

10221

FINANCIAL REPORTING AS AT 31 MAY 2015 AND AMENDMENTS TO COUNCIL'S APPROVED VIREMENT POLICY

The report served before the financial Services Portfolio Committee on 25 June 2015. The recommendations were supported.

PURPOSE

1. To submit for noting the financial position of the uMhlathuze Municipality as at 31 May 2015, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003); and
2. To amend Council's approved Virement Policy (**DMS 635065**).

IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT	
Goal	Objective
1. Compliance with financial legislation and policies	<ul style="list-style-type: none"> • Ensure GRAP compliance • Ongoing review of SCM policies and procedures • Ongoing internal and external capacity building in Supply Chain Management and Budgeting Models
2. Sustainable Financial Management	<ul style="list-style-type: none"> • Improve internal communication on budget matters • Maintenance of fixed asset register • Credit control and debt collection • Compliant internal controls • Compliant grant reporting • Obtain targeted cash-backed statutory reserves • Development and appropriate training and assistance to employees • Identify and redress water and electricity tampering

BACKGROUND

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with in terms of the mentioned Act.

The Accounting Officer of the Municipality must report, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis, to coincide with the reporting requirements of Section 71(1) of the Act.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format has been set out.

Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the Municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing Municipal Budget and Financial Reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 1 of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

“A detailed plan approved by the Mayor of a municipality in terms of Section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

- (a) *Projections for each month of-*
 - (i) *Revenue to be collected, by source; and*
 - (ii) *Operational and capital expenditure, by vote.”*

Component 1, comprised of actual revenue collected by source and Component 2, comprised of actual operational and capital expenditure by vote for the month May 2015 is included under **Annexures Z and AA (DMS 1061653)**.

DISCUSSION

This report and the supporting schedules will be forwarded to National and Provincial Treasury as required in terms of Section 71 and Section 74 of the MFMA in electronic format.

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1. MAYOR'S REPORT

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

- “(a) *a summary of whether the Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;*
- (b) *a summary of any financial problems or risks facing the municipality or any such entity; and*
- (c) *any other information considered relevant by the Mayor.”*

Monthly Report - May 2015

The monthly budget statement summary (Table C1) for the month of May 2015 (year to date actual), shows a surplus of R75,8 million. This implies that the municipality has been able to raise its budgeted income and has successfully collected such billed income as well.

In terms of Council Resolution 9903 dated 24 February 2015, Council approved the Adjusted Budget. All the figures contained in this report refer to the 2014/2015 Adjusted Budget.

Capital Expenditure

Council is in the fourth quarter of the financial year and capital expenditure is at R330,6 million (66,35%). This is based on the Adjusted Capital Budget of R498 million. At the end of May 2015 an amount of R127,9 million is shown for orders that have been placed, but payment will only take place in the subsequent month.

2. RESOLUTIONS

Refer to the recommendations contained in this report.

3. EXECUTIVE SUMMARY

3.1 Operating Budget

The following table represents an executive summary for the financial period ended 31 May 2015:

DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	TARGET ACHIEVED
		R'000	R'000	%
Revenue (excluding capital grants)	2 288 540 300	2 097 828 608	2 184 014 622	104%
Expenditure	2 327 939 500	2 133 944 542	2 108 207 456	99%
	(39 399 200)	(36 115 933)	75 807 166	

As can be seen from the table above, Actual Surplus for the month ended 31 May 2015 is higher than the Budgeted Deficit.

Actual revenue to Budgeted revenue has exceeded the budget. Actual expenditure to Budgeted expenditure is at the budget limit.

3.2 Cash Flow Situation

Details of Bank Balances

DESCRIPTION	CASH ON HAND AT 31 MAY 2015	CASH OBLIGATIONS	POLICY TARGET	(SHORTFALL)/ SURPLUS AT 31 MAY 2015
	R'000	R'000	R'000	%
Conditional Grants	97 068 000	97 068 000	97 068 000	-
Workings Capital	489 779 000	191 729 000	383 458 000	106 321 000
Total (incl. investments)	586 847 000	288 797 000	480 526 000	106 321 000

Council's Working Capital Policy:

In terms of Council's Adopted Working Capital Policy the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 2,55: (489 779/191 729).

MFMA Circular 71:

The Cash/Cost Coverage ratio in terms of MFMA circular 71 is [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)] **and the norm is one (1) to three (3) times the average monthly creditors.**

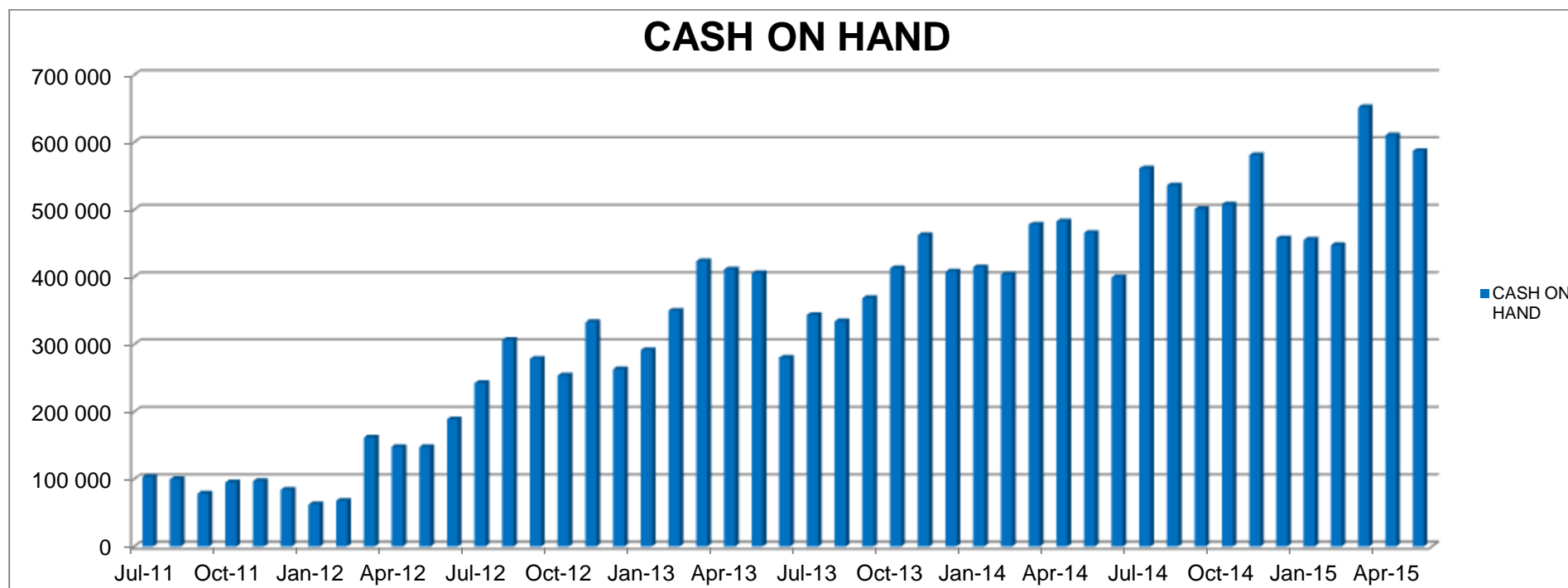
The calculation for the above ratio is as follows: $(((171\,847 - 97\,068) + 415\,000) / (2\,363\,247 - 182\,390 - 3\,050)/12]$ which currently sits at 2,70:1.

It therefore needs to be noted that both in terms of Council's Policy and the National Treasury MFMA Circular 71, the City of uMhlathuze has suitable cash coverage.

Bank Balance Trend since June 2011

Table:

	Jun-11	Feb-14	Mar-14	Apr-14	May-14	June-14	July-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	April-15	May-15
	R' 000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash on Hand	37 142	404 080	478 000	482 637	465 696	399 897	561 308	536 244	501 032	508 007	580 872	457 572	455 589	447 501	652 334	610 458	586 847



The cash flow situation is still a critical aspect for the Municipality and is being constantly monitored. As mentioned previously the situation is gradually improving. However, the liquidity ratios have almost reached the acceptable standard norms but still need to be monitored on a continuous basis.

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2014	AMOUNT GAZETTED FOR AUGUST 2014	AMOUNT GAZETTED FOR SEPTEMBER 2014	AMOUNT GAZETTED FOR OCTOBER 2014	AMOUNT GAZETTED FOR NOVEMBER 2014	AMOUNT GAZETTED FOR DECEMBER 2014	AMOUNT GAZETTED FOR JANUARY 2015	AMOUNT GAZETTED FOR FEBRUARY 2015	AMOUNT GAZETTED FOR MARCH 2015	AMOUNT GAZETTED FOR APRIL 2015	AMOUNT GAZETTED FOR MAY 2015	TOTAL TO BE RECEIVED AS AT 31/05/2015	AMOUNT RECEIVED AS AT 31/05/2015	DIFFERENCE	ACTUAL EXPENDITURE AS AT 31/05/2015	% SPENT	COMMENTS
NATIONAL TREASURY																	
Equitable Share	81 066 000	-	-	-	68 267 000	-	-	-	55 467 000	-	-	204 800 000	204 800 000	-	187 733 000	92%	
Municipal Infrastructure Grant	30 377 000	-	-	-	29 250 000	-	-	-	31 204 000	-	-	90 831 000	120 831 000	(30 000 000)	115 732 563	96%	This expenditure is as per claims submitted to COGTA. Received an additional R30 000 000.
Municipal Systems Improvement Grant	-	930 000	-	-	-	-	-	-	-	-	-	930 000	930 000	-	566 959	61%	
Financial Management Grant	1 600 000	-	-	-	-	-	-	-	-	-	-	1 600 000	1 600 000	-	1 387 181	87%	
Municipal Water Infrastructure Grant	-	4 712 000	-	9 426 000	-	-	4 712 000	-	-	-	-	18 850 000	18 850 000	-	20 267 732	108%	
Water Services Operating Subsidy	-	3 500 000	-	7 000 000	-	-	3 500 000	-	-	-	-	14 000 000	14 000 000	-	11 479 346	82%	
Integrated National Electrification Grant	5 775 000	2 225 000	-	-	-	-	-	-	-	-	-	8 000 000	8 000 000	-	15 627 728	195%	Expenditure was incurred in the 2013/2014 financial year.
Rural Households Infrastructure Grant	2 000 000	-	-	-	2 500 000	-	-	-	-	-	-	4 500 000	4 500 000	-	2 037 966	45%	Funds received on the 20 March 2015
Extended Public Works Programme	-	758 000	-	-	569 000	-	-	569 000	-	-	-	1 896 000	1 896 000	-	1 575 522	83%	
Infrastructure Skills Development Grant	4 036 000	-	-	-	-	-	3 964 000	-	-	-	-	8 000 000	8 000 000	-	6 867 290	86%	The 2013/2014 grant was over-spent by R989 400. This expenditure has been recovered from the 2014/2015 allocation.
TOTAL NATIONAL TREASURY GRANTS	124 854 000	12 125 000	-	16 426 000	100 586 000	-	12 176 000	569 000	86 671 000	-	-	353 407 000	383 407 000	(30 000 000)	363 275 287	95%	

DESCRIPTION OF GRANT	AMOUNT GAZETTED FOR JULY 2014	AMOUNT GAZETTED FOR AUGUST 2014	AMOUNT GAZETTED FOR SEPTEMBER 2014	AMOUNT GAZETTED FOR OCTOBER 2014	AMOUNT GAZETTED FOR NOVEMBER 2014	AMOUNT GAZETTED FOR DECEMBER 2014	AMOUNT GAZETTED FOR JANUARY 2015	AMOUNT GAZETTED FOR FEBRUARY 2015	AMOUNT GAZETTED FOR MARCH 2015	AMOUNT GAZETTED FOR APRIL 2015	AMOUNT GAZETTED FOR MAY 2015	TOTAL TO BE RECEIVED AS AT 30/04/2015	AMOUNT RECEIVED AS AT 30/04/2015	DIFFERENCE	ACTUAL EXPENDITURE AS AT 30/04/2015	% SPENT	COMMENTS
PROVINCIAL TREASURY																	
Provincialisation of Libraries	-	-	6 080 000	-	-	-	-	-	-	-	-	6 080 000	6 080 000	-	14 712 297	242%	The SLA has been finalised. Grant funding received in September 2014. Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	-	-	756 000	-	-	-	-	-	-	-	-	756 000	756 000	-	672 757	89%	The SLA has been finalised. Grant funding received in September 2014. Expenditure shown is the total operating cost of the Libraries for the period.
Housing Operating Account	1 073 120	-	-	959 080	-	-	261 840	-	-	1 272 520	-	3 566 560	3 566 560	-	8 744 263	245%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	-	-	299 000	-	-	-	-	-	-	-	-	299 000	151 000	148 000	1 603 763	1062%	Grant funding amounting to R151 000 has been received in January 2015. Expenditure shown is the total operating cost of the Museum.
Clinic Services	-	-	7 290 300	-	-	-	-	-	-	-	-	7 290 300	-	7 290 300	16 200 418	0%	Staff within primary health care service has been transferred to Provincial health with effect from the first of January 2015 therefore no further expenditure has been incurred from date of transfer
Municipal Excellence Awards	-	-	-	-	-	-	-	-	-	-	-	-	1 000 000	(1 000 000)	-	0%	The municipality received the funds from COGTA in January 2015.
Informal Traders	-	-	-	-	-	-	-	-	-	-	-	-	3 000 000	(3 000 000)	2 646 094	88%	Funds were to be received in 2013/2014 financial year. Only received in August 2014
Tourism Development	-	-	-	-	-	-	-	-	-	-	-	-	3 000 000	(3 000 000)	185 966	6%	Funds were to be received in 2013/2014 financial year. Only received in August 2014
TOTAL PROVINCIAL TREASURY GRANT	1 073 120	-	14 425 300	959 080	-	-	261 840	-	-	1 272 520	-	17 991 860	17 553 560	438 300	44 765 558	255%	
TOTAL GRANTS AND SUBSIDIES	125 927 120	12 125 000	14 425 300	17 385 080	100 586 000	-	12 437 840	569 000	86 671 000	1 272 520	-	371 398 860	400 960 560	(29 561 700)	408 040 845	102%	

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3.3 Capital Budget Summary

The above table represents Capital Expenditure incurred as at 31 May 2015 (66,39%):

FUNCTION	ADJUSTED BUDGET 2014/2015	ACTUAL MAY 2015 (YTD)	ORDERS PLACED	% OF ADJUSTED BUDGET SPENT
Executive and Council	150 700	19 770	30 711	13.12%
Budget and Treasury Office	4 285 600	4 144 626	1 554 428	96.71%
Corporate Services	98 345 900	42 436 585	24 314 225	43.15%
Community and Social Services	30 056 400	13 291 094	7 451 494	44.22%
Sport and Recreation	29 183 000	7 580 428	3 736 369	25.98%
Public Safety	26 379 400	10 635 375	4 453 235	40.32%
Housing	24 821 400	6 191 283	-	24.94%
Health	8 780 000	4 079 148	147 280	46.46%
Planning and Development	89 700	45 616	26 051	50.85%
Road Transport	26 562 500	16 049 932	4 838 435	60.42%
Electricity	56 448 000	37 503 611	10 782 524	66.44%
Water	118 902 400	123 804 520	42 376 937	104.12%
Waste Water Management (Sanitation)	69 061 800	62 050 947	28 135 445	89.85%
Waste Management (Solid Waste)	5 240 600	2 808 157	9 088	53.58%
TOTAL	498 307 400	330 641 092	127 856 222	66.35%

The total adopted Capital Budget funding structure is as follows:

SOURCE OF FUNDING	ADJUSTED BUDGET 2014/2015	ACTUAL MAY 2015 (YTD)	ORDERS PLACED	% OF ADJUSTED BUDGET SPENT
External Loans	142 572 300	90 545 123	27 100 746	63.51%
Capital Replacement Reserve	121 519 500	59 528 145	17 713 537	48.99%
MIG	86 289 500	115 238 655	59 484 709	133.55%
Grant funded Roll-over - Yellow Plant	20 277 800	-	-	0.00%
Grant Funded Roll-over - Aerial Platform	10 373 700	-	10 373 650	0.00%
Grant Funded Roll-over - Fibre Link to Empangeni	15 000 000	8 609 841	2 919 210	57.40%
Other National Government Grants	57 647 200	40 198 170	5 539 921	69.73%
Provincial Government Grants	34 701 700	7 762 010	1 312 365	22.37%
Public Contributions	8 522 800	8 141 665	2 992 495	95.53%
Reserves	1 402 900	617 482	419 589	44.01%
TOTAL	498 307 400	330 641 091	127 856 222	66.35%

The table below reflects a list of all tenders awarded in May 2015:

Tender Number	RPT Number	Project Description	Date Awarded	Amount (excl VAT)	Vote Number	Budget
				R		R
8/2/1/843	157460	Request For Additional Funding: Tender 8/2/1/843: Supply Of Fittings And Installation Of New Water Meters Within The City Of Umhlathuze's Traditional Areas	06/05/2015	Report referred back to User Department		
8/2/1/315	157807	Mandlazi Agri-Village Sewer Network Installation: Phase 1 - Variation Orders For Approval	08/05/2015	30 045 593.19	234/832/01	57 223 600.00
8/2/1/475	157676	Rural Sanitation Phase Iv. Extension Of Time And Increase In Contract Amounts For Installation Contractors	08/05/2015	56 577 352.61	234/832/01	57 223 600.00
8/2/1/1046	157706	Municipal Publications (Umhlathuze Wami), Executive Summary And Adhoc	08/05/2015	5 013 312.00	011/130/01	1 000 000.00
					011/130/02	210 000.00
8/2/1/1033	157781	Labour Content for The Installation Of Led Luminaires Along Main Road Empangeni / John Ross	08/05/2015	909 671.14	241/576/20	6 093 300.00
8/2/1/1067	157991	Expansion Of Order For Tender 8/2/1/1067: Building Of A Fibre Route Between Richards Bay Civic Centre And Empangeni Civic 1	13/05/2015	1 828 444.08	282/832/16	13 082 700.00
8/2/1/1621	157782	Increase In Quantities On Item 6 As Per Clause 22	13/05/2015	Report referred back to afford the Chairperson to communicate with User Department		
8/2/1/964	157821	Provision And Erection Of A Prefabricated Office At Richards Bay Civic Centre: Increase In Contract Amount (New Tb Clinic)	13/05/2015	843 376.49	209/632/05	505 000.00
8/2/1/930	157308	Waterproofing Of Umhlathuze Municipal Building Civic Centre - Phase 2	22/05/2015	Report referred back to User Department		
8/2/1/1003	157454	Construction Of A Change Room At Enseleni Community Hall	22/05/2015	479 921.75	216/632/23	685 000.00
8/1/2/1037	157396	Upgrade Of Mandlazi Sportsfield	22/05/2015	1 126 383.00	224/532/39	762 500.00
					224/632/26	370 000.00
8/2/1/1060	157892	Routine Maintenance Of Surfaced Roads, The Surfacing Of Gravel Roads And Concrete Work In Umhlathuze As And When Required For A Three (3) Year Period: Section 3: Milling And Placing Asphalt Base And Surfacing For 7sb Contractors - All Area	22/05/2015	Report referred back to Bid Evaluation Committee		
8/2/1/1036	157877	Upgrade Of Esikhaleni Combi Court	27/05/2015	778 756.00	224/532/21	697 500.00

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3.4 Expenditure per Category

The table below represents operating expenditure per category incurred as at 31 May 2015:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	% OF PRO- RATA BUDGET
Employee related costs	561 455 200	514 667 267	491 484 151	95%
Remuneration of Councillors	23 176 400	21 245 033	20 746 635	98%
Debt Impairment	3 050 000	2 795 833	2 795 833	100%
Depreciation	182 389 600	167 190 467	167 190 377	100%
Finance Charges	77 614 000	71 146 167	71 146 167	100%
Bulk Purchases - Electricity	933 779 300	855 964 358	887 281 262	104%
Bulk Purchases - Water	132 139 700	121 128 058	125 162 420	103%
Other Materials	35 938 900	32 943 992	36 502 242	111%
Contracted Services	178 565 400	163 684 950	159 775 150	98%
Transfers and grants	8 539 000	7 827 417	4 375 186	56%
Other Expenditure	191 292 000	175 351 000	141 748 033	81%
TOTAL	2 327 939 500	2 133 944 542	2 108 207 456	99%

Bulk Purchases – Electricity: Electricity purchases are higher in July and August due to the increase tariff charged by Eskom in the winter months. Tata Steel did not operate during the month of July and August 2014. Included in Electricity purchases are amounts in terms of the Generation Purchase agreement with Mondi.

A corresponding increase in Revenue amounting to R154.2 million is apparent under Service Charges – Electricity.

Bulk Purchases – Water: A surcharge on Water amounting to R31.5 million was charged by Mhlathuze Water for water purchased as at 31 May 2015 as Council extracted more water than normal.

In terms of Council Resolution 9904 dated 12 February 2015 it was resolved that “*Council approves the declaration of the City of uMhlathuze as a drought stricken area, the Water Conservation Plan and the Drought Management Plan (DMS 1016416) within the current financial year of 2014/2015 starting in January 2015, extending to the time when water source conditions have improved to acceptable levels as per the discussions in this report.*” The drought management plan indicates that Council will be paying for surcharge during drought conditions.

3.5 Revenue per Category

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	% OF PRO- RATA BUDGET
Rates	326 453 200	299 248 767	308 573 337	103%
Service Charges – Electricity revenue	1 295 000 000	1 187 083 333	1 266 442 411	107%
Service Charges – Water revenue	206 500 000	189 291 667	191 873 084	101%
Service Charges – Sanitation revenue	75 450 000	69 162 500	71 755 886	104%
Service Charges – Refuse revenue	60 200 000	55 183 333	56 130 246	102%
Service Charges – Other revenue	12 072 200	11 066 183	13 675 748	124%
Rental of facilities and equipment	11 561 800	10 598 317	12 943 906	122%
Interest earned – external investments	16 700 000	15 308 333	16 324 212	107%
Interest earned – outstanding debtors	1 544 000	1 415 333	1 557 665	110%
Fines	10 377 200	9 512 433	8 520 714	90%
Licences and permits	1 753 700	1 607 558	1 600 862	100%
Agency services	6 600 000	6 050 000	6 089 592	101%
Operating Grants and Subsidies	246 225 800	225 706 983	209 995 210	93%
Other Revenue	18 102 400	16 593 867	18 531 749	112%
TOTAL	2 288 540 300	2 097 828 608	2 184 014 622	104%

The above table represents operating revenue per category as at 31 May 2015.

3.6 Surplus and Deficit by Service Category

SERVICE CATEGORY	ADJUSTED BUDGET 2014/2015			ACTUAL AS AT 31 MAY 2015		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R'000	R'000	R'000	R'000	R'000	R'000
Rates and General Services						
Executive and Council	165 300	4 005 300	(3 840 000)	707 655	(554 716)	1 262 371
Budget and Treasury Office	335 480 400	5 910 300	329 570 100	336 087 850	(1 371 193)	337 459 043
Corporate Services	8 671 000	40 812 200	(32 141 200)	9 001 831	35 807 753	(26 805 922)
Community and Social Services	9 764 500	50 454 900	(40 690 400)	9 499 128	45 991 193	(36 492 065)
Sport and Recreation	2 310 600	113 827 200	(111 516 600)	5 520 429	104 220 978	(98 700 549)
Public Safety	9 727 300	118 983 600	(109 256 300)	9 482 557	96 272 397	(86 789 840)
Housing	8 226 100	15 601 300	(7 375 200)	7 244 128	12 185 499	(4 941 371)
Health	12 166 400	24 947 100	(12 780 700)	6 383 266	29 259 373	(22 876 107)
Planning and Development	1 411 800	42 490 600	(41 078 800)	1 747 728	26 340 542	(24 592 814)
Road Transport	10 883 500	149 134 000	(138 250 500)	9 515 225	131 407 013	(121 891 788)
Water (Portion of PMU funded by Rates & General Services)	2 505 350	5 819 600	(3 314 250)	24 821	4 831 847	(4 807 026)
Waste Water Management (Sanitation) (Portion of PMU funded by Rates & General Services)	2 505 350	7 514 600	(5 009 250)	1 492 387	5 996 285	(4 503 898)
Total Rates and General Services	403 817 600	579 500 700	(175 683 100)	396 707 005	490 386 971	(93 679 966)
Airport	441 300	902 700	(461 400)	544 830	573 650	(28 820)
Trading Services						
Electricity	1 392 658 000	1 153 502 100	239 155 900	1 273 056 694	1 082 251 159	190 805 535
Water	287 304 800	355 072 300	(67 767 500)	246 768 889	328 849 489	(82 080 600)
Clarified Water	15 250 000	15 107 800	142 200	18 818 001	14 076 889	4 741 112
Sewerage	167 811 800	127 510 100	40 301 700	154 150 856	105 737 852	48 413 004
Refuse Removal	103 275 000	96 343 800	6 931 200	93 968 352	86 331 448	7 636 904
Total Trading Services	1 966 299 600	1 747 536 100	218 763 500	1 786 762 792	1 617 246 837	169 515 955
Total Service Category	2 370 558 500	2 327 939 500	42 619 000	2 184 014 627	2 108 207 458	75 807 169

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The table above sets out the surplus and deficit for each service category. It is important to note that although all the trading services namely Electricity, Water, Sewerage and Refuse Removal are supposed to be profitable, only Electricity, Sewerage and Refuse Removal Services are making surplus.

As part of Council's Revenue Enhancement Policy approved in July 2013, a considerable effort needs to be made to improve the surplus for the remaining trading services by reducing expenditure or increasing revenue.

The main aim of this table is to provide information to departments in order for them to manage their respective services and ensure that revenue and expenditure is in line with budget expectations.

3.7 Debtors Age Analysis

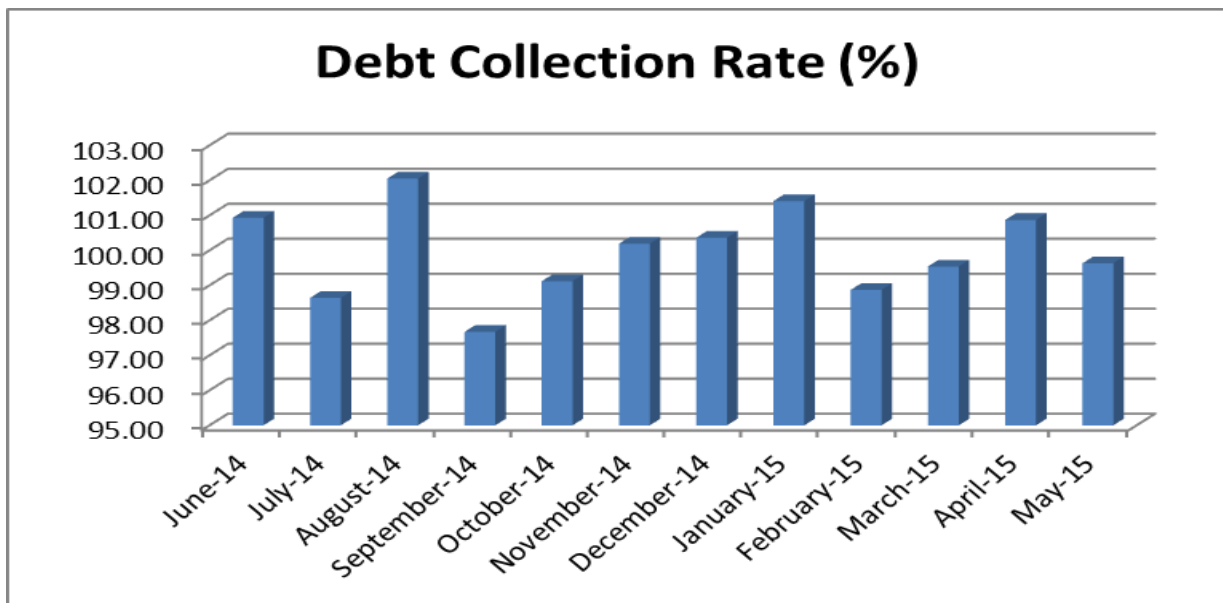
➤ Debtors age analysis by category

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Government	5 779 086	646 345	77 417	1 341 715	7 844 563
Business	147 095 195	2 502 329	1 560 412	26 624 001	177 781 937
Households	42 572 166	2 491 958	2 785 263	46 402 789	94 252 176
Other	5 726 347	724 194	787 181	13 269 507	20 507 229
Total	201 172 794	6 364 826	5 210 273	87 638 012	300 385 905
%	66.97%	2.12%	1.73%	29.18%	

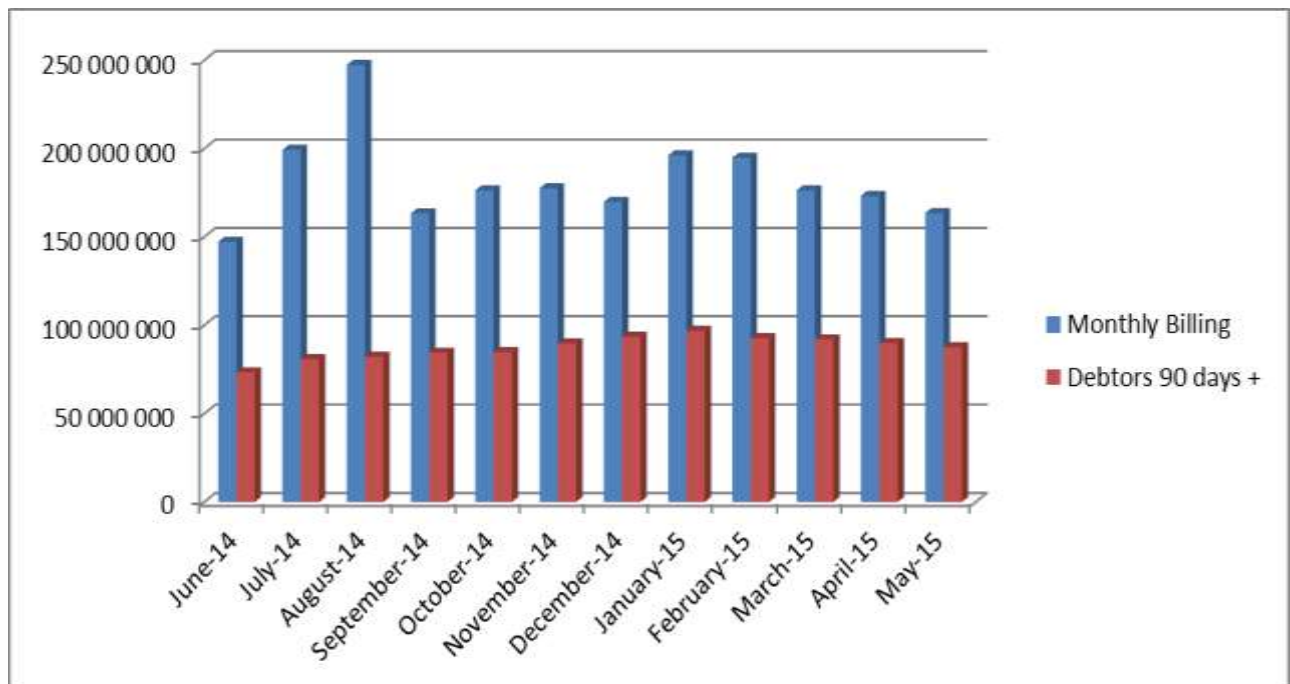
➤ **Debt Collection Rate**

The debt collection rate for the previous 12 months is as follows:

DEBT COLLECTION RATE PER MONTH	PERCENTAGE %
May 2015	99.63
April 2015	100.87
March 2015	99.54
February 2015	98.87
January 2015	101.41
December 2014	100.36
November 2014	100.19
October 2014	99.12
September 2014	97.67
August 2014	102.05
July 2014	98.64
June 2014	100.93



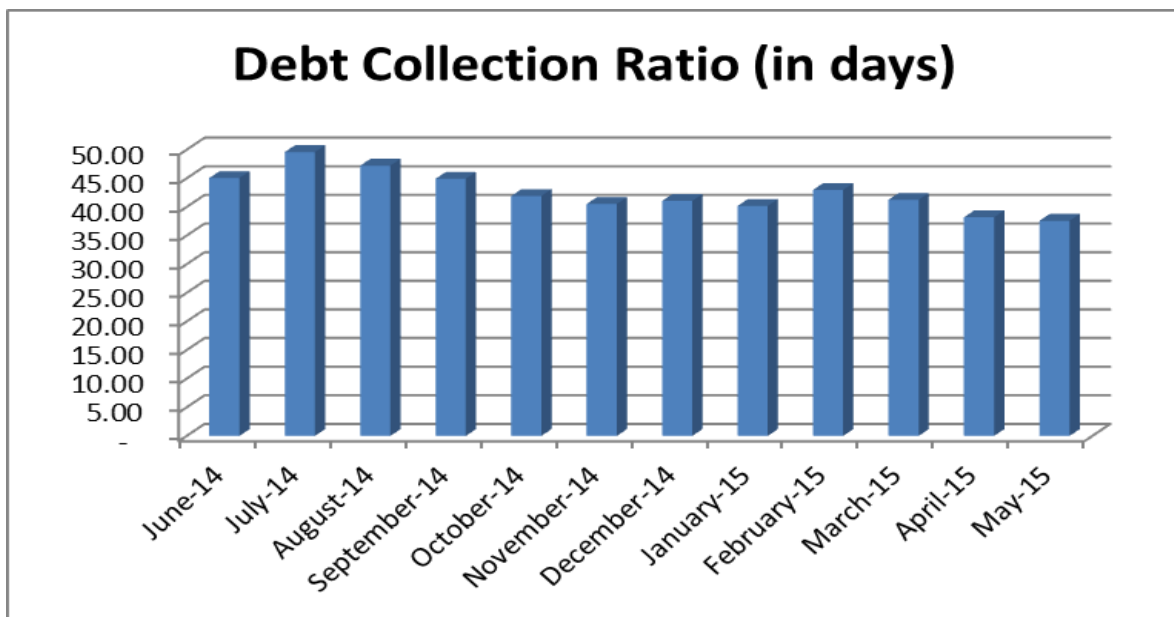
MONTH	MONTHLY BILLING	DEBTORS 90 DAYS +	PERCENTAGE %
May 2015	163 518 965	87 638 012	53.60%
April 2015	173 226 083	89 918 524	51.91%
March 2015	176 382 683	92 006 897	52.16%
February 2015	194 758 958	96 767 225	49.69%
January 2015	196 088 953	96 924 526	49.43%
December 2014	169 766 329	93 569 932	55.12%
November 2014	177 574 145	89 696 475	50.51%
October 2014	176 327 531	84 775 434	48.08%
September 2014	163 364 936	84 495 709	51.72%
August 2014	247 284 105	82 292 466	33.28%
July 2014	199 251 720	80 766 372	40.53%
June 2014	147 236 509	73 400 699	49.85%



Debt Collection Rate

The debt collection ratio in days should be below 60 days. If the ratio is at 60 days it means that your debt older than 30 days is equal to your monthly billing:

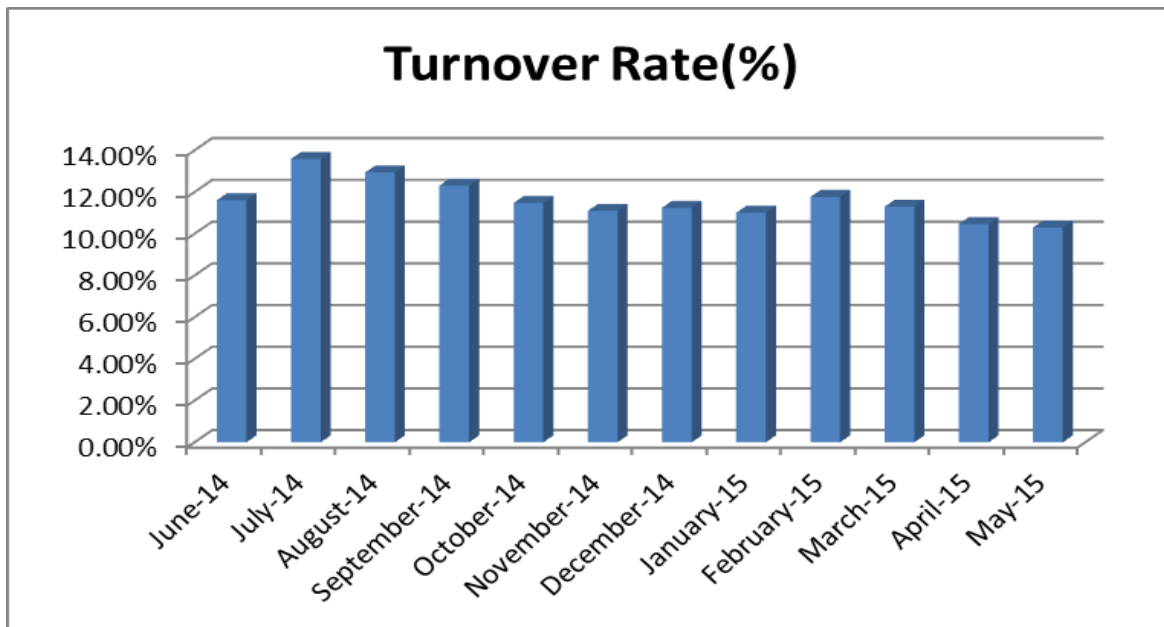
MONTH	COLLECTION IN DAYS
May 2015	37.59
April 2015	38.20
March 2015	41.26
February 2015	42.98
January 2015	40.18
December 2014	41.05
November 2014	40.52
October 2014	41.91
September 2014	44.93
August 2014	47.22
July 2014	49.59
June 2014	45.06



Turnover Rate of Debtors (%)

In terms of the key performance indicators, the turnover rate should be below 20%. If everybody in town pays their debt fully, the turnover rate will be 8.33%. Council's turnover rate is listed below and it is better than the required key performance indicator:

MONTH	TURNOVER RATE
May 2015	10.30%
April 2015	10.47%
March 2015	11.30%
February 2015	11.77%
January 2015	11.01%
December 2014	11.25%
November 2014	11.10%
October 2014	11.48%
September 2014	12.31%
August 2014	12.94%
July 2014	13.59%
June 2014	11.61%



Summary of Credit Control Technical Actions Performed

DESCRIPTION	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
SMS Notification	6 354	9 501	7 883	6 533	9 835	8 024	6 238	2 424	10 558	5 767	12 956
SMS Notification - IT & S	-	-	24 493	5 717	167 523	108 600	35 026	231 467	44 933	252 150	233 100
Final Request - Residential	3 399	3 387	3 832	4 477	3 083	3 265	2 123	3 918	4 236	2 522	3 271
Final Request - Business	365	252	329	480	187	268	202	354	409	177	307
Electricity Disconnection Level 1 (Switch Off Supply)	92	130	114	127	163	127	114	115	140	61	108
Electricity Disconnection Level 2. Remove Circuit Breaker	7	-	3	7	3	2	2	1	3	1	5
Illegal Consumption Inspection (Water or Electricity)	835	1 060	1 266	1 396	1 571	2 122	524	1 489	1 602	822	2 086
Water Restriction Level 1. (Restrict supply with a water flow restriction device)	648	741	933	1 190	825	815	708	709	495	545	730
Water Restriction Level 2. (Install water pressure reducing valve)	17	9	17	10	18	14	3	-	14	6	15
Water Disconnection (Business accounts)	68	24	24	33	26	13	23	28	24	20	25
Finals (New Consumers, moving in or out, readings taken, disconnected/reconnected)	243	267	188	182	146	167	156	172	252	192	169

➤ **Comments for Government Accounts**

The arrears 90 days+ for government accounts is restricted to just a few accounts on which there are either a dispute regarding ownership or the property is not verified yet by respective departments. The high amount in the current column is due to the annual rates being charged in July every year.

TOP 10 GOVERNMENT ACCOUNTS			
ACCOUNT NUMBER	NAME OF DEPARTMENT	TOTAL	COMMENTS
		R	
1552325	Department of Public Works	494 639.03	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is still awaited. The latest correspondence available on dms 1031396 and 1064769 and 1064777
970111	Province of Kwazulu Natal	377 831.00	This account is still under investigation and verification by the Human settlement. This is an open space property. The latest correspondence available on dms 1031396 and 1064772
1991812	Province of Kwazulu Natal	277 490.12	Property at Dumisane Makhaye Village on which a municipal pump station is situated. The matter is under investigation. The latest correspondence available on dms 1031396 and 1064772
1552318	Department of Public Works	161 145.79	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is still awaited. The latest correspondence available on dms 1031396 and 1064769 and 1064777
1552357	Department of Public Works	123 155.58	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited. The latest correspondence available on dms 1031396 and 1064769 and 1064777
281009	Department of Public Works	94 239.91	A meeting was held with DPW officials and invoices submitted. The department is still verifying the status of the school. Payment is pending. The latest correspondence available on dms 1031396 and 1064773 and 1064774
196836	Department of Public Works (Health)	69 965.54	Invoices have been submitted to DPW & Health - awaiting payment. The latest correspondence available on dms 1064756
1340659	Department of Public Works	43 166.59	This account is still under investigation and verification by the department (Ngw B451 service charges). Meetings were held with officials from the DPW and all relevant info submitted. The latest correspondence available on dms 1031396
1009849	Department of Public Works	37 238.11	This account is still under investigation and verification by the department (Ngw B451 - rates). Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited. The latest correspondence available on dms 1031396 and 1064774
325680	Department of Public Works	26 741.81	This account is still under investigation and verification by the department. Meetings were held with officials from the DPW and all relevant info submitted. Payment is awaited. The latest correspondence available on dms 1031396 and 1064778

➤ **The Top 10 Arrear Business Accounts**

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
1854904	Basfour 3721 (Pty) Ltd	15 258 183	18 216 590	Basfour 3721 (Pty) Ltd / Indlovu Dev T rust Trustees is the account for some of the commission in respect of the 40% on sales above the agreed threshold in respect of the Golf Estate. The developer is currently disputing the amount. The matter has been handed over to Council's attorneys. Summons has been issued and the case is defended. The setting down of the court date by the Registrar of the High Court is awaited. Council has now launced an anti-dissapation order application in an attempt to prevent the debtor from selling all his assets. This is to try and prevent a case where Council could be successful with the court case but still have no assets to attach A decicion was also taken to refuse the issuing of clerance cerificates and this matter is also now going to be heard in court as they have launched a counter application to force Council to issue clearance certificates. The court date for the urgent applications will be heard is set for early in June 2015. The matter is still in progress.
1929003	Zotec development (Pty) Ltd	4 012 360	4 012 360	Zotec Development (Pty) Ltd refers to an account for contribution charges after the development of the Old Mill Security Estate. The matter is set down for Arbitration. No further progress since previous report.
1623456	Richards Bay IDZ	3 788 017	3 788 017	Richards Bay IDZ is in respect of the rental charged to the IDZ for the vacant site that they fenced in but did not utilise. The monthly rental was stopped, the outstanding balance is included in the sale price and should accordingly be written back
1940649	Shifting Sands (Pty) Ltd	912 490	1 201 006	The account is in respect of services to a business park in Empangeni. The charges were charges to the previous owner and there was a large amount corrected on the account. There are still some aspects of the account that is under dispute which require possible correction and the Metered Services Section within the Finance Department is working to resolve it.
1610626	Tisand (Pty) Ltd	2 481 554	2 739 918	Tisand (Pty) Ltd is in respect of the water surcharge being levied against the debtor. The matter is under dispute and is with Council's attorneys. Council attorneys have now advised of a similar matter which now provides case law. The advise is currently being studied and will be reported on.

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
416383	River Rock Invest (Pty) Ltd	1 264 558	1 469 628	River Rock Investments is in respect of unpaid charges in respect of rental that are under dispute. Matter still under consideration by legal services. They are paying their monthly charges excluding the disputed charge
392020	River Rock Invest (Pty) Ltd	561 210	1 237 065	River Rock Investments is in respect of unpaid charges in respect of rates that are under dispute. Matter still under consideration by legal services. They are paying their monthly charges excluding the disputed charge
1941346	Mcclelland Prop Dev	760 102	849 714	The account is in respect of rates and basic services to an industrial property behind the Ngwelezane Hospital. The property previously belonged to Ithala. There is a dispute between the new owner and Ithala because it appears as if a large portion of the property was incorrectly deemed to be part of the traditional area and several private houses were constructed on the property, even over the property's access to the main road. The matter is currently under discussion with the debtor and his attorneys. The debtor now wants to settle the account in installments and final agreement on the terms are being negotiated. The debtor failed to respond to finalise this matter and the account is now handed over to Council's attorneys. The debtor's attorneys have now applied for rates clearance figures and the total debt will be paid before the clearance is issued.
1929028	PSE Development Initiatives (Pty) Ltd	629 149	629 149	PSE Dev Initiatives refers to an account for contribution charges after the development of certain low cost housing initiatives around Ngwelezane. The debtor paid R300 000 towards the debt and requested some leniency for the balance. A separate report will serve in this regard.
2024857	Sugarberry Trading	522 960	522 960	The account is for the contract for litterbin advertising. The details of this debt was reported continuously in the quarterly report from the department. It was resolved that the contract be cancelled and the account handed over to Council's attorneys for collection. The contract was formally cancelled and have now been handed over to Council's attorneys for collection.

3.8 Employee Debt / Councillor Debt

At a previous Financial Services Portfolio Committee meeting, Councillors requested that Official's and Councillor's debt be submitted to Council.

Employee debt amounts to R152 744,03 as per **Annexure AB - DMS 1061653**.

Councillor's debt amounts to R10 436,04 as per **Annexure AC - DMS 1061653**.

4. EXCEPTION REPORTING ON OPERATING EXPENSES – FOR ENTIRE MUNICIPALITY

The Chief Financial Officer will highlight what he deems are important observations on the operating expenditure in this Section, where after Departments will provide specific comment on their own Sections.

It is very important for Council and the Administration to understand that although the liquidity situation is improving and there is a surplus on the current figures, expenditure has to take place in accordance with the approved budget. **If not, the objective of attempting to create internal reserves for future Capital Expenditure from accumulated cash reserves is not going to materialise.**

4.1 Employee related costs

Although total employee related expenditure is within budgetary limits, overtime expenditure has marginally exceeded its budgetary limits. Below is a table indicating overtime expenditure at the request of Council, which allows this expenditure to be monitored and managed on a monthly basis:

EXPENDITURE PER CATEGORY	ADOPTED BUDGET 2014/2015	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	(OVER) EXPENDITURE	% OF PRO-RATA BUDGET SPENT
	R'000	R'000	R'000	R'000	R'000	%
Overtime	30 740 100	33 558 200	30 761 683	33 258 566	(2 496 883)	108%

The table below indicates the total number of overtime hours worked and the total number of temporary and permanent employees:

EMPLOYEES	JULY 2014		AUGUST 2014		SEPTEMBER 2014	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	25 402	731	29 857	728	24 802	710
Temporary	2 150	105	416	33	530	35
	27 552	836	30 272	761	25 332	745

EMPLOYEES	OCTOBER 2014		NOVEMBER 2014		DECEMBER 2014	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	30 387	768	31 979	768	25 529	732
Temporary	1 034	108	210	106	139	15
	31 421	876	32 189	874	25 668	747

EMPLOYEES	JANUARY 2015		FEBRUARY 2015		MARCH 2015	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	30 387	768	35 612	726	26 244	725
Temporary	1 034	108	44	7	6	1
	31 421	876	35 656	733	26 250	726

EMPLOYEES	APRIL 2015		MAY 2015	
	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	26 857	740	44188.5	770
Temporary	1 322	75	1 022	73
	28 179	815	1 022	843

Planned Repairs and Maintenance programmes should be a standard practice for both infrastructure and movable assets such as Plant and Vehicles.

The table below represents the expenditure incurred on overtime for each department for the month of May 2015. The relevant departments have supplied the comments for the over-expenditure incurred on overtime.

DEPARTMENT	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	(OVER) EXPENDITURE	% OF PRO- RATA BUDGET SPENT
	R	R	R	R	%
City Development	-	-	-	-	0%
Community Services	17 308 500	15 866 125	17 581 035	(1 714 910)	111%
Corporate Services	403 200	369 600	453 130	(83 530)	123%
Financial Services	119 600	109 633	99 909	9 724	91%
Infrastructure and Technical Services	15 726 900	14 416 325	15 124 492	(708 167)	105%
Office of the Municipal Manager	-	-	-	-	0%
Total	33 558 200	30 761 683	33 258 566	(2 496 883)	108%

Detailed explanations that have been provided by the departments on the over-expenditure reflected in the table above have been included below (5. Exception Reporting - Departmental).

4.2 Volume of Transfers

Through the Adjustment budget process, Council condoned transfers that occurred during the period July 2015 to January 2015. Subsequent to the approval of the Adjustment Budget a further 481 transfer of funds forms have been received by the budget office from the departments. As over the previous financial years due to the excessive use of the Virement Policy (transfer of funds), it is anticipated that the number and value of transfers will increase as the year progresses. This practice is a risk to proper planning and service delivery. Departments are therefore urged to refrain from this practice. Non-priority spending should be avoided at all costs. Managers and Deputy Municipal Managers should scrutinise the transfers that are received for approval.

Type of Transfer of Funds	February 2015	March 2015	April 2015	May 2015	Total Number of Transfers
Capital	14	82	63	45	204
Operating	57	84	65	71	277
Total	71	166	128	116	481

The table below reflects the value of transfer of funds per department:

Department	February 2015	March 2015	April 2015	May 2015	Total Value of Transfers
Corporate Services	1 048 000	2 223 400	193 500	650 800	4 115 700
Community Services	309 200	1 840 000	2 270 000	1 101 900	5 521 100
Office of The Municipal Manager	15 000	12 000	99 000	62 500	188 500
City Development	41 400	52 800	40 700	14 200	149 100
Financial Services	3 000	272 500	260 200	666 900	1 202 600
IT S - Electrical Supply Services	2 532 600	9 276 000	531 600	2 303 200	14 643 400
IT S - Engineering Support Services	4 700	23 500	511 000	61 500	600 700
IT S - Roads and Stormwater	579 000	3 157 500	1 113 500	918 000	5 768 000
IT S - Water and Sanitation Services	267 600	1 091 100	759 000	51 900	2 169 600
Total	4 800 500	17 948 800	5 778 500	5 830 900	34 358 700

4.3 Capital Transfers

The table below reflects all the capital transfers received to date. In terms of Section 5.12 – 5.14 of the Virement Policy (**RPT 147986 - DMS 635065**) the capital transfers listed below must be approved by Council:

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
City Development	213/544/01	219/532/184	6 300	Report Pending
City Development	213/544/01	282/536/88	1 000	Report Pending
City Development	213/544/01	282/536/99	10 400	Report Pending
City Development	228/832/04	228/836/02	2 500	Report Pending
City Development	228/832/04	228/836/02	1 000	Report Pending
Community Service - Environmental and Recreation Services	027/297/0	227/510/0	30 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/15	216/632/140	22 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/23	216/632/18	100 000	Report Pending
Community Service - Environmental and Recreation Services	216/632/24	216/632/18	255 000	Report Pending
Community Service - Environmental and Recreation Services	224/532/23	271/500/358	773 100	Report Pending
Community Service - Environmental and Recreation Services	224/532/57	222/572/84	1 200 000	Report Pending
Community Service - Environmental and Recreation Services	224/632/27	209/632/06	1 000 000	Report Pending
Community Service - Environmental and Recreation Services	227/532/18	027/022/0	30 000	Report Pending
Community Service - Environmental and Recreation Services	227/544/02	227/536/05	3 000	Report Pending
Community Service - Environmental and Recreation Services	242/532/10	242/532/42	3 000	Report Pending
Community Service - Environmental and Recreation Services	242/532/39	242/532/42	8 000	Report Pending
Community Service - Environmental and Recreation Services	242/532/44	242/532/34	520 000	Report Pending
Community Service - Environmental and Recreation Services	242/536/11	242/536/12	2 700	Report Pending
Community Service - Environmental and Recreation Services	273/536/03	273/544/0	5 000	Report Pending
Community Service - Environmental and Recreation Services	273/636/05	273/644/02	4 000	Report Pending
Community Service - Health and Public Safety	205/536/36	271/500/356	10 400	Report Pending
Community Service - Health and Public Safety	205/536/40	271/500/356	3 700	Report Pending
Community Service - Health and Public Safety	205/536/41	271/500/356	1 900	Report Pending
Community Service - Health and Public Safety	205/536/45	271/500/356	6 100	Report Pending
Community Service - Health and Public Safety	205/536/47	271/500/356	4 300	Report Pending
Community Service - Health and Public Safety	205/536/48	271/500/356	10 800	Report Pending
Community Service - Health and Public Safety	205/544/03	271/500/356	7 600	Report Pending
Community Service - Health and Public Safety	208/536/02	282/536/87	16 000	Report Pending
Community Service - Health and Public Safety	209/532/07	271/500/352	16 100	Report Pending
Community Service - Health and Public Safety	212/532/04	271/900/02	47 300	Report Pending
Community Service - Health and Public Safety	219/532/136	233/544/01	1 600	Report Pending
Community Service - Health and Public Safety	219/532/142	219/532/147	63 600	Report Pending
Community Service - Health and Public Safety	219/532/145	219/532/147	700	Report Pending
Community Service - Health and Public Safety	219/532/150	219/532/147	26 200	Report Pending

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Community Service - Health and Public Safety	233/536/12	219/532/147	5 300	Report Pending
Community Service - Health and Public Safety	233/536/13	219/532/147	65 000	Report Pending
Community Service - Health and Public Safety	233/536/16	233/536/18	10 000	Report Pending
Community Service - Health and Public Safety	233/536/16	233/536/19	7 700	Report Pending
Community Service - Health and Public Safety	271/600/116	219/632/60	9 900	Report Pending
Corporate Services - Administration	201/544/03	282/536/43	14 600	Report Pending
Corporate Services - Administration	201/544/03	282/536/97	2 000	Report Pending
Corporate Services - Administration	201/544/03	282/536/98	27 000	Report Pending
Corporate Services - Administration	201/544/03	282/536/98	6 000	Report Pending
Corporate Services - Administration	230/536/10	282/536/97	13 200	Report Pending
Corporate Services - Administration	230/544/01	219/532/177	12 400	Report Pending
Corporate Services - Administration	282/536/78	282/536/43	30 000	RPT 158202
Corporate Services - Administration	282/536/78	282/536/43	45 000	RPT 158202
Corporate Services - Administration	282/536/81	219/532/0	15 900	RPT 158202
Corporate Services - Administration	282/536/84	282/536/43	96 000	RPT 158202
Corporate Services - Administration	282/832/16	271/800/05	301 300	RPT 158202
Corporate Services - Administration	282/832/16	282/836/16	1 050 000	RPT 158202
Corporate Services - Administration	282/832/16	282/836/17	566 000	RPT 158202
Corporate Services - Human Resources	214/544/01	282/536/105	1 500	Report Pending
Corporate Services - Human Resources	221/544/01	282/536/105	2 500	Report Pending
Corporate Services - Human Resources	277/536/03	282/536/105	2 900	Report Pending
Corporate Services - Human Resources	277/536/04	282/536/105	700	Report Pending
Corporate Services - Human Resources	277/544/0	282/536/105	700	Report Pending
Financial Services	040/022/0	219/532/185	36 000	Report Pending
Financial Services	219/510/0	040/297/0	36 000	Report Pending
Financial Services	219/532/146	282/536/72	54 900	Report Pending
Financial Services	219/532/148	219/532/181	25 000	Report Pending
Financial Services	219/532/148	240/544/07	15 000	Report Pending
Financial Services	219/532/149	219/532/178	39 000	Report Pending
Financial Services	219/532/149	219/532/179	80 600	Report Pending
Financial Services	219/532/149	219/532/180	20 000	Report Pending
Financial Services	219/532/149	219/532/181	50 400	Report Pending
Financial Services	219/532/175	219/532/178	27 600	Report Pending
Financial Services	219/532/175	219/532/181	600	Report Pending
Financial Services	219/532/175	282/536/72	5 800	Report Pending
Financial Services	219/532/175	282/536/94	5 000	Report Pending
Financial Services	219/532/179	282/536/72	800	Report Pending
Financial Services	282/536/85	240/544/06	15 800	Report Pending
Financial Services	282/536/85	282/536/94	9 200	Report Pending
Financial Services	282/536/91	282/536/72	12 600	Report Pending
Financial Services	282/536/92	282/536/72	100 000	Report Pending
Financial Services	282/536/94	282/536/72	1 900	Report Pending

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Infrastructure and Technical Services - Electrical Supply Services	030/297/0	255/510/0	806 800	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	152 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	150 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	40 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	055/297/0	255/510/0	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	077/297/0	255/510/0	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	241/576/26	282/536/102	20 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	250/644/0	239/636/0	2 900	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	250/644/0	239/636/02	6 100	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	030/080/09	806 800	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/198/b4	180 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/228/01	40 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/228/04	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/15B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A2	152 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A4	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/1A4	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/3B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	100 000	RPT 158024

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	20 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	60 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	100 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5A4	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	055/238/5B2	50 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	077/072/19	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	219/532/182	1 500 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	222/572/78	2 000 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	222/572/83	550 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	250/572/03	400 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	250/572/04	200 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	250/572/05	100 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	260/584/30	1 400 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	272/536/18	80 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	272/536/19	20 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/572/18	282/536/100	6 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/27	241/676/26	300 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/42	255/632/57	15 500	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/42	276/636/02	94 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	250/632/01	212 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	255/632/42	200 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	255/632/42	200 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	281/644/01	22 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/53	282/636/39	11 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/632/58	255/632/57	65 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/632/58	255/632/57	35 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/636/11	255/632/57	9 500	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	222/672/83	365 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	250/672/03	1 000 000	RPT 158024
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	282/636/40	40 400	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/672/32	282/636/40	40 400	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/672/35	257/636/02	13 500	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/672/35	282/636/41	8 500	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/672/36	281/636/03	40 000	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	255/672/36	282/636/41	11 500	Report Pending
Infrastructure and Technical Services - Electrical Supply Services	272/644/0	282/636/37	16 000	RPT 158024
Infrastructure and Technical Services - Engineering Support Services	267/636/02	219/632/138	4 700	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	11 900	Report Pending

DEPARTMENT	CAPITAL VOTE TRANSFER FROM	CAPITAL VOTE TRANSFER TO	AMOUNT	RPT/COUNCIL RESOLUTION NUMBER
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	24 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	11 900	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	022/297/0	222/510/0	24 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	030/297/0	270/510/0	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	030/297/0	270/510/0	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	222/510/0	30 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	11 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	056/297/0	270/510/0	11 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	068/297/0	222/510/0	22 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	219/532/92	222/544/01	2 800	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/516/02	270/500/03	150 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/022/0	11 900	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/022/0	11 900	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/046	19 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/046/0	19 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/164/0	5 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	022/164/0	5 600	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	056/010/02	30 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	068/010/03B	22 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	222/544/01	41 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/536/03	282/536/100	6 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/572/74	222/572/77	21 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/572/75	222/572/77	4 800	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/672/11	222/672/81	50 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	222/672/84	222/672/86	234 400	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/500/03	056/247/b4	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/500/03	056/247/b4	165 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	030/094/033	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	030/094/033	26 500	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/010/02	10 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/010/02	10 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/110/0	1 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	270/550/128	056/110/0	1 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	271/600/117	222/672/86	1 100	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	271/600/118	219/632/56	4 000	Report Pending
Infrastructure and Technical Services - Transport, Roads and Stormwater	271/600/118	222/672/86	143 800	Report Pending
Infrastructure and Technical Services - Water and Sanitation	234/632/24	270/650/040	600 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	237/532/06	282/536/100	6 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	243/536/03	282/536/100	6 000	RPT 157903
Infrastructure and Technical Services - Water and Sanitation	246/636/01	219/632/59	50 000	RPT 157903
Office of The Municipal Manager	239/544/01	239/536/01	3 500	Report Pending
			24 446 500	

5. **EXCEPTION REPORTING - DEPARTMENTAL**

5.1 **Community Services, Health and Public Safety and Recreational and Environmental Services**

5.1.1 **Overtime**

COMMUNITY SERVICES, HEALTH AND PUBLIC SAFETY					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
COMMUNITY SERVICES AND HEALTH					
005	Fire Brigade	2 516 800	2 307 067	2 241 707	65 360
006	Traffic	3 180 300	2 915 275	2 887 372	27 903
009	Clinic	128 200	117 517	122 317	(4 800)
029	Commuter Facilities	108 300	99 275	121 062	(21 787)
032	Street Cleaning	4 981 600	4 566 467	5 187 678	(621 211)
033	Refuse Removal	4 190 300	3 841 108	4 511 858	(670 750)
037	Public Conveniences	141 000	129 250	156 073	(26 823)
Total		15 246 500	13 975 959	15 228 067	(1 252 108)

□ **Vote 009 – Clinic**

Richards Bay Clinic extended its services in January 2014, which resulted in shift workers having to be paid for Public holidays as well as weekends. Due to an administrative error the shift workers did not receive their overtime in the previous financial year. Payment was made in July 2014. Furthermore, a replacement contract worker is required when the contract worker is sick or on leave. This contributes to increased expenditure.

□ **Vote 029 - Commuter Facilities, Vote 032 - Street Cleaning and Vote 037 - Public Conveniences**

Overtime is unavoidable in order to keep the City clean. April had four weekends, which makes 8 days (Saturdays and Sundays) regarded as overtime. These three (3) holidays in April contributed to over-expenditure. Therefore, although there was over-expenditure but it was stable without any abuse. It bears noting that over-expenditure was incurred as a result of weekends and holidays. The expenditure has been stable for the last two or more years. In the meantime the Section is putting stringent measures to ensure that there is no abuse of overtime without compromising cleanliness of the City.

COMMUNITY SERVICES - ENVIRONMENTAL AND RECREATION SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
COMMUNITY SERVICES AND HEALTH					
002	Cemetery	857 100	785 675	806 068	(20 393)
016	Municipal Halls	91 800	84 150	99 051	(14 901)
024	Sport Development and Sports Field	210 000	192 500	213 583	(21 083)
027	Beach Facilities	400 600	367 217	455 486	(88 269)
042	Swimming Pools	435 500	399 208	729 542	(330 334)
073	Parks Distribution Account	67 000	61 417	49 237	12 180
Total		2 062 000	1 890 167	2 352 967	(462 800)

□ **Vote 002 - Cemetery**

Burials fluctuate from month to month. Due to the high volume of internments over weekends and public holidays it is necessary for the staff to perform such duties. The focus has lately changed for internments from weekdays to weekends.

□ **Vote 24 - Sport Development and Sportsfield**

Due to a number of high profile events taking place at various sport facilities on weekends, officials had to be on site and do cleaning throughout those events.

□ **Vote 027 - Beach Facilities**

The warm weather experienced during this period resulted in public flocking to the beaches. Facilities being available 7 days a week, including the recent public holidays, resulted in the increased overtime expenditure. The Blue Flag Status awarded to the City also requires that staff be present at all times to ensure that the facility is kept to the required standard at all times and thus, contributing to the over-expenditure.

□ **Vote 042 - Swimming Pools**

The facilities are open 7 days a week and need staff for the general cleaning of the swimming pool as well as the area. More public are utilising the pools during the public holidays, thus adding to over-expenditure.

5.2 Corporate Services

5.2.1 Overtime

CORPORATE SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ADMINISTRATION					
001	Administration	225 800	206 983	329 530	(122 547)
030	Council General Expenditure	68 100	62 425	87 113	(24 688)
078	Printing and Photocopying	52 500	48 125	36 487	11 638
082	IT Services	56 800	52 067	-	52 067
Total		403 200	369 600	453 130	(83 530)

□ Vote 001 - Administration

Reasons for Overtime over expenditure at the Corporate Services - Administration in May 2015:

1. It is in respect of after-hours compiling, printing and delivering of agendas. Items from Departments in most instances do not reach the Committee Section on time causing unnecessary delays in the compiling, printing and delivering of the agenda.
2. The Call Centre operates 24 hours 7 days a week including Sundays which is a constant overtime calculated at a rate of 0,5.

□ Vote 030 - Council General Expenditure

The expenditure on overtime is in respect of after-hours compiling, printing and delivering of agendas. Items from Departments in most instances do not reach the Committee Section on time causing unnecessary delays in the compiling, printing and delivering of the agenda.

5.3 Financial Services

5.3.1 Overtime

FINANCIAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
040	Financial Services	34 400	31 533	3 613	27 920
066	Supply Chain Management Unit	85 200	78 100	96 297	(18 197)
Total		119 600	109 633	99 910	9 723

□ Vote 066 - Supply Chain Management Unit

The Supply Chain Management Unit (SCMU) provides support service to various user departments that must ensure that municipal services are provided 24 hours a day. The Unit personnel are therefore required on rotation basis to be on standby in order to issue breakdown materials after hours to ensure the continuity of service delivery. The only planned overtime is the issuing of fuel every Saturday and some public holidays. The Unit's overtime is inherent to the needs of user departments and it is therefore difficult to ascertain and budget for the number of breakdowns during the year.

5.4 Infrastructure and Technical Services

5.5.1 Overtime

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ELECTRICAL SUPPLY SERVICES					
057	Electricity Marketing and Customer Service	45 800	41 983	24 851	17 132
072	Electricity Distribution	4 407 300	4 040 025	4 219 215	(179 190)
079	Traffic Technical Distribution	26 700	24 475	13 314	11 161
081	Electrical Planning & Dev	-	-	-	-
083	Electrical Support Services	122 300	112 108	114 315	(2 207)
Total		4 602 100	4 218 591	4 371 695	(153 104)

□ **Vote 072 – Electricity Distribution**

Please note that the 4% over-expenditure is informed by the significant increase in **load shedding** schedules which is planned by Eskom. There were no many power interruptions, and power interruptions have been declining to acceptable standards. Nevertheless, the load shedding is disturbing the Municipal network.

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
ENGINEERING SUPPORT SERVICES					
038	Engineering Support	7 800	7 150	7 733	(583)
067	Mechanical Services	524 600	480 883	466 064	14 819
Total		532 400	488 033	473 797	14 236

□ **Vote 038 - Engineering Support Services**

The GMS Section had two vacancies since May 2014 thus the increase in workload and the need to work overtime. The time sheets backlog needed to be rectified before the financial year end for ease of complying with the finance requirements.

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
TRANSPORT, ROADS AND STORMWATER					
068	Roads and Stormwater	74 900	68 658	70 261	(1 603)
Total		74 900	68 658	70 261	(1 603)

□ **Vote 068 - Roads and Stormwater**

Overtime was performed during the Festive Period at the Beaches.

INFRASTRUCTURE AND TECHNICAL SERVICES					
OVERTIME					
VOTE	DESCRIPTION	ADJUSTED BUDGET 2014/2015	PRO-RATA BUDGET (YTD)	ACTUAL MAY 2015 (YTD)	UNDER/(OVER) EXPENDITURE
		R	R	R	R
WATER AND SANITATION SERVICES					
062	Scientific Services	48 800	44 733	27 737	16 996
074	Water & sewerage distribution	10 015 600	9 180 967	9 743 248	(562 281)
087	Sewerage & Pumpstations Distribution	453 100	415 342	437 754	(22 412)
Total		10 517 500	9 641 042	10 208 739	(567 697)

□ **Vote - 074 Water and Sewerage Distribution**

A major factor that contributes to overtime over expenditure is the ever increasing of the Municipality's 'ageing' water and wastewater infrastructure, which resulted in more pipe bursts and leaks. The less or no budget on Capital water and sewer replacement projects is steadily resulting in an increase in pipeline failures and breakdowns. Another additional factor that contributes largely to increased overtime is that of continuous breakdown/failures experienced from Municipal Fleet. Most of the Council Fleet currently being utilised are spending more time in workshop than at work, i.e. if four vehicles are at the workshop, therefore 16 people are redundant and all work that is supposed to be done during the day will only be done after hours by standby teams. The lack of capital expenditure to replace and repair these vehicles is negatively impacting on the operational overtime budget. When Fleet is unavailable or in short supply emergency water or sewer repair work can at most times be escalated to after hours. The other factor that contributes is the delivery of water to rural communities and to all areas affected by no water due to either pipe bursts or water demand problems.

□ **Vote - 087 Sewerage and Pumpstation Distribution**

At the Empangeni Group pumps and Reservoirs, Reservoir Readings, Cleaning of screens and inspections were undertaken. This is a daily task done by Empangeni Plumbers. Mechanical Section assists on alternate weekends including public holidays so that their staff has a weekend off and also assist Empangeni Plumbers with grass cutting at Reservoirs. At the Arboretum and Alton Macerator, there is a Shortage of staff at both Macerators. Staff are required to work double shifts when another employee is off sick/leave. Standby personnel are called out to purchase food for staff working overtime. During Load shedding, staff called out to monitor levels. Personnel were called out to assist plumbers switching pumps off/on as they were working on main line (Magazulu) due to blockages, overflows and electrical problems encountered after hours at various pumpstations. Cleaning of Pumpstations was carried over after hours due to problems at pumpstations (S/C 2 AND ARB1).

6. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1061659**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEX
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y

PART 2 - SUPPORTING DOCUMENTATION

7. **DEBTORS ANALYSIS**

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) for the month ended 31 May 2015.

8. **CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 31 May 2015.

9. **INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 31 May 2015.

10. **ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE**

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) for the month ended 31 May 2015.

11. **COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 31 May 2015.

12. **CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 31 May 2015:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure G**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding (**Annexure H**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**).

Actual capital expenditure which represents payments made during the reporting period, constitutes only 66,35% (R330,6 million) of the Adjusted budget of R498 million. Refer to 3.3 above for capital budget summary.

14. AMENDMENT TO VIREMENT POLICY (DMS 635065)

Council adopted the Virement Policy in terms of Council resolution 6737 dated 6 July 2010.

The policy allows for the review of various paragraphs as the need arises. As a result of this various amendments have been necessary over the previous financial years.

Council recently raised concerns on the number of reports serving requesting approval of capital virements (transfers). Capital projects are approved in terms of the Tabled Budget and communities through the Budget Participation process are advised that a project will be undertaken in their ward. However, funds are reallocated to other capital projects and Council approval is only requested retrospectively after the transfer has already occurred.

The Chief Financial Officer is therefore proposing that paragraph 5.12 and 5.13 of the virement policy (**Annexure AE) (DMS 635065)** be amended as follows:

*“5.12 As Council approves a detailed Capital Budget by individual project no virements are permitted between capital projects unless Council approval is obtained **prior to the commencement of the project.***

*5.13 No virements of which the effect will be to add “new” projects onto the Capital Budget, will be allowed unless Council approval is obtained **prior to the commencement of the project.**”*

15. MUNICIPAL MANAGER’S QUALITY CERTIFICATION

Refer to **DMS 1064450 (Annexure AD)**.

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in detail throughout the report.

LEGAL IMPLICATIONS

The monthly financial report is prepared in terms of Section 71 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive summary contained in this report for comments.

DISCUSSION BY THE FINANCIAL SERVICES PORTFOLIO COMMITTEE ON 25 JUNE 2015

The report was noted with appreciation when taking the improvement made in terms of the Capital Budget. It bears noting that on the Financial Reporting of May 2014, the spending was only 37%, which meant that only R173,3 out of R497,9 Million was spent. At present spending is at 66,35% and the Chief Financial Officer indicated that orders of R127,9 million have been placed which will increase the spending to circa 80%.

It was pointed out that the Tourism Budget was severely underutilised as only 6% was spent out of the Budget of R3 million.

The Business debts which were in arrears for some time were a cause for concern especially as they have been pending for a long time. The CFO assured the Committee that he will do his best to ensure that monies indebted to Council such as Basfour 3721 Limited are recovered. The Debts by Government Departments are attended to by the Mayor's office as was advised by the Executive Committee of 10 March 2015 that correspondence be entered into with the MEC's of the relevant Government Departments that are indebted to Council under the hand of the Mayor as a political intervention.

The negative comments from Water and Sewerage Distribution under elaboration by Departments regarding the over expenditure were noted with disappointment that a harsh tone of reporting by the Manager as reflected in the report is extremely negative.

RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 31 May 2015, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), and as set out in the monthly budget statement tables **(DMS 1061659)**, be noted; and
2. that Council's approved Virement Policy **(DMS 635065)** be amended as follows:
 - 5.12 As Council approves a detailed Capital Budget by individual project no virements are permitted between capital projects unless Council approval is obtained **prior to the commencement of the project.**
 - 5.13 No virements of which the effect will be to add "new" projects onto the Capital Budget, will be allowed unless Council approval is obtained **prior to the commencement of the project.**