081
Transport Assets	-	4 081	-	340	1 020	1 020	(0)	0.0%	4 081
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Depreciation	-	131 285	-	10 940	32 821	32 821	0	0.0%	131 285

Supporting Table SC13e

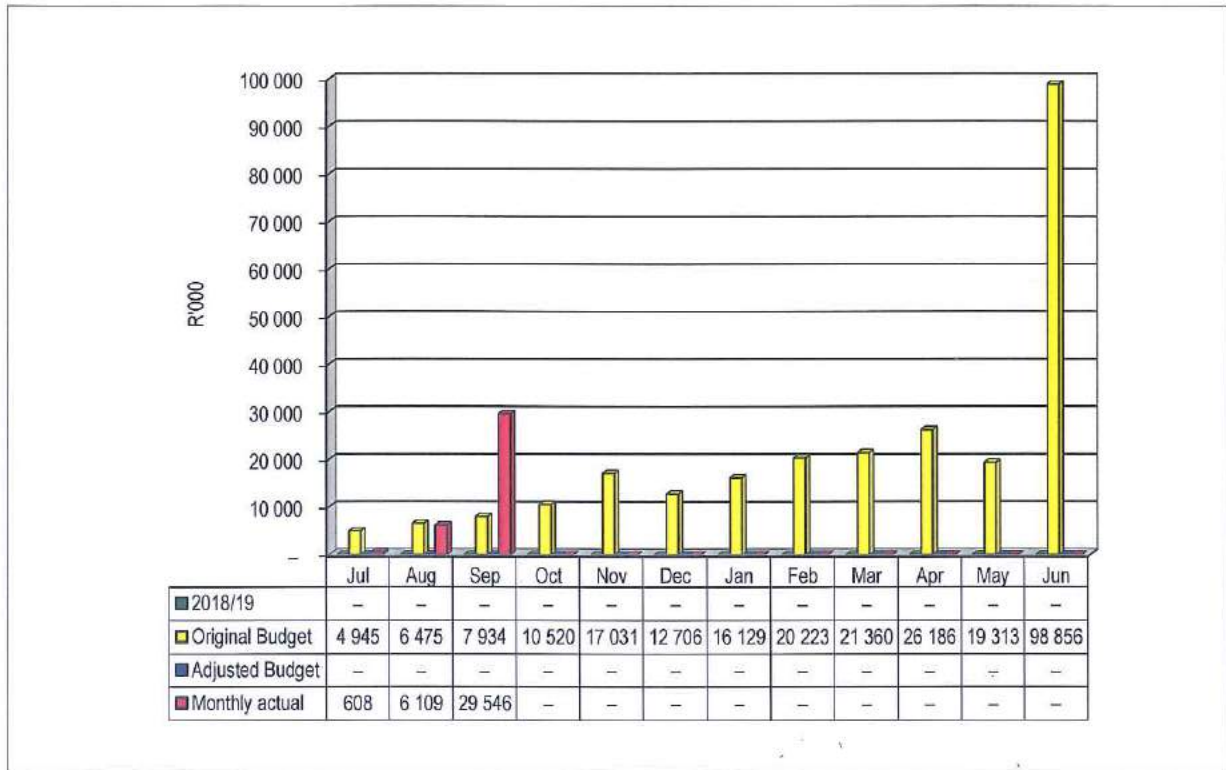
WC032 Overstrand - Supporting Table SC13e Monthly Budget Statement - capital expenditure on upgrading of existing assets by asset class - M03 September

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class									
Infrastructure	-	23 172	-	4 365	7 966	5 043	(2 943)	-58.4%	23 172
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Storm water Infrastructure	-	3 160	-	183	183	290	107	36.8%	3 160
Drainage Collection	-	-	-	-	-	-	-	-	-
Storm water Conveyance	-	3 160	-	183	183	290	107	36.8%	3 160
Attenuation	-	-	-	-	-	-	-	-	-
Electrical Infrastructure	-	9 750	-	2 718	3 106	2 438	(669)	-27.4%	9 750
MV Networks	-	9 750	-	2 718	3 106	2 438	(669)	-27.4%	9 750
Water Supply Infrastructure	-	3 600	-	1 344	3 359	900	(2 459)	-273.2%	3 600
Distribution	-	3 600	-	1 344	3 359	900	(2 459)	-273.2%	3 600
Sanitation Infrastructure	-	5 662	-	120	1 338	1 416	78	5.5%	5 662
Reticulation	-	5 662	-	120	1 338	1 416	78	5.5%	5 662
Solid Waste Infrastructure	-	1 000	-	-	-	-	-	-	1 000
Landfill Sites	-	-	-	-	-	-	-	-	-
Waste Transfer Stations	-	1 000	-	-	-	-	-	-	1 000
Community Assets	-	16 928	-	1 090	1 608	1 745	137	7.8%	16 928
Sport and Recreation Facilities	-	16 928	-	1 090	1 608	1 745	137	7.8%	16 928
Outdoor Facilities	-	16 928	-	1 090	1 608	1 745	137	7.8%	16 928
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	100	-	-	-	-	-	-	100
Operational Buildings	-	100	-	-	-	-	-	-	100
Municipal Offices	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on upgrading of existing assets	-	40 200	-	5 455	9 594	6 788	(2 806)	-41.3%	40 200

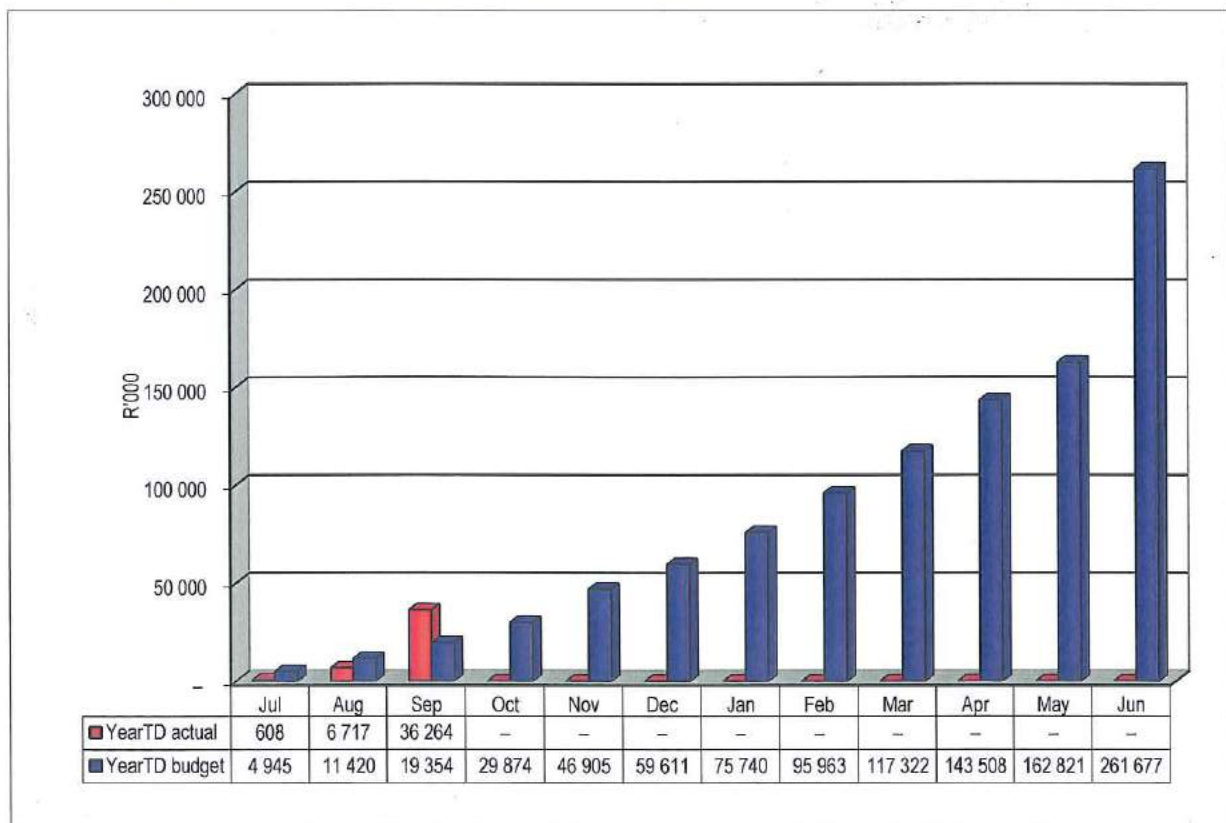
Other supporting documentation

Section 71 charts

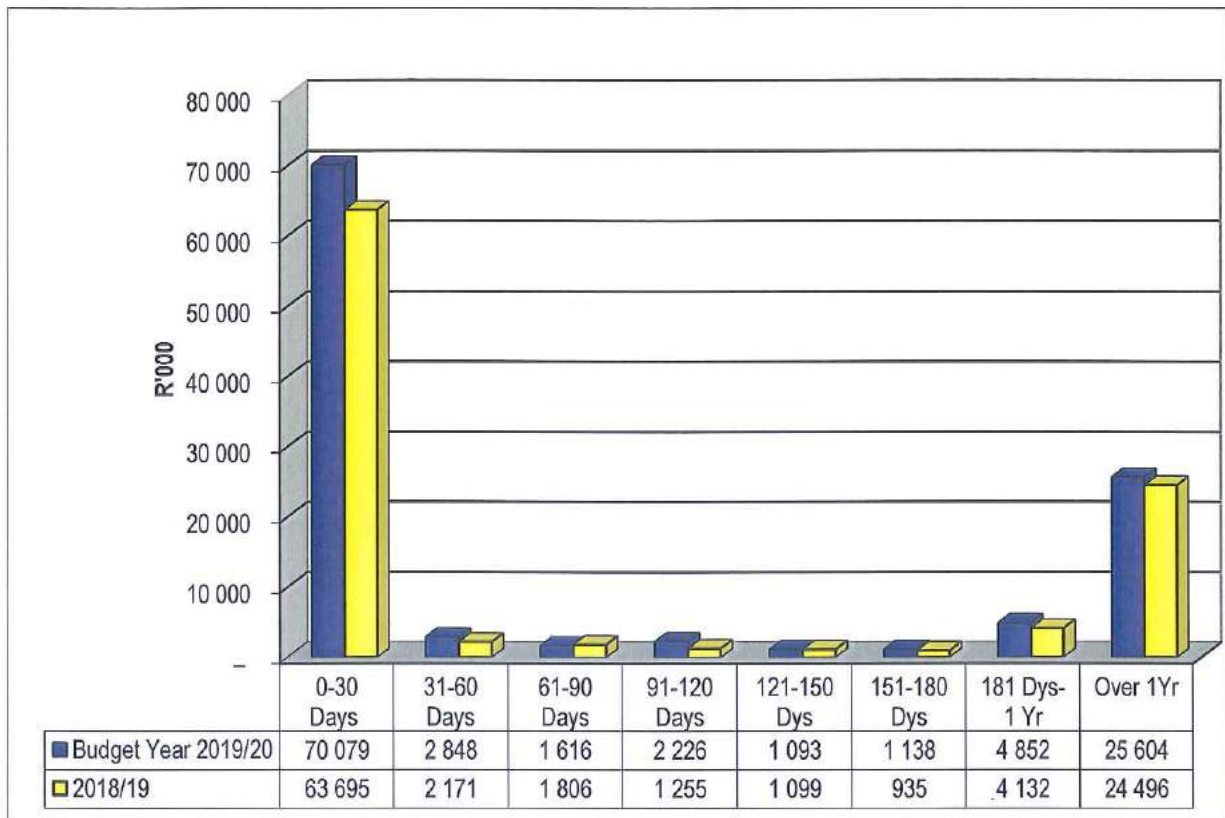
Capital expenditure monthly trend - actual vs target



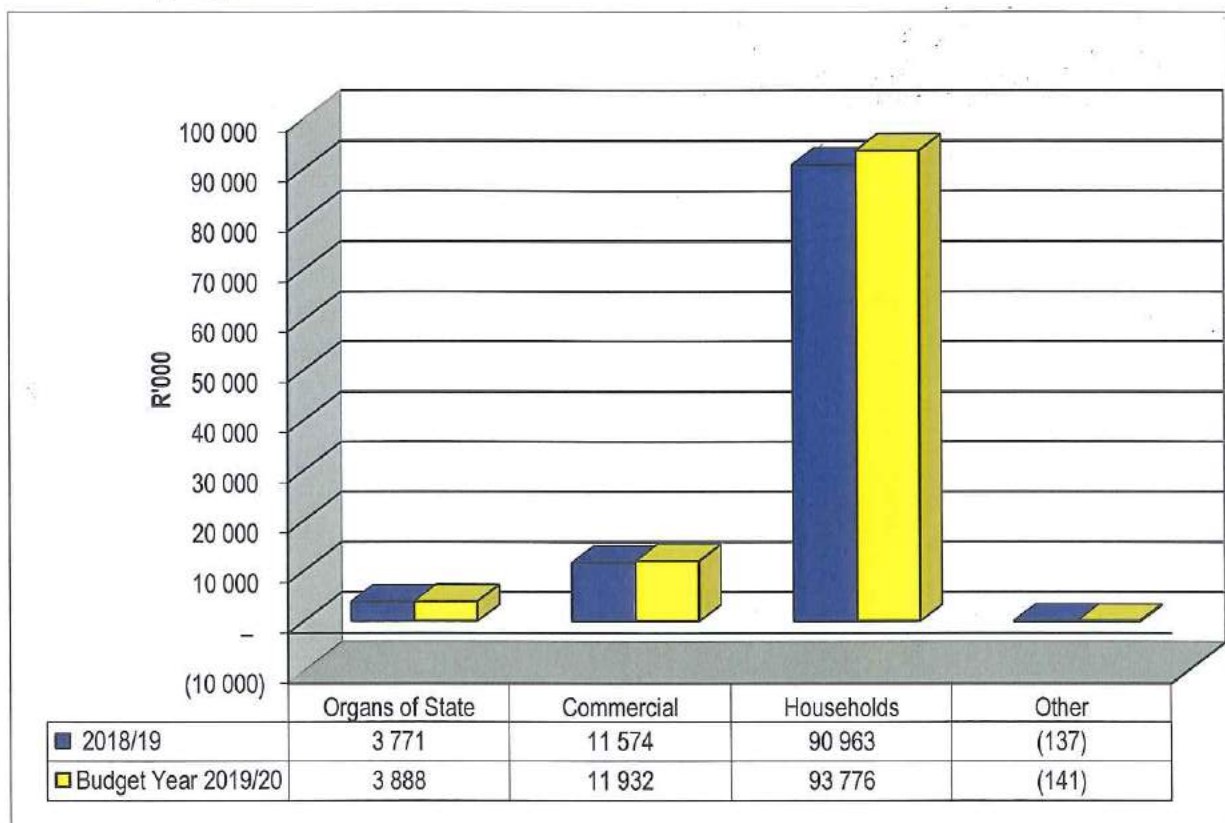
Capital expenditure – YTD actual vs YTD trend



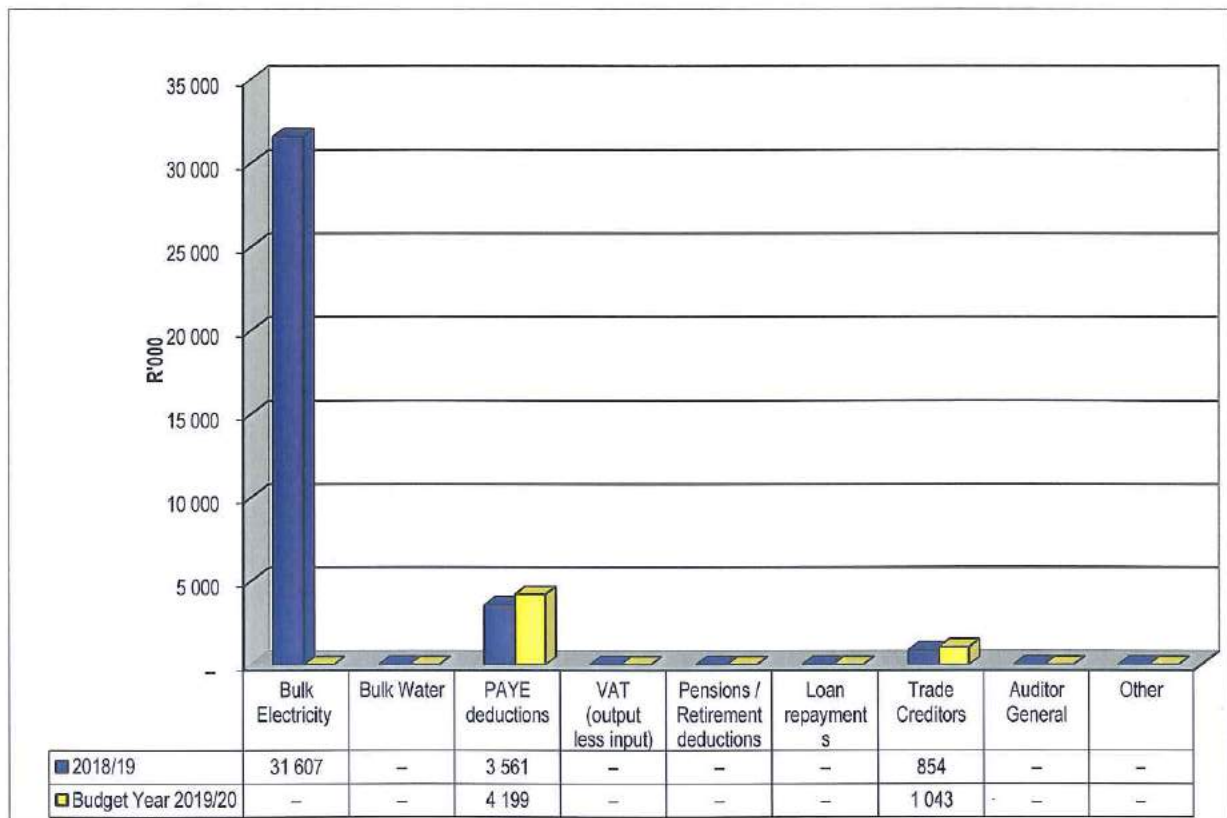
Debtors Age Analysis



Debtors by Type



Creditor Payments



OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

ELECTRICITY TARIFFS 2018/2019 (ROUNDING APPLICABLE) (AFTER NERSA APPROVAL)

Tariff Code	Detail	2019/2020		2018/2019		1,1307	1,1200
		Exclude VAT	Include VAT 15%	Exclude VAT	Include VAT 15%		
ED	CONSUMER DEPOSITS					1,057	1,270
ED1	Large Power User Group tariff E5 (excluding Kleinmond)	0.00	no vat	0.00	no vat		1,150
ED2	Large Power User Group tariff E5 Kleinmond 2 weeks highest average consumption	calculated	no vat	calculated	no vat		13,07%
ED3	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity	2 471.71	no vat	2 186.00	no vat		13,07%
ED4	Domestic Three Phase Credit Meter (Two Part Tariff) Electricity	4 327.19	no vat	3 827.00	no vat		13,07%
ED5	Commercial Three Phase Credit Meter (Two Part Tariff) Electricity	9 890.23	no vat	8 747.00	no vat		13,07%
ED6	Domestic & Commercial Single Phase Pre-paid (Two Part Tariff) - Electricity	568.74	no vat	503.00	no vat		13,07%
ED7	Domestic & Commercial Three Phase Pre-paid (Two Part Tariff) - Electricity	1 137.48	no vat	1 006.00	no vat		13,07%
ED8	Incident Registered	184.30	no vat	163.00	no vat		13,07%
EDD	Deposit Defaulters						
EDD1	Large Power User Group tariff E5 : Two Times average consumption during the preceding 12 months	calculated	no vat	calculated	no vat		
EDD2	Domestic & Commercial Single Phase Credit Meter (Two Part Tariff) Electricity : Two Times average consumption during the preceding 12 months	calculated	no vat	calculated	no vat		
EDD3	Domestic Three Phase Credit Meter (Two Part Tariff) Electricity : Two Times average consumption during the preceding 12 months	calculated	no vat	calculated	no vat		
EDD4	Commercial Three Phase Credit Meter (Two Part Tariff) Electricity : Two Times average consumption during the preceding 12 months	calculated	no vat	calculated	no vat		
EF	FIXED CHARGES						
EF1	Infrastructure Charge per Meter per month	16.65	19.15	16.65	19.15		0.00%
E1	SINGLE PHASE : DOMESTIC						
E1A	Two-Part Tariff: Credit meters up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1A1	Basic Monthly charge per meter	335.34	385.64	291.60	335.34		15.00%
	kWh Unit cost						
E1A2	IBT BLOCK 1 0 - 350 kWh	128.67	147.97	114.88	132.11		12.00%
E1A3	IBT BLOCK 2 351 - 600 kWh	188.97	217.31	167.82	192.99		12.60%
E1A4	IBT BLOCK 3 > 600 kWh	232.18	267.01	206.02	236.92		12.70%
E1B	Two-Part Tariff: Pre-paid up to 60 Amp (13.8 kVA BDMD) (Including Resorts)						
E1B1	Basic Monthly charge per meter	335.34	385.64	291.60	335.34		15.00%
	kWh Unit cost						
E1B2	IBT BLOCK 1 0 - 350 kWh	118.85	136.68	106.12	122.03		12.00%
E1B3	IBT BLOCK 2 351 - 600 kWh	178.07	204.78	158.14	181.86		12.60%
E1B4	IBT BLOCK 3 > 600 kWh	223.18	256.66	198.03	227.79		12.70%
E1C	SINGLE PHASE : COMMERCIAL						
E1C1	Basic Monthly charge per meter	335.34	385.64	291.60	335.34		15.00%
E1C2	kWh Unit cost - Credit Meters	192.57	221.45	171.02	196.67		12.60%
E1C3	kWh Unit cost - Pre-paid meters	181.47	208.89	161.16	185.33		12.60%
E1D	Life Line One part tariff (Pre-paid meters only) ≤ 30 Amp with Maximum consumption of 350 kWh with average measured over twelve month period. Only available to Informal dwellings						
	kWh Unit cost						
E1D1	IBT BLOCK 1 0 - 350 kWh	120.15	138.18	107.28	123.37		12.00%
E1E	One part tariff (Pre-paid meters only) Local Economic Development Projects						

Tariff list 2019/2020

FINAL AFTER NERSA APPROVAL

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

E1E1	KWH Unit cost IBT BLOCK 1 - 0 - 350 kWh	c	207.59	238.73	185.35	213.15	12.00%
E3	THREE PHASE: COMMERCIAL & DOMESTIC						
E3E	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) DOMESTIC						
E3E1	Basic Monthly charge per meter	R	670.67	771.27	583.19	670.67	15.00%
E3E2	KWH Unit cost						
E3E2	IBT BLOCK 1 - 0 - 350 kWh	c	129.88	149.36	114.87	132.10	13.07%
E3E3	IBT BLOCK 2 - 351 - 600 kWh	c	189.75	218.21	167.82	192.99	13.07%
E3E4	IBT BLOCK 3 - > 600 kWh	c	230.74	265.35	205.24	236.03	12.42%
E3E	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) DOMESTIC						
E3E5	Basic Monthly charge per meter	R	670.67	771.27	583.19	670.67	15.00%
E3E6	KWH Unit cost						
E3E6	IBT BLOCK 1 - 0 - 350 kWh	c	119.99	137.99	106.12	122.04	13.07%
E3E7	IBT BLOCK 2 - 351 - 600 kWh	c	178.81	205.63	158.14	181.86	13.07%
E3E8	IBT BLOCK 3 - > 600 kWh	c	221.79	255.06	197.15	226.72	12.58%
E3E	Two-Part Tariff: Credit up to 100A (70 kVA BDMD) COMMERCIAL						
E3E9	Basic Monthly charge per meter	R	670.67	771.27	583.19	670.67	15.00%
E3E10	KWH Unit cost	c	192.57	221.45	171.02	196.67	12.60%
E3E	Two-Part Tariff: Pre-paid up to 100A (70 kVA BDMD) COMMERCIAL						
E3E11	Basic Monthly charge per meter	R	670.67	771.27	583.19	670.67	15.00%
E3E12	KWH Unit cost	c	181.47	208.69	161.17	185.35	12.59%
E3G	One-Part Tariff: Pre-paid only, up to 100A (70 kVA BDMD) Businesses, Flats, Sport grounds, Churches (minimum of 800kWh average for twelve months)						
E3G1	KWH Unit cost	c	229.04	263.40	203.41	233.92	12.60%
E5	TIME OF USE TARIFF						
E5A1	Service Charge (per month) for MV and LV consumers						
E5A1	Administrative and Service Charge Medium Voltage per month	R	3 189.11	3 667.47	2 820.47	3 243.54	13.07%
E5A1A	Administrative and Service Charge Low Voltage per month	R	2 820.47	3 243.54	new	new	13.07%
E5A2	Network Demand Charge kVA: Utilised capacity	R	30.04	34.55	26.57	30.56	13.07%
E5A3	Network Capacity Charge kVA: Notified Maximum Demand (NMD)	R	23.90	27.49	21.14	24.31	13.07%
E5A4	Medium Voltage Metering Points (11000V)						
E5A4	Off Peak kWh Unit Charge	c	52.93	60.87	46.81	53.83	13.07%
E5A5	Standard kWh Unit Charge	c	95.27	109.56	84.26	96.90	13.07%
E5A6	Peak kWh Unit Charge	c	309.63	356.08	273.84	314.92	13.07%
E5A7	Low Voltage Metering Points (400V)						
E5A7	Off Peak kWh Unit Charge	c	56.91	65.44	50.33	57.88	13.07%
E5A8	Standard kWh Unit Charge	c	99.24	114.13	87.77	100.94	13.07%
E5A9	Peak kWh Unit Charge	c	313.61	360.65	277.36	318.96	13.07%
E5A10	Sundry Charges						
E5A10	Excess NOTIFIED MAXIMUM DEMAND (NMD) per kVA Per month	R	978.95	1 125.79	978.95	1 125.79	0.00%
E6	SUBSIDIZED TARIFFS: Grant to be shown separately						
E6A	Basic Monthly Charge: Residential Indigent as per paragraph A of the Indigent Policy per meter	R	335.34	385.64	291.60	335.34	15.00%

Tariff list 2019/2020

FINAL AFTER NERSA APPROVAL

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

E68	Basic Monthly Charge: Residential Indigent as per paragraph B, C & E of the Indigent Policy per meter	R	291.60	335.34	291.60	335.34
E7	PUBLIC LIGHTING & CCTV					
E7A1	Streetlights & CCTV (metered) per kWh (no basic charge)	c	83.67	96.22	74.24	85.38
E7A2	Streetlights & CCTV (consumption) (per unit/per month) (no basic charge)	R	29.35	33.75	26.04	29.95
E7A5	Illuminated street sign boards per month	R	29.35	33.75	26.04	29.95
E7A6	Hire of Sleeve space for fibre optic cable (per meter per month per fiber optic - no basic charge)	R	0.87	1.00	new	new
E8	CASUAL SUPPLIES					
E8A1	Per connection includes disconnection including hire of kiosk	R	1 159.22	1 333.10	1 025.22	1 179.00
E8A2	Consumption per day if not metered	R	75.32	86.61	66.61	76.60
E8A3	Hire of temporary distribution kiosk, per kiosk, per occasion	R	454.25	522.38	401.74	462.00
E8A4	Deposit (Usage will be subtracted)	R	1 563.76	no vat	1 383.00	no vat
E8A5	One part tariff: Prepaid or Credit Casual Supply	c	227.77	261.93	202.28	232.62
E9	AVAILABILITY CHARGES					
E9A1	Availability charge per vacant plot per month	R	335.34	385.64	291.60	335.34
E9A2	Infrastructure per vacant plot per month	R	16.65	19.15	16.65	19.15
E10	SUNDRY CHARGES					
E10A1	Call-out Fee - office hours (Based on 2 hours for elect & assist + 30km)	R	693.91	798.00	656.17	754.60
E10A2	Call-out Fee - after hours: Weekdays & Saturdays (Based on 2 hrs (time and a half) for elect & assist - 30km)	R	973.91	1 120.00	921.04	1 059.20
E10A3	Call-out Fee - after hours: Sundays & Public Holidays (Based on 2 hrs (double time) for elect & assist + 30km)	R	1 263.04	1 441.00	1 185.22	1 363.00
E10A4	MV: Switching on Council's equipment: office hours (Based on 3 hours for superintendent & elect + 60km)	R	2 019.13	2 322.00	1 910.52	2 197.10
E10A5	MV: Switching on Council's equipment - after hours: Weekdays & Saturdays (Based on 3 hours (time and a half) for a superintendent and an electrician plus 60km)	R	2 894.78	3 329.00	2 738.61	3 149.40
E10A6	MV: Switching on Council's equipment - after hours: Sundays & Public holidays (Based on 3 hours (double time) for a superintendent and an electrician plus 60km)	R	3 770.44	4 336.00	3 566.78	4 101.80
E10A7	Contractor Inspection 2nd	R	679.13	781.00	642.17	738.50
E10A8	Contractor Inspection 3rd	R	1 025.22	1 179.00	969.57	1 115.00
E10A9	Change of Circuit Breaker - 3 Phase (1 annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	542.61	624.00	513.22	590.20
E10A10	Change of Circuit Breaker - 3 Phase (1 annum) contact Electricity Department for approval (Based on Circuit Breaker cost + 1 hour for an electrician and assistant + 30km)	R	1 383.48	1 591.00	1 308.78	1 505.10
E10A11	Disconnection	R	333.04	383.00	314.78	362.00
E10A12	Reconnection	R	333.04	383.00	314.78	362.00
E10A13	Verification of a Meter Reading	R	333.04	383.00	314.78	362.00
E10A14	Administration fee - recalculation due to no meter access	R	173.04	199.00	163.48	188.00
E10A15	Test of Meter: 1 & 3 Phase (Conditionally Refundable) External testing	R	639.13	735.00	604.35	695.00
E10A16	Test of Meter: All other Meters (Conditionally Refundable) External testing	R	cost + 15%	applicable vat	cost + 15%	applicable vat
E10A17	Tariff change - change between one part and two-part	R	226.09	260.00	213.91	246.00
E10A18	Damage elect meter (based on meter cost + call out X 2)	R	2 273.91	2 615.00	2 151.30	2 474.00
E10A19	Damage elect meter 3 phase (based on meter cost + call out X 2)	R	3 472.17	3 993.00	3 285.22	3 778.00
E10A20	Replacement of CIU (Meter keypad) (Based on keypad cost and call out fee)	R	1 145.22	1 317.00	1 083.48	1 246.00

0.00%

12.70%

12.70%

12.70%

13.07%

13.07%

13.07%

13.07%

12.60%

15.00%

0.00%

5.75%

5.74%

5.72%

5.68%

5.70%

5.71%

5.76%

5.74%

5.73%

5.71%

5.80%

5.80%

5.80%

5.85%

5.75%

5.69%

5.70%

5.69%

5.70%

FINAL AFTER NERSA APPROVAL

Tariff list 2019/2020

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

E10A21	Damage of Bulk meter or change to SSEG (Based on 3 hours for a superintendent and electrician + 60km + bulk meter cost + modern cost)	R	7 615.65	8 643.00	7 110.09	8 176.80	5.70%
E10A22	Change to Time of Use (with existing bulk meter) + Deposit	R	678.26	780.00	641.74	738.00	5.69%
E10A23	Change to Time of Use (without existing bulk meter) + Deposit	R	11 771.30	13 537.00	11 136.52	12 807.00	5.70%
E10A24	Commission of Bulk meter, supplied by customer (call out fee x 3)	R	2 080.72	2 392.83	1 967.83	2 263.00	5.74%
E10A25	Damage of HV Cable	R	cost + R37 902.61	applicable vat	cost + R35 858.57	applicable vat	5.70%
E10A26	Damage of MV Cable	R	cost + R 9 908.52	applicable vat	cost + R 9 374.19	applicable vat	5.70%
E10A27	Damage of LV Cable	R	cost + R 3 990.49	applicable vat	cost + R 3 775.30	applicable vat	5.70%
E10A28	Damage of Service Connection Cable	R	cost + R 997.62	applicable vat	cost + R 943.82	applicable vat	5.70%
E10A29	Working without Wayleave	R	5 114.78	5 882.00	4 839.13	5 565.00	5.70%
E10A30	Refundable Wayleave deposit for HV cables	R	73 049.00	no vat	69 110.00	no vat	5.70%
E10A31	Refundable Wayleave deposit for MV cables	R	18 263.00	no vat	17 278.00	no vat	5.70%
E10A32	Refundable Wayleave deposit for LV cables	R	3 946.00	no vat	3 733.00	no vat	5.71%
E10A33	Cancellation Fee of requested service	R	15% of Service Value	no vat	15% of Service Value	no vat	5.67%
E10A34	Erection and removal of Banners, signs & lights (per hour) (Vehicle cost + labour)	R	826.96	951.00	782.61	900.00	5.70%
E12 CONVERSION OF METERS							
E12A1	Convert Credit Meter to Pre-paid: SP (no cable work) (based on meter cost + call out)	R	1 580.87	1 818.00	1 495.65	1 720.00	5.69%
E12A2	Convert Credit Meter to Pre-paid: 3P (no cable work) (based on meter cost + call out)	R	2 779.13	3 196.00	2 629.57	3 024.00	5.73%
E12A3	Convert Credit Three Phase to Single Phase Pre-paid meter	R	1 427.83	1 642.00	1 350.44	1 553.00	5.72%
E12A4	Convert Credit Three Phase to Single Phase Credit (Commercial only)	R	1 077.39	1 239.00	1 019.13	1 172.00	17.44%
E12A5	Convert Pre-paid Single Phase to Three Phase Pre-paid (based on tariff E13A8) cost includes cable to boundary	R	R11 511.44 + ext fee	applicable vat	R9 802.29 + ext fee	applicable vat	5.69%
E12A6	Convert pre-paid Three phase to Single phase pre-paid (based on meter cost + call out + CB)	R	1 759.13	2 023.00	1 664.35	1 914.00	5.70%
E12A7	Removal of Meter (based on call out fee)	R	893.04	797.00	855.65	754.00	5.70%
E12A8	Repositioning of Meter (excl. cable) (based on call out fee)	R	693.04	797.00	655.65	754.00	5.70%
E12A9	Repositioning of Meter (incl. cable) (based on call out fee + 30m cable)	R	2 288.70	2 632.00	2 165.22	2 490.00	5.70%
E13 SERVICE CONNECTIONS							
E13A1	Builders connection (plus applicable service connection tariff)	R	879.13	1 011.00	831.58	956.32	5.71%
E13A4	Single Phase (Credit - 60A) option for Commercial users only (Based on 30m cable + meter cost + average labour cost + 15% admin fee)	R	6 233.91	7 169.00	5 897.39	6 782.00	5.71%
E13A6	Single Phase - (Pre-paid meters - 60A) applicable to Domestic users (Network Permitted) (Based on: 30m cable + meter cost + average labour cost + 15% admin fee)	R	6 233.91	7 169.00	5 897.39	6 782.00	5.70%
E13A7	Three Phase: (Credit - 60A) Plus Extension fee: Extension fee not applicable to industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour + circuit breaker + 15% admin fee)	R	R11 511.44 + ext fee	applicable vat	R10 890.67 + ext fee	applicable vat	5.70%
E13A8	Three Phase: (Pre-paid - 60A) Plus Extension fee: Extension fee not applicable to industrial even up to 60 Amp (Based on 30m (25mm) cable + meter cost + average labour + circuit breaker + 15% admin fee)	R	R11 511.44 + ext fee	applicable vat	R10 890.67 + ext fee	applicable vat	5.70%
E13A9	Non Standard: Pre-paid 30 Amp Single phase (Sub economic connections) (Based on 30m (10mm) cable + meter cost + average labour cost + 15% admin fee)	R	5 788.70	6 657.00	5 476.52	6 298.00	5.71%
E13A10	Single Phase (Credit 60A- Developer install cable to boundary) option for Commercial users only (Based on meter cost + call out fee + 15% admin fee)	R	1 818.26	2 091.00	1 720.00	1 978.00	5.71%

OVERSTRAND MUNICIPALITY TARIFF LIST 2019/2020

E13A11	Single Phase (Pre-paid 60A-Developer install cable to boundary) applicable to Domestic users (Network permitted) (Based on meter cost + call out fee + 15% admin fee)	R	1 818.26	2 091.00	1 720.00	1 978.00	5.71%
E13A12	Three Phase (Credit 60A-Developer install cable to boundary) : Extension fee not applicable to Industrial even up to 60 Amp (Based on meter cost + call out fee + 15% admin fee)	R	R3 195.80 + ext fee	applicable vat	R3 023.46 + ext fee	applicable vat	5.70%
E13A13	Three Phase (Pre-paid 60A-Developer install cable to boundary) : Extension fee not applicable to Industrial even up to 60 Amp (Based on meter cost + call out fee + 15% admin fee)	R	R3 195.80 + ext fee	applicable vat	R3023.46 + ext fee	applicable vat	5.70%
E13A14	Any other none standard connections		cost + 15% admin	applicable vat	cost + 15% admin	applicable vat	
E14	ILLEGAL CONNECTION / TAMPERING FEE (including SSEG and damage or bypass of the DSM Hot Water Cylinder Control Unit)						
E14A1	1 st Offence	R	4 049.37	no vat	3 831.00	no vat	5.70%
E14A2	2 nd Offence (E14A1 X 2)	R	8 097.68	no vat	7 661.00	no vat	5.70%
E14A3	3 rd Offence and re-occurrence (Disconnection of service and remedial action fee = double previous offence fee) *based on current tariffs		2 X E14A2	applicable vat	Previous offence amount X 2	applicable vat	
E14A4	Unsafe / illegal leads (per visit) (reconnection fee included)	R	1 814.36	2 086.52	1 716.52	1 974.00	5.70%
E15	UPGRADING EXTENSION FEES (Network permitted: to be approved by Electricity Department)						
E15A1	Primary Cost p/kVA -include all HV Equipment UP to HV Substation or identified point of supply excluding Dist. TF	R	1 227.19	1 411.27	1 227.19	1 411.27	0.00%
E15A2	Primary Cost p/kVA -include all MV Equipment UP to Main Substation or identified point of supply excluding Dist. TF	R	3 363.16	3 867.63	3 363.16	3 867.63	0.00%
E15A3	Secondary Cost p/kVA -include all MV Equipment UP to Main Substation or identified point of supply including Dist. TF	R	4 284.21	4 926.84	4 284.21	4 926.84	0.00%
E15A4	Secondary Cost p/kVA -include all MV Equipment UP to Main Substation or identified point of supply including Dist. TF and Kiosk	R	5 589.47	6 427.89	5 589.47	6 427.89	0.00%
E15A5	Buying/Retand of spare capacity cost/kVA	R	100% of approved installation cost	applicable vat	100% of approved installation cost	applicable vat	5.70%
E15A6	Investigation Fee	R	4 018.44	4 621.21	3 801.74	4 372.00	
E15A7	FACTOR OF 0.36 APPLICABLE ON DOMESTIC USERS : TARIFF : applicable on E15A3 AND E15A4 (Commercial/Business no factor apply)	R	Factor 0.36	applicable vat	Factor 0.36	applicable vat	
E18	SMALL SCALE EMBEDDED GENERATION (SSEG) This tariff is available only for approved SSEG connections, where the customers offer their small scale generation (kWh) against purchases from the Municipality, provided that their purchases exceed their generation (kWh). This tariff will only be implemented after NERSA's approved Guidelines have been received. The consumer will stay on the existing tariff (All prepaid customers excluded) Prepaid customers to convert to credit meter and tariff.						
E18A2	Feed-in Tariff c/kWh	c	66.93	79.27	61.16	70.34	12.70%
DC2	DEVELOPMENT CONTRIBUTIONS (Bulk Service Levies - BICL)						
DC2A	Sub Division of existing erf						
DC2A1	Single Phase 60 AMP (5 kVA) Domestic X Tariff E15A4 = PIERF PLUS STANDARD CONNECTION FEES	R	27 947.35	32 139.45	27 947.35	32 139.45	0.00%
DC2B	New Developments						
DC2B1	Standard fee per Single Phase Domestic erf - infrastructure provide by developer (13.8 kVA x E15A2 x.36)	R	16 708.18	19 214.41	16 708.18	19 214.41	0.00%
DC2B2	Standard fee per Three Phase Domestic erf - infrastructure provide by developer (42kVA x E15A2 x.36)	R	50 850.98	58 478.63	50 850.98	58 478.63	0.00%
DC2C	MV/LV Bulk Supply with metering point cost /kVA= Tariff E15A2	R	3 363.16	3 867.63	3 363.16	3 867.63	0.00%
DC2C1	LV Bulk Supply if capacity is available on existing TF cost /kVA = Tariff E15A3	R	4 284.21	4 926.84	4 284.21	4 926.84	0.00%

FINAL AFTER NERSA APPROVAL

Tariff list 2019/2020

Municipal manager's quality certification

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

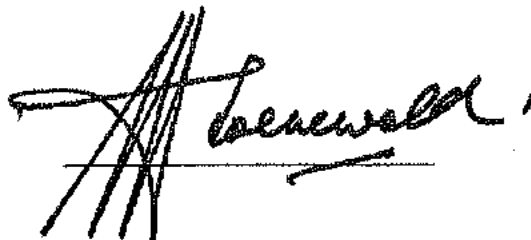
Quarterly Budget Report

for the period ending **September 2019** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: **CC Groenewald**

Municipal Manager of Overstrand Municipality (WC032)

Signature:

A handwritten signature in black ink, appearing to read 'CC Groenewald', written over a horizontal line. The signature is stylized with several vertical strokes on the left side.

Date:

23.10.2019

EXECUTIVE MAYOR'S SPECIAL FUND

Status report in terms of paragraph 7 of the policy.

The Executive Mayor must report to Council on a quarterly basis in respect of the status of the Fund including amounts withdrawn, the names of the beneficiaries and any donations received.

Opening Balance 01/07/2019

R 25 712.89

Add: Overstrand Budget Allocation 2019/2020 (Quarter 1)

R 25 300.00

Donations received:

Quarter 1 Donations received

R 300.00

R 300.00

Amounts withdrawn:

Quarter 1	09/07/2019	THORBURN GD: MAYORS SPECIAL FUND	-7 000.00
	12/08/2019	KLEINMOND RUGBY UNIVERSALS-TRAVELLING EXPENSES	-3 000.00
	27/08/2019	UNIVERSALS RUGBY - DONATION: EXEC MAYORS SPEC FUND	-3 000.00
	05/09/2019	HENDRICKS A - IRO L HENDRICKS - OVERBERG CHESS	-1 500.00
	09/09/2019	OVERBERG VROUUE RUGBY-MALARIA MEDS -TOUR-MOZAMBIQUE	-7 000.00

-R 21 500.00

-R 21 500.00

Closing Balance 30/09/2019

R 29 812.89

**OVERSTRAND MUNICIPALITY – REPORTING ON THE MUNICIPAL COST CONTAINMENT REGULATIONS,
2019**

September 2019

Council is herewith informed of the status regarding implementation of the Cost Containment Regulations

The Municipal Cost Containment Regulations, attached as Annexure D of the main report, were published on 07 June 2019, with effective date 01 July 2019.

The previous report to Council (June 2019) addressed the administrative process in anticipation of the regulations. These considerations were based on MFMA Circular No. 82 Cost Containment Measures (Updated November 2016). This report is also attached as Annexure E, as it provides insight in alignment with the regulations to the extent as considered up to 30 June 2019, also thus providing the basis for continued implementation of the regulations now.

Subsequent to the regulations gazetted, National Treasury issued MFMA Circular No 97 - Cost Containment Measures on 31 July 2019. This circular advises regarding proposed formats for reporting on budgets, expenditure and savings as addressed in the regulations.

Save for revised input pertaining to the consideration of Public Transport in Regulation 7(6)(b), included in changes as approved by council to the Overstrand Travel & Subsistence Policy in consideration of Public Transport, the bulk of the cost containment measures have been captured in various of our Council Policies. The before mentioned will be considered with the annual revision of policies.

Of importance to note that the Budget Steering Committee gave effect to stringent cost containment restrictions, over the past three years, in terms of the budget policy guidance to advise Council in this regard.

Templates have furthermore being implemented to guide decision making regarding use of consultants and feasibility considerations.

The administration is in the process to give further effect in implementing the regulations and this is being attended to on a continuous basis.



Government Gazette Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

Vol. 648

7 June 2019
7 Junie 2019

No. 42514

N.B. The Government Printing Works will not be held responsible for the quality of "Hard Copies" or "Electronic Files" submitted for publication purposes

ISSN 1682-5843



9 771682 584003

42514



AIDS HELPLINE: 0800-0123-22 Prevention is the cure

**NATIONAL TREASURY
NOTICE 317 OF 2019**

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003
MUNICIPAL COST CONTAINMENT REGULATIONS, 2019**

The Minister of Finance has, acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs, in terms of section 168(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), made the Regulations as set out in the Schedule.

SCHEDULE
TABLE OF CONTENTS

1. Definitions
2. Object of Regulations
3. Application of Regulations
4. Cost containment policies
5. Use of consultants
6. Vehicles used for political office-bearers
7. Travel and subsistence
8. Domestic accommodation
9. Credit cards
10. Sponsorships, events and catering
11. Communication
12. Conferences, meetings and study tours
13. Other related expenditure items
14. Enforcement procedures
15. Disclosures of cost containment measures
16. Short title and commencement

Definitions

1. In these Regulations, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context indicates otherwise, and—

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“consultant” means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality or municipal entity to perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;

“cost containment” means measures implemented to curtail spending in terms of these regulations; and

“credit card” means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

Object of Regulations

2. The object of these Regulations, in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Act, is to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

Application of Regulations

3. These Regulations apply to all officials and political office bearers in municipalities and municipal entities.

Cost containment policies

4. (1) Each municipality or municipal entity must develop or revise and implement a cost containment policy which must—
- (a) in the case of a municipality, be adopted by the municipal council, and in the case of a municipal entity, by the board of directors as part of its budget related policies;
 - (b) define a municipality or municipal entity's objectives for the use of consultants; and
 - (c) be consistent with the Act and these Regulations.
- (2) The cost containment policy of a municipality or a municipal entity contemplated in sub-regulation (1) must—
- (a) be in writing;
 - (b) give effect to these Regulations;
 - (c) be reviewed annually, as may be appropriate;
 - (d) be communicated on the municipality's or municipal entity's website; and
 - (e) set out—
 - (i) monitoring measures for ensuring implementation of the policy;
 - (ii) procedures for the annual review of the policy; and
 - (iii) consequences for non-adherence to the measures contained therein.

Use of consultants

5. (1) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function.
- (2) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates—
- (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;
 - (b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration; or
 - (c) as prescribed by the body regulating the profession of the consultant.
- (3) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
- (4) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- (5) When consultants are appointed, an accounting officer must—
- (a) appoint consultants on a time and cost basis with specific start and end dates;
 - (b) where practical, appoint consultants on an output-specified basis, subject to specific measurable objectives and associated remuneration;
 - (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - (d) ensure the transfer of skills by consultants to the relevant officials of a municipality or municipal entity;
 - (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality or municipal entity's supply chain management policy; and
 - (f) develop consultancy reduction plans to reduce the reliance on consultants.
- (6) All contracts with consultants must include a fee retention or penalty clause for poor performance.
- (7) A municipality or municipal entity must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.
- (8) The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.

- (9) The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

Vehicles used for political office-bearers

6. (1) The threshold limit for vehicle purchases relating to official use by political office-bearers must not exceed R700 000 or 70% (VAT inclusive) of the total annual remuneration package for the different grades of municipalities, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.
- (2) The procurement of vehicles in sub-regulation (1) must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms.
- (3) Before deciding to procure a vehicle as contemplated in sub-regulation (2), the accounting officer or delegated official must provide the council with information relating to the following criteria which must be considered:
- status of current vehicles;
 - affordability of options including whether to procure a vehicle as compared to rental or hire thereof, provided that the most cost effective option is followed and the cost is equivalent to or lower than that contemplated in sub-regulation (1);
 - extent of service delivery backlogs;
 - terrain for effective usage of the vehicle; and
 - any other policy of council.
- (4) If the rental referred to in sub-regulation (3) is preferred, the accounting officer must review the costs incurred regularly to ensure that value for money is obtained.
- (5) Regardless of their usage, vehicles for official use by political office bearers may only be replaced after completion of 120 000 kilometres.
- (6) Notwithstanding sub-regulation (5), a municipality or municipal entity may replace a vehicle for official use by political office bearers before the completion of 120 000km only in instances where the vehicle has a serious mechanical problem and is in a poor condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.
- (7) An accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

Travel and subsistence

7. (1) An accounting officer—
- may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and
 - may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours.
- (2) In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.
- (3) Notwithstanding sub-regulation (1) or (2), an accounting officer, or the mayor in the case of an accounting officer, may approve the purchase of business class tickets for an official or a political office bearer with a disability or a medically certified condition.
- (4) The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.
- (5) An accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only—
- during peak holiday periods; or

- (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.
- (6) An official or a political office bearer of a municipality or municipal entity must—
 - (a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;
 - (b) make use of available public transport or a shuttle service if the cost of such a service is lower than—
 - (i) the cost of hiring a vehicle;
 - (ii) the cost of kilometres claimable by the official or political office bearer; and
 - (iii) the cost of parking.
 - (c) not hire vehicles from a category higher than Group B or an equivalent class; and
 - (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.
- (7) A municipality or a municipal entity must utilise the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation.

Domestic accommodation

- 8. (1) An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice.
- (2) Overnight accommodation may only be booked where the return trip exceeds 500 kilometres.

Credit cards

- 9. (1) An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality or a municipal entity is issued to any official or political office bearer, including members of the board of directors of municipal entities.
- (2) Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political office bearers must use their personal credit cards or cash or arrangements made by the municipality or municipal entity, and request reimbursement in accordance with the written approved policy and processes.

Sponsorships, events and catering

- 10. (1) A municipality or municipal entity may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality or municipal entity, unless the prior written approval of the accounting officer is obtained.
- (2) An accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.
- (3) Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- (4) A municipality or municipal entity may not incur expenses on alcoholic beverages unless the municipality or the municipal entity recovers the cost from the sale of such beverages.
- (5) An accounting officer must ensure that social events, team building exercises, year-end functions, sporting events and budget vote dinners are not financed from the municipality or the municipal entity's budgets or by any suppliers or sponsors.
- (6) A municipality or municipal entity may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral part of the business model.

- (7) An accounting officer may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality or municipal entity for ten or more years or retire on grounds of ill health.

Communication

11. (1) A municipality or municipal entity may, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- (2) An accounting officer must ensure that allowances to officials for private calls and data costs are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality or municipal entity.
- (3) Newspapers and other related publications for the use of officials must be discontinued on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.
- (4) A municipality or municipal entity may participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

Conferences, meetings and study tours

12. (1) An accounting officer must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or non-governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.
- (2) When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, an accounting officer or mayor as the case may be, must take the following into account—
- the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;
 - whether the conference or event addresses relevant concerns of the institution;
 - the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and
 - the availability of funds to meet expenses related to the conference or event.
- (3) An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- (4) The benchmark costs referred to in sub-regulation (3) may not exceed an amount as determined from time to time by the National Treasury through a notice.
- (5) The amount referred to in sub-regulation (4) excludes costs related to travel, accommodation and related expenses, but includes—
- conference or event registration expenses; and
 - any other expense incurred in relation to the conference or event.
- (6) When considering costs for conferences or events these may not include items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- (7) The accounting officer of a municipality or municipal entity must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in-house.
- (8) Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, *inter alia*, where an appropriate venue exists within the municipal jurisdiction.
- (9) An accounting officer must grant the approval for officials and in the case of political office bearers and the accounting officer, the mayor, as contemplated in sub-regulation (2).
- (10) A municipality or municipal entity must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

Other related expenditure items

13. (1) All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- (2) Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.
- (3) Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- (4) A municipality or municipal entity must avoid expenditure on elaborate and expensive office furniture.
- (5) A municipality or municipal entity may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.
- (6) A municipality or municipal entity may consider providing additional time-off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.
- (7) A municipality or municipal entity must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

Enforcement Procedures

14. Failure to implement or comply with these Regulations may result in any official of the municipality or municipal entity, political office bearer or director of the board that authorised or incurred any expenditure contrary to these regulations being held liable for financial misconduct or a financial offence in the case of political office bearers as defined in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

Disclosures of cost containment measures

15. (1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.
- (2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- (3) The reports referred to in sub-regulation (2) must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to municipal council.

Short title and commencement

16. These Regulations are called the Municipal Cost Containment Regulations, 2019 and take effect on 1 July 2019.

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019**OVERSTRAND MUNICIPALITY – COST CONTAINMENT MEASURES:**

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

June 2019

Update: Draft and Promulgated Municipal Cost Containment Regulations

The urgency expressed in the State of the Nation Address and announcements by the Minister of Finance, after consulting SALGA and Minister of Cooperative Government and Traditional Affairs, is articulated in the Draft Municipal Cost Containment Regulations, as published on 16 February 2018, in Part 2 of *Government Gazette* No. 41445, which was distributed for attention and submission of comments before 30 March 2018.

The Municipal Cost Containment Regulations, attached as Annexure D of the main report, were published on 07 June 2019 - effective date 01 July 2019.

Save for revised input pertaining to the consideration of Public Transport in Regulation 7(6)(b), included in changes as approved by council to the Overstrand Travel & Subsistence Policy in consideration of Public Transport, the bulk of the cost containment measures have been captured in various of our Council Policies.

This version of the Cost Containment Report represents the status for the three month period up to the end of June 2019 (quarter 4)

Current Status: MFMA Circular No. 82 Cost Containment Measures

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

Purpose

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

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

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

Background

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

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

Enforcement of cost containment measures

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

Failure to fulfil 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.

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

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. 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.

Comply.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

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

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

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

Conclusion

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

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

Any queries relating to municipalities preparation of municipal budgets in line with the cost containment measures should be directed to the respective National or Provincial Treasury official responsible for monitoring the municipality's budget. The names of these officials can be obtained from MFMA Circular

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

79 and / or other related MFMA Circulars. This Circular must be tabled before the municipal council for adoption together with the 2016/17 MTREF budget.

Issued on behalf of:

Malijeng Ngqaleni Kenneth Brown Jayce Nair

Intergovernmental Relations Chief Procurement Officer Acting Accountant-General

TV PILLAY

CHIEF DIRECTOR: MFMA IMPLEMENTATION

30 MARCH 2016

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

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

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

It is prudent that Municipalities consider consultation with its -

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

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

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

1. Engagement of Consultants

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

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

2. Travel and subsistence

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

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

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.

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.

2.1 National Travel Policy

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

This will be available on the OCPO's website:

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

2.2 Air Travel

- The National Treasury has negotiated with South African Airways (SAA) and Comair/British Airways (BA) for upfront discounted air fares for government employees travelling domestically for official purpose. These Domestic Air Travel Fares will be regularly reviewed by the National Treasury (These rates are not applicable for International Air Travel).
- For SAA, the discounts range from 5% (L class) up to 30% (Y Class) for Economy Class tickets; and 10% (D Class) up to 26% (C Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.
- For BA the discounts range from 10% (O, Q class) up to 25% (Y Class) for Economy Class tickets; and 20% (J Class) for Business Class tickets. Please note that business class is not encouraged, however where a single flight exceed 5 hours, consideration may be applied.
- Treasury entered into a short-term Corporate Agreement from 1 April 2016 to 30 September 2016. This has been extended by a further six months.

The 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

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019


<ul style="list-style-type: none"> • The premise of Best Fare on the Day will be implemented making full use of the negotiated Government Corporate Agreements with SAA and BA Comair. Quotations are to be obtained from at least SAA and BA Comair before issue. Other Low Cost Carriers may also be requested for quotations. Please note that all discounted rates are subject to class availability. • In order to make full use of the corporate discount with SAA and BA, municipalities and municipal entities must instruct their appointed TMCs or persons making their bookings for domestic airline tickets, to book against the relevant deal codes as detailed in Annexure B. • Corporate agreements with SAA and BA/Comair will be made available to TMCs that are currently contracted to Government. Should the municipal TMC have not been contacted by the full service carrier representative, they are to inform National Treasury with the agents name; physical address, contact name, email address and IATA number. Upon receipt of the information, the representatives of the full service carriers will ensure that the TMC is given access to the deal code. The TMC must have an authenticated IATA number. • Accounting officers of municipalities and municipal entities are advised to include a clause in their respective documents that travel agencies are only permitted to make booking arrangements on behalf of municipalities and municipal entities in line with this Circular. Current arrangements need to be updated and amended to reflect these changes. • Disabled persons can be accommodated in economy class, however, in extremely exceptional and rare cases an Accounting Officer may approve, with evidence, other than economy class air travel. 	<p>Act, 1998 (Act No. 20 of 1998)</p> <ul style="list-style-type: none"> • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during May 2018.</p>
--	--

2.3 Domestic Hotel Accommodation

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

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

Table 1: Rates set for Domestic Hotel Accommodation

Voucher Includes	BAND 1	BAND 2	BAND 3
	Room Only Tourism Levy VAT	Bed & Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft Drinks at Dinner
Graded Hotel, Boutique Hotel, Lodge or Resort			
	BAND 1	BAND 2	BAND 3
1 Star	R 580	R 710	R 855
2 Star	R 900	R 1 030	R 1 230
3 Star	R 1 100	R 1 200	R 1 400
4 Star	R 1 250	R 1 350	R 1 560
5 Star	R 2 100	R 2 200	R 2 500
Bed & Breakfast, Country House or Guest house			
	BAND 1	BAND 2	BAND 3
1 Star	R 300	R 450	R 630
2 Star	R 500	R 650	R 830
3 Star	R 900	R 1 050	R 1 230
4 Star	R 1 000	R 1 150	R 1 330
5 Star	R 1 200	R 1 350	R 1 530
Self-Catering*			
	BAND 1	BAND 2	BAND 3
1 Star	R 580		
2 Star	R 900		
3 Star	R 1 100		
4 Star	R 1 250		
5 Star	R 1 450		
Meals**			
	BAND 1	BAND 2	BAND 3
Breakfast	R 120	R -	R -
Lunch	R 150	R 150	R 150
Dinner	R 150	R 150	R -
Total	R 420	R 300	R 150

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

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

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

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

This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during May 2018.

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

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).	
--	--

2.4 Vehicle Hire

<ul style="list-style-type: none"> • Municipalities are encouraged to continue considering their own fleet first, where viable, prior to hiring of vehicles; • Notwithstanding the provisions above, all employees must make use of shuttle services if the cost of such a service is below the cost of hiring a vehicle. • Accounting officers must also consider making use of shuttle services if the cost of kilometres claimable by the employee and the cost of parking are higher than the shuttle services. • Ensure the hiring of vehicles from a category below Group B or an equivalent class. Accounting officers may permit employees to accept up-graded group of hired vehicles if such an up-grade is offered for free or at a lower charge than Group B. • Vehicle travel claims by employees of municipalities and municipal entities must be restricted to the actual distance travelled in excess of the normal distance from the employee's residence to his or her place of work or as may be negotiated using a motor vehicle allowance scheme. 	<p>The Overstrand Municipality Travel and subsistence Policy is developed and guided by the following:</p> <ul style="list-style-type: none"> • South African Revenue Services (SARS) • Municipal Finance Management Act, 2003 (Act No. 56 of 2003) • South African Local Government Association (SALGA) • Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) • Income Tax Act, 1962 (Act No. 58 of 1962). <p>This Policy must be read in conjunction with any of the Municipality's approved related policies, practices and standard operating procedures addressing specific issues essential for a full understanding of this Policy and which are not dealt with adequately herein. The policy was revised during May 2018.</p>
---	---

3 Credit Cards

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

<p>A bank, or any other institution, may not issue credit cards or debit cards linked to a bank account of a municipality or a municipal entity to any councillors, entity board members, municipal or entity officials or any other person. The issuing and use of such cards be it for official purposes:</p> <ul style="list-style-type: none"> • contravenes section 11 and 85 of the MFMA as there is no way of ensuring that all purchases made on the card are in accordance with the items listed in the sections or as prescribed; • contravenes section 167 of the MFMA which provides that any bursary, loan, advance or other benefit paid to a municipal councillor otherwise than in accordance with the provisions of the Remuneration of Public Office Bearers Act constitutes irregular expenditure; • contravening section 15 of the MFMA by incurring expenditure not authorised 	<ul style="list-style-type: none"> • Overstrand Municipality does not allow the use of credit and debit cards.
--	---

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

<p>in an approved budget;</p> <ul style="list-style-type: none"> • non-compliance with section 164 of the MFMA which provides that no municipality or municipal entity may make loans to councillors or officials of the municipality, directors or officials of the entity or members of the public; • non-compliance with the supply chain management regulations; and • undermines efforts to safeguard municipal funds, combat fraud and corruption, as well as other irregular practices. 	
<p>While the use of petrol cards or garage cards for municipal vehicles is permitted, it must be utilised in accordance with an appropriate policy and related procedures to avoid misuse thereof. Cost containment measures should be applied in managing and planning trips.</p>	<ul style="list-style-type: none"> • Noted
<p>Where officials or councillors incur expenses in relation to official municipal activities, they should use their personal credit cards or cash, and request reimbursement from the municipality in accordance with the relevant municipal policy and processes. Alternatively, the municipality should make arrangements with the service provider that the expenditure be settled directly by the municipality.</p>	<ul style="list-style-type: none"> • Noted

4 Catering costs

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

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019**5 Events, advertising and sponsorships**

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

6 Conferences, meetings, study tours, etc.

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

7 Office furnishing

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

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

8 Staff study, perks and suspension costs

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

9 Cost containment on other related expenditure items

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

COST CONTAINMENT CIRCULAR – STATUS 30 JUNE 2019

- | | |
|--|--|
| <ul style="list-style-type: none">• 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 be 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. | |
|--|--|

MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (mSCOA):

POST IMPLEMENTATION STATUS OF THE mSCOA PROJECT – SEPTEMBER 2019

Executive Summary

The purpose of this submission to Council is to:

- 1) Inform Council on specific initiatives to date by National Treasury to enable a full and complete understanding of the scope and extent of the SCOA implementation as applicable to all municipalities and municipal entities;
- 2) Report to Council on progress made to date with the implementation of mSCOA at the Overstrand Municipality since the previous report to Council.
- 3) Maintain an on-going awareness of specific mSCOA initiatives in the Overstrand Municipality; and
- 4) Considerations on the way forward with the core financial system, being SamrasClassic, currently in use by the Overstrand Municipality.

A comprehensive supplementary report in this regard, providing the necessary detail with regard to background and historic information over the past number of years for this National Treasury project, is also included at the end of the *updated status* section of this report, referenced as Annexure (to the mSCOA post implementation status of the mSCOA project).

Updated status of the mSCOA Project since the previous reporting to Council in January 2019:

The challenges experienced with the day-to-day operational requirements were also reported to Council recently with regard to the submission of the Annual Financial Statements, a shortened version of the background to this stated that since the inception of mSCOA, there have been 5 versions to date that Overstrand has had to contend with as a Pilot Site, all of them bringing new challenges with regards to chart of accounts changes. As a pilot site and having implemented mSCOA since July 2015 (started on version 5.3) has experienced more challenges over a prolonged period with the structures already created and operationally in use, especially since non-pilot municipalities started to implement with only the relevant and latest version of the mSCOA Chart, on a clean slate.

Before-mentioned historic implementation in the instance of Overstrand lead to new challenges as from 1 July 2017 and which could not be foreseen by the municipality as the municipality had no insight into the subsequent development of these particular areas to accommodate the non-pilot municipalities.

Since 01 July 2015, the municipality has officially logged 669 system queries (CIMS) with the vendor all of which relates to the implementation of mSCOA. (Annexure E) For the period 01 June 2017 to date a total of 201 system queries with varying degrees of severity were logged all of which contributed to the inability to produce quarterly financial statements.

From the period 01 July 2017 to 31 August 2018 the vendor has released 78 system changes, many of them consisting of multiple program changes. We have experienced numerous instances where one issue is resolved only to discover that another has

occurred. Of the 78 system changes a total of 14 system changes with multiple program changes were implemented during period 01 July 2018 to 29 August 2018. This effectively equated to 1 suite of multiple program changes every three working days over this period.

National Treasury recently communicated the following update regarding the status of mSCOA implementation on a national level, to municipalities:

“Despite our position that was communicated that the *mSCOA* (ORGB) (data strings) must be corrected by 12 October 2018 if it does not reconcile to the Adopted Budget approved by Council, we once again have received a number of requests from municipalities for extension to correct their ORGB.

After further investigation into the reasons for such non-compliance, it is our conclusion that:

In some cases the ORGBs data strings are correct but the information on the adopted A1 schedules are incorrect (once again the A1 Schedules that were submitted to Council were not prepared in and drawn from the system). These data strings will not reconcile to the budgets unless the municipality takes the A1 Schedule back to Council for ratification. Apart from the MFMA not allowing for this until the Adjustments budget process, municipalities have already started transacting against the ORGBs. Allowing municipalities to reverse any actual transactions on posting level after month closure is not only a contravention of the *mSCOA* Regulations but will also affect the already reconciled bank accounts, stores, billing, etc. for the three months already passed;

Some municipalities have already approved and captured roll-over budgets which they are transacting against and therefore have already implemented an adjusted budget;

Most municipalities do not use and combine the correct segments to populate an accurate cash flow statement;

Municipalities do not know how to do balance sheet budgeting and as a result they are not populating tables A2, A6 and A7 in the A1 budget schedules correctly; and

Municipalities are not using the segments correctly when they budget. E.g. Municipalities are not using the project segment as the departure point for all transactions and are not populating the funding segment correctly.

Our investigation also revealed that the reason why some municipalities are not using the budget preparation modules to generate A1 Schedules directly from the financial system is because these modules are not functioning properly, are impractical and are not user friendly. This is unacceptable and means that some system vendors are equally guilty where municipalities could not conclude the data string verifications for these reasons. It also seems as if municipalities are not allowing sufficient time for the preparation of the tabled and adopted budget at the posting level (as required in terms of *mSCOA*).

Careful consideration was given to the above challenges and after lengthy deliberations, the National Treasury resolved that it is willing to compromise in the following manner:

1. We will also request all vendors to present their budget module (specifically on the statement of financial performance (Table A4), statement of financial position (table A6) and cash flow statement (table A7) and how these feed and reconcile into the A1 Schedules to the National and Provincial Treasuries in November 2018 in order to provide guidance to vendors where required. In an attempt to ensure that, going forward, all municipalities

budget directly in the financial system manage their statements of financial position and cash flow in the correct manner. Invitations for these engagements will be distributed to all system vendors and Provincial Treasuries in due course;

2. In an attempt to ensure that, going forward, all municipalities budget directly in the financial system and manage their statements of financial position and cash flow in the correct manner, the National Treasury will offer training to the municipal officials preparing the budgets on the population of the A1 budget schedules and mSCOA data strings. Details on the training will be communicated in due course;

3. The National Treasury has also secured funding to conduct independent audits on all municipal core financial systems to determine to what extent these systems comply with the functionality requirements and 15 business processes required in terms of mSCOA. These audits will commence within the next month and the results will be published and shared in a media release. These results will also inform the new transversal tender for the procurement of municipal financial systems when RT25-2016 comes to an end in March 2019; and

4. National Treasury will still submit to Parliament and the Auditor-General and publish on our website the names of all municipalities whose data strings did not reconcile to their adopted budgets.

Updated status of the mSCOA Project since the tabling of the Draft Budget in Council on 27 March 2019:

1. No feedback regarding the anticipated outcome of the audit process of mSCOA system vendors by National Treasury has been communicated to municipalities.

2. This is also compounded by the fact that the Municipality has yet to receive an updated project plan for the rollout of the complete suite of the Samras web based modules from Bytes Systems Integration.

Background/Discussion

(Information now following in this report attempts to provide the background to requirement for this report to Council, and has already previously been reported to Council)

As required by National Treasury, the mSCOA Project went live on 01 July 2017 based on the mSCOA Release Version 6.1. Although the core financial system is currently fully operational and functional, there still remain some material issues and constraints to achieve full mSCOA compliance.

National Treasury Directives and Technical Specifications

Due to the continuous changes in directives and amendments to the initial mSCOA implementation frameworks and technical system design specifications as issued by National Treasury since July 2015, it is fair and reasonable to accept that the sum total and impact of all the scope changes introduced by National Treasury to the initial scope of mSCOA implementation project plan, and in such a fragmented fashion, will still impose certain potential risks to the successful implementation of mSCOA in totality.

Vendor Technical Systems Design and Development Strategies

During the piloting process, based on circumstances, the vendor decided to retain its current legacy system and database architectures for all transactional processing, and to develop a separate Web-portal architecture as required by National Treasury for Budgeting and Reporting purposes for the mSCOA implementation phase up to 1 July 2017.

Development of the remainder of the mSCOA functional requirements for implementation was envisaged by not later than 31 September 2017, to coincide with the commencement of Budget planning cycle for the next financial year: 2018/2019, which, at the time made good business sense, given the scope of the transversal tender, RT25-2016 functional requirements as well.

It was thus also the intent of the vendor to decommission its legacy system and database architectures and to migrate all the municipal financial data to a new Web-enabled systems and database architecture, to also coincide with the commencement of the budget planning cycle for 2018/2019.

The Vendor informed the municipality during the User Acceptance Testing phase prior to 1 July 2017 that they will not be able to implement in accordance to the time frames as indicated for the intended migration strategy to the new Web-enabled architecture. At a user group meeting held in October the vendor informed the meeting that the migration to Web-enabled architecture will not take place before 01 July 2018. The Overstrand Municipality as with various other municipalities on a national basis, are currently functional with hybrid systems and database architecture framework.

As previously reported to Council, the mSCOA Project went live on 01 July 2017 based on the mSCOA Release Version 6.1 and although the core financial system is currently fully operational and functional, there still remain some material issues and constraints to achieve full mSCOA compliance.

A meeting with the service provider took place in Cape Town on 16 November 2017, where a number of municipalities discussed the most critical challenges with Bytes to ensure that these matters receive the necessary attention. It is crucial that the financial system provides for technical requirements timeously to enable the administration to comply with relevant legislation.

A subsequent meeting, as arranged by the Western Cape Provincial mSCOA Project Manager with the service provider and the municipalities involved, took place on 11 January 2018. The purpose of this meeting was to obtain feedback from Bytes regarding the status update per municipality that details the outstanding activities and planned delivery dates. The service provider was also notified at the same time that the Western Cape Provincial Treasury, together with municipalities, are working towards 31 March 2018 to ensure that all modules are fully functional and that all 3rd Party Integrations are complete and operational.

It is not foreseen that before-mentioned time-line will be achievable, taking into account the outstanding issues regarding most critical modules which still have to be addressed up to the end of March 2018.

The national and provincial treasuries have communicated on various occasions with municipalities around the successful submissions of data strings and the alignment of the

C-Schedules, as the next stage of the mSCOA implementation. National Treasury intensified efforts to encourage municipalities to meet the following priorities:

- 1) Submission of TABB (Tabled Budget) data strings for 2018/19: Deadline was 5 April 2018 (as per budget circular);
- 2) Submission of PRTA (Project Detail Tabled Budget) data strings for 2018/19;
- 3) Submission of M01 to M12 (Monthly, cumulative) for 2017/18: Deadline is 10 working days after the end of the month.

Overstrand Municipality has already complied to a large extent with these requirements and have focused on the submissions that reflect an error validation status.

The implementation of mSCOA Regulations from 01 July 2017 revealed some of the challenges with version 6.1 of the chart that had to be addressed. As a result of this, the chart was updated and version 6.2 was released with the 2018/19 MFMA Budget Circular no. 89. Version 6.2 of the chart is effective from the 2018/19 budget year and was used to compile the 2018/19 MTREF.

The Way Forward with mSCOA

To date the core financial system of the municipality is functional and operational, for day-to-day transacting, primarily due to the collective efforts and competence of the Overstrand municipal officials involved with the implementation of mSCOA.

Accurate data string extracts from the web-based financial system remained a challenge to date, also in view of the fact that some vital modules are not deployed in the web yet). These and other system operational challenges are continually being logged with the service provider for solutions.

The Overstrand Municipality currently has its own existing and mutually accepted Main Agreement with the Bytes Technology Group, effective till 30 June 2019. In view of the following confirmation by National Treasury as discussed above, The municipality is currently following a proposed amendment of contract process for the financial system in terms of the enabling provisions of Section 116(3) of the Local Government: Municipal Finance Management Act 2003, Act 56 of 2003 (MFMA), in order to ensure business continuity –

The National Treasury has also secured funding to conduct independent audits on all municipal core financial systems to determine to what extent these systems comply with the functionality requirements and 15 business processes required in terms of mSCOA. These audits will commence within the next month and the results will be published and shared in a media release. These results will also inform the new transversal tender for the procurement of municipal financial systems when RT25-2016 comes to an end in March 2019;

The municipality will keep the Council and National Treasury informed of any changes to the current status.

Updated status of the mSCOA Project since the tabling of the Final Budget in Council on 29 May 2019:

1. The only feedback regarding the anticipated outcome of the audit process of mSCOA system vendors by National Treasury has been communicated to municipalities in confirming that NT has now scheduled this process for the second part of 2019.
2. The Municipality has yet to receive an updated project plan for the rollout of the complete suite of the Samras web based modules from Bytes Systems Integration - Bytes however indicated that current planning entails implementation of their anticipated Web solution within the next few months at a district municipality.
3. The latest formal feedback from Provincial Treasury related to mSCOA activities planned for the next 6 months (CFO Forum meeting-June update), are as follows:

PT mSCOA Activities:

Attend Demo sessions at NT of Asset Management Modules Jun/Jul-19

Attend NT mSCOA Project Team Meeting 26-Jun-19

Municipal visits – Budget Analysis and Demo of Budgeting Module Jun/Jul-19

mSCOA Implementation Self-Assessments 19-Jul-19

2-Day Engagements with municipalities that are struggling with implementation Jul/Aug-19

Municipal Dashboards Jul/Aug-19

Municipal Vendor Engagements Sep-19

4. Update on the submission of data strings by the municipality:

All the monthly data strings M01 – M12 (July 2018 to June 2019) have been successfully submitted and verified by the NT database.

All the monthly Debtors and Creditors data strings for the period July 2018 to June 2019 have been successfully submitted and verified by the NT database.

All the quarterly IM (Investments) and BM (Borrowing) data strings for the periods September & December 2018 and March & June 2019 have been successfully submitted and verified by the NT database.

The tabled & original budget and IDP data strings for the 2019/2020 budget been successfully submitted and verified by the NT database.

Some challenges still exist with the submission of older data strings such as the 2017/2018 PAUD & AUDA (Pre- and audited information) and the tabled, original and adjustments budgets, IDP data strings for the 2018/2019 budget. This can partly be ascribed to system challenges with the various versions of the mSCOA charts for the past three years.

Notwithstanding successful submissions of the above mentioned data strings, it should be noted that manual intervention still occurs in correcting some data strings due to

modules not yet available in the Web portal and system data verification procedures. These aspects are constantly being communicated with the system vendor.

Updated status of the mSCOA Project at the end of September 2019:

1. The anticipated audit process of all related mSCOA system vendors by National Treasury has been communicated to municipalities in confirming that NT has now scheduled this process from November 2019.
2. The service provider has started a process to test some modules at municipalities, however the web development is according to our observation, not ready for Overstrand municipality to consider. The status will be considered after the Samras Usergroup meeting scheduled for 16/17 October 2019

3. **PT mSCOA Activities:**

Municipal visits – Budget Analysis - Jul-19

mSCOA Implementation Self-Assessments 19-Jul-19

Data string alignment – Aug/Sep 19

4. Update on the submission of data strings by the municipality:

All the monthly data strings M01 – M03 (July 2019 to September 2019) have been successfully submitted and verified by the NT database.

All the monthly Debtors and Creditors data strings for the period July 2019 to September 2019 have been successfully submitted and verified by the NT database.

The quarterly IM (Investments) and BM (Borrowing) data strings for the period September 2019 been successfully submitted and verified by the NT database.

Some challenges still persist with the submission of older data strings such as the 2018/2019 PAUD & RAUD (Pre- and restated information). This can partly be ascribed to system challenges with the various versions of the mSCOA charts for the past three years and integration between the SamrasClassic and the Web Portal.

Notwithstanding successful submissions of the above mentioned data strings, it should be noted that manual intervention still occurs in correcting some data strings due to modules not yet available in the Web portal and system data verification procedures. These aspects are constantly being communicated with the system vendor.

ANNEXURE (TO THE mSCOA POST IMPLEMENTATION STATUS OF THE mSCOA PROJECT

1. Executive Background

The Minister of Finance has, in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003), and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs gazetted the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014

The Regulation initially provided for a three year preparation and readiness window for all municipalities and municipal entities till 01 July 2017 to be compliant to the mSCOA classification framework. Since then this date for compliance has now been extended to 31 March 2019, but this Regulation:

“Shall remain in effect until the satisfactory implementation of mSCOA within the municipality and will only terminate by agreement of the Municipal Manager and the Municipal Council.”

Since the previous report submitted to management in August 2017, at least two events occurred that directly impact on the existing contractual relationship and service delivery expectations the Overstrand municipality have with its current Service Provider, being **Bytes Technology Group**:

- 1) The legislative and regulatory compliance requirements for mSCOA implementation have been amended twice by National Treasury from mSCOA V6.1 to mSCOA V 6.2 effective from 01 July 2018 and more recently, mSCOA V6.3 has been introduced in December 2018 for full compliance by not later than 31 March 2019, to coincide with the Budget Planning Cycle for 2019/2020;
- 2) The **National Treasury Transversal Contract: RT25-2016**, effective from 01 June 2016, **for the appointment of Service Providers for the implementation of a fully Integrated Financial Management System for Local Government**, will be discontinued by National Treasury, effective from 31 May 2019, thus;
 - *“Any municipality that considers the services of an alternative system vendor will need to embark on its own procurement process consistent with Chapter 10 of the MFMA, read together with the Municipal Supply Chain Management (SCM) Regulations and the written council approved Municipal Supply Chain Management policy.”*

2. Legislative and Regulatory Frameworks

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognized accounting practice (GRAP), uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe by regulation such measures in terms of section 168 thereof.

3. mSCOA: Scope and Overview

3.1. Business Rationale

mSCOA stands for "**municipal Standard Chart of Accounts**" and provides a uniform and standardised financial transaction classification framework. mSCOA is a "proudly South African" project researched by National Treasury based on municipal practices, reporting outcomes, policy implementation and reviews.

Prior to mSCOA, each municipality managed and reported on its financial affairs in accordance with its own organizational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of national government to integrate information and to formulate coherent policies in response to the objectives of local government.

This is done at transactional level and ensures that a municipality and its entities must have minimum business processes in place.

- **In essence it means that mSCOA is primarily a business reform rather than a mere financial reform and requires multi-dimensional recording and reporting of every transaction across 7 pre-defined segments.**

3.2. Key Objectives of mSCOA

Key Objective 1 – The mSCOA Regulations to provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which-

- Are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard charts of accounts for national and provincial government; and
- Enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

Key Objective 2 - The Regulations to enable the alignment of budget information with information captured in the course of the implementation of the budget.

3.3. mSCOA Classification Framework

As per the directive from National Treasury, from 01 July 2017, all municipalities had to capture all their financial transactions against a predefined classification

framework, which will result in uniformity of line items in terms of revenue, expenditure, assets and liabilities.

4. mSCOA Project Governance and Management

During the Life Cycle of the mSCOA Project Implementation, National Treasury has provided various Project Implementation Frameworks to assist municipalities to achieve full compliance with all the mSCOA Legislative, Regulatory functional systems requirements. These frameworks have been applied as a reference guide by the Overstrand municipality to ensure that:

- 1) A fully informed and transparent assessment of all legislative and regulatory mSCOA functional compliance requirements are done;
- 2) All non-compliance matters are identified and assessed in terms of its relevance and,
- 3) Corrective measures to be instituted timeously to achieve full compliance status by National Treasury and the Auditor General of South Africa.

Every municipality and local government entity is ultimately responsible to ensure full compliance to all the mSCOA legislative and regulatory requirements.

Chapter 6 of the MFMA tasks the Municipal Manager of the municipality with managing the financial administration of the municipality. The Municipal Manager also has the overall responsibility to manage the successful implementation of the mSCOA project within the municipality.

The Municipal Manager, in terms of the MFMA has delegated some of these mSCOA Implementation responsibilities. The Municipal Manager has tasked an mSCOA Steering Committee and mSCOA Project Implementation Team to drive and oversee the successful implementation of the Municipal Regulations on Standard Chart of Accounts in the municipality and to advise the Municipal Manager and to report progress go to council at least on a quarterly basis.

Best practice Project Governance and Management structures and forums were established to monitor progress with the mSCOA Implementation Project and to assess the quality of service delivery by the appointed Service Provider and to report at least quarterly to council on progress being made with the mSCOA project Implementation and all other relevant matters.

5. mSCOA Project Implementation Frameworks

5.1. mSCOA Compliance Frameworks

To maximise the integrity and transparency of the mSCOA assessment process the mSCOA compliance frameworks as prescribed by National Treasury during the various project implementation phases, were used by the Overstrand municipality.

5.1.1. RT25 –2016: ICT Due Diligence Functional Assessment Framework

The RT25 National Treasury Transversal Tender, published in the MFMA 80, dated 8 March 2016, states that:

"The technical systems specifications was designed to address not only the mSCOA requirements but also to list all the components needed to fully automate and accommodate the accountability cycle of municipalities (considering the current local government legal environment). Best Practices and Optional requirements were discerned in this tender in order to clearly identify only the essential systems functionality. Optional systems features and functions have been identified as non-regulated options / add-ons. The RT25-2016 also allowed for 3rd party integration as well as future developments. Through this approach the National Treasury allowed for a municipality to follow an evolutionary systems approach if such is preferred."

The RT25-2016 National Treasury Transversal contract also aimed to achieve the following additional key objectives

- (a) improved data quality and credibility;
 - (b) the achievement of a greater level of standardization;
 - (c) the development of uniform data sets critical for 'whole-of-government' reporting;
 - (d) the standardization and alignment of the 'local government accountability cycle' by the regulation of not only the budget and in-year reporting formats but also the annual report and annual financial statement formats;
 - (e) the creation of the opportunity to standardize key business processes with the consequential introduction of further consistency in the management of municipal finances;
 - (f) improved transparency, accountability and governance through uniform recording of transactions at posting account level detail;
 - (g) enabling deeper data analysis and sector comparisons to improve financial performance; and
 - (h) the standardization of the account classification to facilitate mobility in financial skills within local government and between local government and other spheres as well as the private sector and to enhance the ability of local government to attract and retain skilled personnel.
- In line with the directives as stated above, the Overstrand municipality decided to follow an evolutionary process and therefor **only the Legislative and mSCOA regulatory functional requirements** were assessed for compliance and only the core financial system, being the Samras system, was assessed.
 - During the initial assessment process in 2017 it was found that:

- 1) Some of the sub-processes/modules nominated by National Treasury in the RT25 Tender, do not require any legislative and/or mSCOA regulatory functional requirements; and,
- 2) Some sub-process/modules do not form part of the Samras systems portfolio currently used by the Overstrand municipality and therefore have been excluded from the functional compliance assessment process.

5.1.2. Financial Management and Internal Control Requirements

As per MFMA Circular 80, paragraph 4, (Dated 8 March 2016) states as follows:

"Municipalities must ensure when examining the functionality of their current systems of financial management and internal control that it meets the minimum business processes and system requirements as stated in the mSCOA Regulation. In this regard it refers to a system of financial management and internal controls capable of providing for the uniform recording and classification of both municipal and financial information at a transactional level in the prescribed municipal standard chart of accounts. As a consequence, systems of financial management and internal control must, as a minimum, comply with these explicit business process requirements."

5.1.3. mSCOA Budgetary Compliance Requirements

(Reference: Addendum to MFMA Circular 80, paragraph 3, dated 18 October 2016)
Whether employing the RT25-2016 panel or not, municipalities are required to:

- 1) Have a systems-integrated IDP (integrated development plan) Module.
- 2) Have a systems-integrated Budget Module.
- 3) Enable a municipality, with effect 1 July 2017, to transact across the seven segments of mSCOA with subsystems seamlessly integrating to the core financial system.
- 4) It should specifically be noted that the due date for all these deliverables was set by the Service provider to be 31 March 2017.

5.1.4. Business Process Requirements and Associated System

(Reference: Addendum to Circular 80, Paragraph 5, dated 18 October 2016)

Any system of financial management and internal control, as a minimum, must comply with the seven main business and process components. The seven components must integrate seamlessly with the mSCOA general ledger and comply at a posting level to the mSCOA Regulations and GRAP. The seven main components are defined as follows

- 1) General Ledger;
- 2) Billing;
- 3) Supply chain management;

- 4) Assets management;
- 5) Inventory and stores;
- 6) Budgeting and planning; and
- 7) Human Resources and payroll.

Directly aligned to the defined components as listed above, fifteen major business processes have been defined within Local Government.

- These 15 business processes have been reviewed and submitted to council for approval at the council meeting held on 25 May 2017 and is reviewed annually.

6. mSCOA Training and Status of Operations – February 2019

To date, training has been provided to all applicable officials in the Overstrand municipality to:

- 1) Plan and develop Departmental budgets, but;
 - regressed from capturing budgets on the Web portal to capturing information on Excel spreadsheets by Budget Holders due to the functionality not being available on time with regard to the requirements related to the annual Budget Cycle, also with reference to the latest mSCOA version of the Chart (V6.3), published by National Treasury only on 7 December 2019.

Before-mentioned resulted in the release of relevant system functionality only weeks later, impacting severely on the adherence to the time-lines for tabling of the draft budget in Council during March 2019;
- 2) Process all financial data at a transactional level across all seven mSCOA segments, but;
 - Only still in SamrasClassic
- 3) Extract and compile all required financial and management reports across the Annual Financial Accountability Reporting Life Cycle, but;
 - This aspect still requires much manual intervention.

7. Bytes Systems and Engagements

7.1 In 2014 the Overstrand municipality opted to be one of a few municipalities selected by National Treasury to engage with our current Service Provider on a pilot mSCOA Implementation project, taking full advantage of early lessons learned and a focussed support from National Treasury. However still to date, the functional and operational status of the Samras system still does not justify an unqualified report to Council and National Treasury that the Samras system is fully mSCOA compliant, primarily due to the following issues and constraints:

- i. The current hybrid Systems Architectures (SamrasClassic and the Web-portal) maintained by the vendor in an attempt to deliver a fully functional Samras system, poses a severe risk due to the lack of proper validation rules

between the two data architectures and data being ceded between the two Samras System Architectures.

- ii. Before-mentioned continues to impact on the day to day operations of the Finance Directorate mostly, and places severe pressure on the Financial Services Department (Budget/Reporting/Annual Financial Statements). This impacts on an on-going basis in maintaining performance in adherence/compliance to deadlines related to legislation (Sub-systems/modules might reconcile or function properly on one day and then will be dysfunctional again the very next day (refer NT budget schedules, formulae and reports, with particular incidents reported to the vendor remaining unresolved relating to any permanent solutions, progress, and/or implementation.)

7.2 Bytes Systems and Engagements

As reference point again, extract from MFMA Circular 57

"Service delivery is a by-product of effective, efficient and economical processes that are informed by strategic direction, resource planning and implementation. Furthermore, a municipality with poorly designed business processes will not resolve the problem by implementing a new (financial) system.

Firstly, processes must be redesigned with the necessary data validation rules if the municipality is to improve its data integrity. This foundation is integral to ensuring that software applications generate credible information and can be used effectively by municipalities."

ICT Industry Migration to Knowledge Based Systems Architectures

Since Y2K the demand for large databases systems and broad band data communications networks has brought about a total new paradigm how databases and Management Information Systems must be designed and developed.

This requirement for *"knowledge based systems and best industry practice systems architectures"*, providing access to *"data on demand"* at *"anytime from anywhere"*, eventually also found its inroads into all three spheres of government in the Republic of South Africa with various ICT initiatives being deployed by various governmental institutions:

- The mSCOA initiative introduced by National Treasury in 2011, being one of them. (Reference: MFMA Circular 57: Financial Systems and Processes, dated 20 October 2011)

7.3 SAMRAS Financial System

The transactional and operational processing in the SamrasClassic environment was also at an acceptable level of functionality at the time. Flat file structures with some relational database capabilities was primarily the state of the art for

Information databases and Systems Architectures, but then also primarily for a localised environment i.e. the Overstrand municipality.

However, given the emergence of *"Knowledge based systems and Database Architectures"* Bytes, our current Service Provider, at the time realised that the SamrasClassic systems and database architectures cannot be the ICT enabling platform to provide all the required functionalities going forward into the 21st Century: mSCOA and the Smart Cities concepts being some of the strategic initiatives for local government institutions.

Since 2009 Bytes made service offerings to its local government clients with the intent to also introduce best practice ICT enabling platforms as part of its internal growth strategies moving into the 21st Century.

With the advent of MSCOA, now being in its final phase of completion, it is now also the most appropriate time to assess the outcomes of the various Samras service offerings by Bytes since 2009 to determine to what extent these service offerings were able to align with the expectations of local government, enabling good governance and improved service delivery to all our communities and residents.

Summarised Overview and Assessment of the Bytes Service Offerings and Service Delivery Performance

Time frames	Bytes Service Offerings	Objective/Intent	Assessment
2013 to Date	mSCOA: Initial Bytes Implementation Project Refer Diagram 1 below	Introduced by NT to provide for a national standard for the uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities	The Overstrand municipality was one of the selected pilot sites to implement mSCOA in a two year time frame: 2013 to 2015. To date the Samras System still operates on two architecture platforms: The Web Portal only for budget reporting to NT in production environment at Overstrand and all operational processing still occurs in the SamrasClassic Domain. Data ceding between the two platforms remain a work in progress and an operational challenge as

			earlier indicated.
2015/2019	Samras Modernisation, subsequently referenced /Web Enablement (Web Interface Business Process) Refer Diagram 2 & 3 below	2015 Planning - Deliver a complete Web based solution, with self-service focus for rate payers: Aligned with all financial business processes and transparency to all stakeholders. 2016 Planning - Complete full delivery of all core processes on the Web by April 2017; sufficient time for completion of development test and handover; Construction of Computer based training. 2019 Expectation - is to deliver a fully Web based Solution and phase out SamrasClassic by not later than December 2019.	Still no clear feedback regarding phasing out of the SamrasClassic. February 2019: Still await updated detailed Project Implementation Plan and Modernisation Scope and Specifications from Bytes. Samras User Group scheduled for 6 to 7 March 2019 provided some high level indications without detailed implementation plan made available thus far.

2018/2019 Samras Monthly Performance Ratings:

Ratings Range: 5 =Exceptionally Good Services, to 1 =Exceptionally Poor Services

- KPI Description: Deliver financial system services within agreed time, cost and quality:
- KPI Rating: Monthly performance ratings since July 2018 = 1

July 2018: The ceding of the budget was not ready in time for the year end. We could not process any transactions for almost a week at the start of the financial year due to problems with the ceding of the budget.

Monthly Reviews: Not all issues on production system have been solved in time. Bi-weekly meetings held with supplier, alternatively telecom meetings as far as possible.

Before-mentioned rating also to be considered in view of the following – Due to the continuous changes in directives and amendments to the initial mSCOA implementation frameworks and technical system design specifications as issued by NT since July 2015, it is fair and reasonable to accept that the sum total and impact of scope changes introduced by NT to the initial scope of mSCOA implementation project plan, and in a fragmented

fashion, impacted on service providers to some extent and still impose potential risks to successful implementation of mSCOA in totality.

Diagram 1- mSCOA Service Offering – 2015/2016

High Level Scope - Project Plan

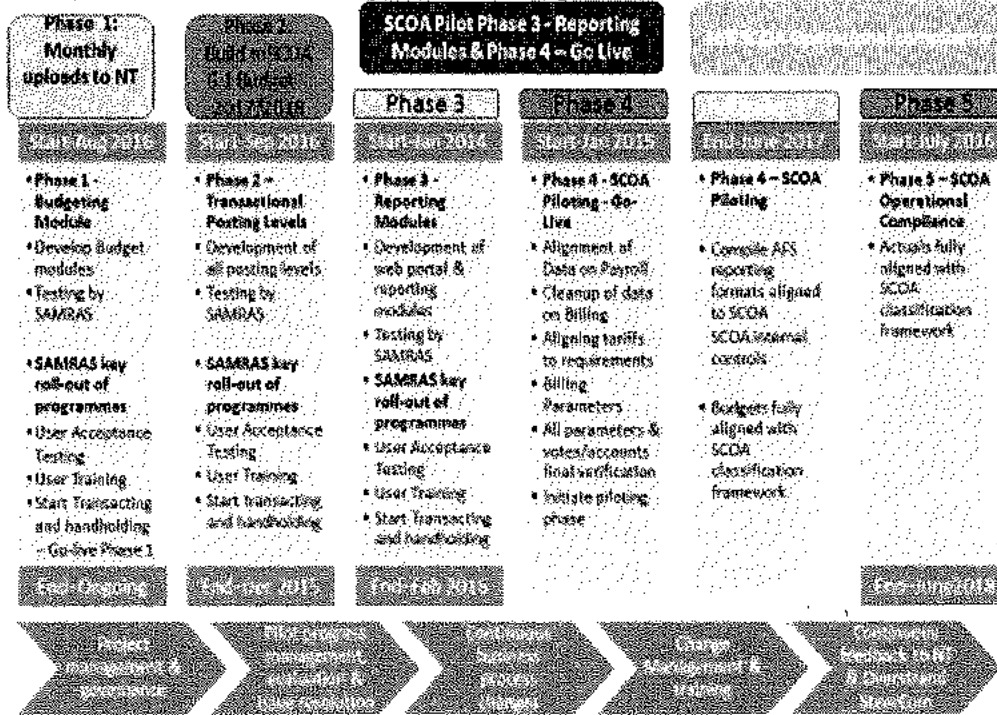


Diagram 2 - mSCOA Samras Modernisation 2015/2016

Samras Modernized

- Deliver a complete WEB based solution
- Self-service focus for Ratepayers
- Transparency and visibility to all stakeholders of financial position
- Streamline business processes

- Be more than just the financial system at the Municipalities by facilitating all processes

BYTES
INTEGRATED SOLUTIONS

Diagram 3 - Web Interface mSCOA Business Process – 2016/2017

DELIVERY OF WEB INTERFACE mSCOA BUSINESS PROCESSES



Phases are indicated by number with the final delivery date indicated for that Web Interface after the phase number

Dates indicate the date training material is complete and services is ready to start customer implementations

Separate rollout plans per customer for Web Interface still need to be defined

