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## FINANCIAL REPORTING AS AT 29 FEBRUARY 2016

*This report served before the Financial Services Portfolio Committee on 30 March 2016. The recommendations were supported.*

### PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 29 February 2016, as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

### IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 Ensure GRAP compliance 5.1.1.2 SCOA compliant ( new reform) 5.1.1.3 Review of all budget related policies 5.1.1.4 Adherence to all MFMA and budget and reporting 5.1.1.5 Compliance with the Supply Chain Management regulation and PPPFA
	5.1.2 Sustainable Financial and supply chain Management	5.1.2.1 Improve internal communication on budget matters 5.1.2.2 Maintenance of fixed asset register 5.1.2.3 Credit control and debt collection 5.1.2.4 Compliant internal controls 5.1.2.5 Compliant grant reporting 5.1.2.6 Obtain targeted cash-backed statutory reserves 5.1.2.7 Development and appropriate training and assistance to employees 5.1.2.8 Identify and redress water and electricity tampering 5.1.2.9 Demand and acquisition management 5.1.2.10 Warehouse management 5.1.2.11 Contract administration

### 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 issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format was set out.

Furthermore, National Treasury 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.

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 made the regulations as set out in Government Gazette No 37577 **(DMS 974357)** dated 22 April 2014.

These Regulations apply to all Municipalities and Municipal entities and indicate its applicability and relevance to each specific Municipal environment while accommodating organisational uniqueness and structural differences. These regulations take effect on 1 July 2017.

The objective of these regulations is to provide for a national standard, uniform recording and classification of municipal budget and financial information at transactional level by prescribing a standard chart of accounts for municipalities.

Once these regulations are effective the financial reporting will be aligned (budget reporting and financial statements reporting). The regulations require that the financial system used by Municipalities must be compliant with the standard chart of accounts. This means that the financial systems of Municipalities must be capable to accurately record all financial transactions in terms of the required segments. The current financial system used by the Municipality does not provide for the recording of financial transactions as required by the regulations.

The implementation of these regulations requires that the Municipality must proactively procure a financial system solution that will be compliant with the standard chart of accounts. Of similar importance is the provision for training of responsible officials to ensure that they attend the trainings and workshops to be provided by National Treasury.

In terms of Council Resolution 8901 dated 26 November 2013, Council was selected as a Pilot Site for the mSCOA implementation.

**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 February 2016 is included under **Annexures Z and AA (DMS 1117068)**.

## **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 FOR THE MONTH - FEBRUARY 2016**

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;**

The Mayor has considered the Section 71 report for the month of February 2016, and the performance of the Municipality against its budget is in line with the budget that was approved by council in May 2015. A detail of all the points highlighted by the Mayor is included in the report.

### **Operational Expenditure**

The monthly budget statement summary (Table C1) for the month of February 2016 (year to date actual), shows a surplus of R55,6 million. This implies that the municipality has been able to raise its budgeted income and has successfully collected such billed income as well.

### **Capital Expenditure**

Council is in the third quarter of the financial year and capital expenditure is still low at R215,1 million (42,92%). This is based on the Adjusted Capital Budget of R501 million.

### **Cash Flow**

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 2,82:1 (532 058/188 899). Therefore the Municipality has a positive bank balance to defray its expenses.

- (b) **a summary of any financial problems or risks facing the municipality or any such entity; and**

Currently there are **no** financial problems or major risks facing the municipality based on this report that requires intervention. However, I would like to highlight the following which needs to be managed very closely:

1. Although Council has made good progress in the implementation of mSCOA, however it remains a challenge because this is the first time using a system that is supposed to be compliant with the mSCOA regulations, and it is the first for the financial system vendor as well;
2. The collection of outstanding debt remains a challenge more especially in the Traditional Areas. Although Council is doing well when comparing the Municipality with Metros and others, Council still needs to do more on this front;
3. Slow capital expenditure remains a challenge with a 42,92% as at February 2016. It is therefore requested that administration must work hard to better the last year expenditure performance of 91%. Council will carry on monitoring the pattern of this expenditure.
4. Drought is a reality and as a Municipality we need a strategy to respond to this challenge.

(c) **any other information considered relevant by the Mayor**

From the report overtime remains a challenge and the departments have explained the reasons why such overtime was necessary. It is requested though that the overtime expenditure be managed.

## **2. RESOLUTIONS**

Refer to the recommendations contained in this report.

## **3. EXECUTIVE SUMMARY**

### **3.1 Status of MSCOA Project**

As Council is aware this Municipality is performing a pilot exercise for the National Treasury on the new Municipal Standard Chart of Accounts. Such are governed by regulations which will become effective Nation-wide on 1 July 2017.

In short the change is resulting in some sound business reforms:

1. Ensuring a more consistent reporting of financial transactions across all municipalities in South Africa; and
2. Ensuring that municipalities can budget per objective or project based, not on items or products.

The Project commenced on the 1 September 2014 and we "went live" on 7 July 2015.

There are many challenges at this stage, however most relate to the effect the new chart has on its existing business processes. Council had to change the Supply Chain and Expenditure side of the existing financial system to accommodate such change using the existing service providers.

Fundamental transactions are taking place such as:

1. Receipting;
2. Billing;
3. Payments;
4. Stock Issues;
5. Requisitions;
6. Orders;
7. Contracts;
8. Bids (Electronic Version);
9. Journals;
10. Virements (Budget transfers);
11. Financial Reporting;
12. General Inquiry's facility;
13. Electronic Approvals (Work Flow); and
14. Interface with Sub ledger and Third Party programmes.

Primary system issues that are posing some problems with the above processes:

1. Works order component of financial system is not working;
2. Contract Payments Module not functional yet. Main reason here is that the user departments are not using it and interrogating any issues that might arise therefrom;
3. Stock issues are only partially going through the system. The consequence is that expenditure on the operating budget is understated by at least R20 million;
4. Due to 3 above, the mid-year stock reconciliation could not be done. This is planned to be resolved by month end;
5. Bank Reconciliation is not been done currently, but progress is promising. It is believed that such will be up to date by end of March 2016;
6. Although, the bulk of backlogs are up to date, there are still a number of system issues which still cause delays in current payments, but colleagues are working tirelessly to resolve and report matters to service providers; and
7. It does appear that in the Supply Chain Division, the organizational changes will need to be made to exploit the benefits brought about by the SCOA project.

Primary business processes that are currently not functioning, but at various stages between January and June 2016, these should be up and running:

1. Works Orders;
2. Financial Assets; and
3. Budget Module (New – did not exist in Old Financial System).

The project is run on a strict Project Management basis and project issues are well documented and managed. Council is currently in the "hand holding" phase of the project which was planned to end at the end of September 2015. Given the extent of our challenges currently, it is envisaged that such hand holding phase will need to be extended to end of June 2016.

### **3.2 Operating Budget**

The following table represents an executive summary for the financial period ended 29 February 2016:

DESCRIPTION	ADJUSTED BUDGET 2015/2016	PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
		R	R	%
Revenue (excluding capital grants)	2 462 577 400	1 641 718 267	1 679 689 027	102.31%
Expenditure	2 474 870 700	1 649 913 800	1 624 025 402	98.43%
	(12 293 300)	(8 195 533)	55 663 625	

As can be seen from the table above, Actual Surplus for the month ended 29 February 2016 is significantly higher than the Budgeted Surplus.

Actual revenue to Budgeted revenue is slightly higher than the adjusted budget. Actual expenditure to Budgeted expenditure is lower than the budget limit.

The main reason in reduction of revenue is because of an economic downturn impacting the local economy.

### 3.3 Cash Flow Situation

#### Details of Bank Balances

DESCRIPTION	CASH ON HAND AT 29 FEBRUARY 2016	CASH OBLIGATIONS	POLICY TARGET	(SHORTFALL)/ SURPLUS AT 29 FEBRUARY 2016
	R	R	R	R
Conditional Grants	13 827 000	13 827 000	13 827 000	-
Workings Capital	532 058 000	188 899 000	377 798 000	154 260 000
Total (incl. investments)	545 885 000	202 726 000	391 625 000	154 260 000

#### **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 2,82: 1 (532 058/188 899).

#### **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: [(240 885 – 13 827) + 305 000) / (2 474 871 – 205 014 – 3 064) / 12] which currently sits at 2,82:1.

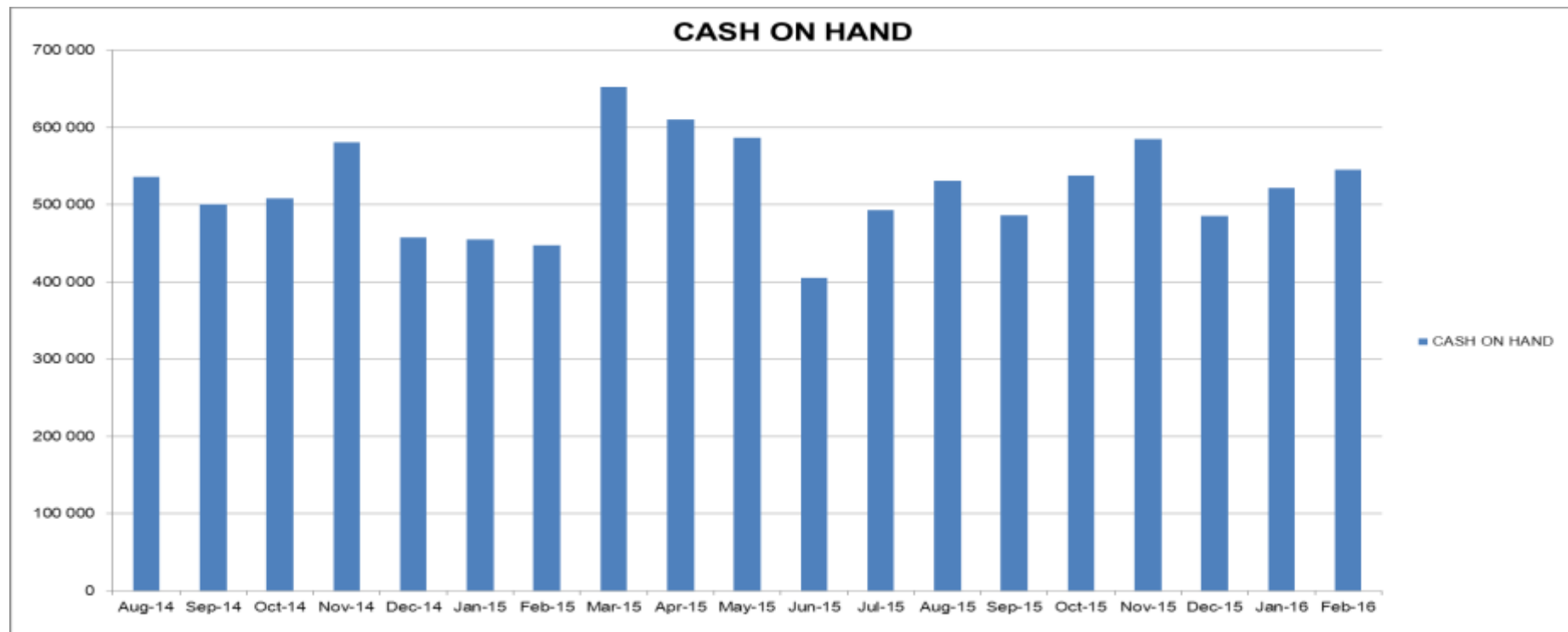
It therefore needs to be noted that both in terms of Council's Policy and the National Treasury MFMA Circular 71, the City of uMhlathuze has suitable cash coverage.



## Bank Balance Trend since October 2014

Table:

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	April-15	May-15	Jun-15	Jul-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
	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	508 007	580 872	457 572	455 589	447 501	652 334	610 458	586 847	405 490	493 345	531 182	486 628	537 500	585 547	485 395	521 772	545 885



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.

### 3.4 Grants Balances

DESCRIPTION OF GRANT	TOTAL GAZETTED FOR THE QUARTER ENDED 30 SEPTEMBER 2015	TOTAL GAZETTED FOR THE QUARTER ENDED 31 DECEMBER 2015	AMOUNT GAZETTED FOR JANUARY 2016	AMOUNT GAZETTED FOR FEBRUARY 2016	TOTAL TO BE RECEIVED AS AT 30/06/2016	AMOUNT RECEIVED AS AT 29/02/2016	DIFFERENCE	ACTUAL EXPENDITURE AS AT 29/02/2016	% SPENT	COMMENTS
<b>NATIONAL TREASURY</b>										
Equitable Share	95 802 000	76 642 000	-	-	402 369 000	155 613 000	246 756 000	233 894 533	150%	
Municipal Infrastructure Grant	29 000 000	26 000 000	-	-	148 154 000	55 000 000	93 154 000	73 401 032	133%	This expenditure is as per claims submitted to COGTA.
Municipal Systems Improvement Grant	930 000	-	-	-	1 860 000	930 000	930 000	354 564	38%	
Financial Management Grant	1 600 000	-	-	-	3 200 000	1 600 000	1 600 000	644 501	40%	
Municipal Water Infrastructure Grant	12 721 000	25 440 000	12 721 000	-	89 043 000	38 161 000	50 882 000	7 501 029	20%	
Water Services Operating Subsidy	1 750 000	3 500 000	1 750 000	-	12 250 000	-	12 250 000	3 417 568	0%	
Integrated National Electrification Grant	2 000 000	7 000 000	-	-	18 000 000	9 000 000	9 000 000	501 402	6%	
Rural Households Infrastructure Grant	2 250 000	2 250 000	-	-	9 000 000	4 500 000	4 500 000	3 179 914	71%	
Extended Public Works Pogramme	1 184 000	889 000	-	888 000	5 034 000	2 073 000	2 961 000	517 774	25%	
Infrastructure Skills Development Grant	2 250 000	-	5 250 000	-	9 750 000	7 500 000	2 250 000	2 914 111	39%	The 2014/2015 grant was over-spent by R1 071 700. This expenditure will be recovered from the 2015/2016 allocation.
Municipal Demarcation Grant	-	-	-	-	1 857 000	-	1 857 000	-	0%	
<b>TOTAL NATIONAL TREASURY GRANTS</b>	<b>149 487 000</b>	<b>141 721 000</b>	<b>19 721 000</b>	<b>888 000</b>	<b>700 517 000</b>	<b>274 377 000</b>	<b>426 140 000</b>	<b>326 326 428</b>	<b>119%</b>	

DESCRIPTION OF GRANT	TOTAL GAZETTED FOR THE QUARTER ENDED 30 SEPTEMBER 2015	TOTAL GAZETTED FOR THE QUARTER ENDED 31 DECEMBER 2015	AMOUNT GAZETTED FOR JANUARY 2016	AMOUNT GAZETTED FOR FEBRUARY 2016	TOTAL TO BE RECEIVED AS AT 30/06/2016	AMOUNT RECEIVED AS AT 29/02/2016	DIFFERENCE	ACTUAL EXPENDITURE AS AT 29/02/2016	% SPENT	COMMENTS
<b>PROVINCIAL TREASURY</b>										
Provincialisation of Libraries	6 289 000	-	-	-	6 289 000	6 289 000	-	11 687 179	186%	Expenditure shown is the total operating cost of the Libraries for the period.
Community Library Services Grant (Cyber cadets)	1 020 000	-	-	-	1 020 000	1 020 000	-	731 102	72%	Expenditure shown is the total operating cost of the Cybercadets for the period.
Housing Operating Account	1 047 000	-	-	-	1 047 000	2 974 040	(1 927 040)	6 889 513	232%	Expenditure shown is the total operating cost of the Human Settlements Section excluding Hostel Operating costs.
Museum Subsidy	-	-	166 000	-	166 000	166 000	-	3 065 167	1846%	Expenditure shown is the total operating cost of the Museum.
<b>TOTAL PROVINCIAL TREASURY GRANT</b>	<b>8 356 000</b>	<b>-</b>	<b>166 000</b>	<b>-</b>	<b>8 522 000</b>	<b>10 449 040</b>	<b>(1 927 040)</b>	<b>22 372 961</b>	<b>214%</b>	
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>157 843 000</b>	<b>141 721 000</b>	<b>19 887 000</b>	<b>888 000</b>	<b>709 039 000</b>	<b>284 826 040</b>	<b>424 212 960</b>	<b>348 699 389</b>	<b>122%</b>	

### 3.5 Capital Budget Summary

The above table represents Capital Expenditure incurred as at 29 February 2016 42,92%):

MUNICIPAL CLASSIFICATION	ADJUSTED BUDGET 2015/2016	ACTUAL FEBRUARY 2016 (YTD)	% OF ADOPTED BUDGET SPENT
City Development	140 075 500	88 154 548	62.93%
Community Services - Health and Public Safety	20 048 700	5 423 154	27.05%
Community Services - Recreation and Environmental Services	34 782 000	15 348 836	44.13%
Corporate Services - Administration	23 347 500	3 709 467	15.89%
Corporate Services - Human Resources	-	-	0.00%
Financial Services	1 721 400	-	0.00%
Infrastructure and Technical Services - Electrical Supply Services	36 936 300	7 302 403	19.77%
Infrastructure and Technical Services - Engineering Support Services	137 631 000	57 610 766	41.86%
Infrastructure and Technical Services - Transport, Roads and Stormwater	31 984 800	4 486 089	14.03%
Infrastructure and Technical Services - Water and Sanitation Services	74 633 300	33 078 434	44.32%
Office of the Municipal Manager	-	-	0.00%
	<b>501 160 500</b>	<b>215 113 698</b>	<b>42.92%</b>

The total adopted Capital Budget funding structure is as follows:

FIN	ADJUSTED BUDGET 2015/2016	ACTUAL FEBRUARY 2016 (YTD)	% OF ADOPTED BUDGET SPENT
External Financing Fund	137 235 900	43 343 881	31.58%
Capital Replacement Reserve	91 539 600	21 722 381	23.73%
MIG	88 496 300	38 918 868	43.98%
MIG (RO)	9 099 700	-	0.00%
Government Grants - National	71 382 000	21 112 394	29.58%
Government Grants - Provincial	82 500 000	88 154 548	106.85%
Government Grants - Provincial (R/O)	17 811 800	-	0.00%
Reserve	423 100	-	0.00%
Insurance	1 556 700	-	0.00%
Public (Lotto Funds)	1 115 400	1 864 625	167.17%
	<b>501 160 500</b>	<b>215 116 698</b>	<b>42.92%</b>

**3.6 The table below reflects a list of all tenders awarded in February 2016:**

Tender Number	RPT Number	Project Description	Date Awarded	Amount (excl VAT)	Function	GL Code	Description	Budget
				R				R
8/2/1/1026	159674	Appointment Of A Consultant To Conduct Floodlight Design For Various Sportfield	03/02/2016	919 122.81	FX013002004001	532_23	Floodlights - Various Sportsfields	795 300.00
8/2/1/UMH36-15/16	159423	Provision Of Print Solution With Full Maintanance And Repairs For A Three (3) Year Period	03/02/2016	-	Debtors Control	777_4	Printers	-
8/2/1/UMH112-15/16	159411	Supply And Deliverance Of Light Commercial Vehicles As Per National Treasury Tender RT57-15	10/02/2016	6 983 346.56	FX005001005	600_122	Replacement Vehicles	8 194 800.00
8/2/1/743A	159450	eSikhaleni Infill Areas J1 Awarded To Nomdu Construction	19/02/2016	576 971.02	FX012001004002	572_89	Civic Services Infill Areas (J1 & H3 Area)	1 765 700.00
8/2/1/UMH43-15/16	159301	Hire Of Various Plant, Vehicles And Equipment On An Ad-Hoc Basis For A Three Year Period	26/02/2016	-	Various FX Function	Various GL codes	The report referred to the Accounting Officer for consideration in accordance with Clause 7(b)(1)	

### 3.7 Expenditure per Category

The table below represents operating expenditure per category incurred as at 29 February 2016:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2015/2016	PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
Employee related costs	629 900 700	419 933 800	387 857 569	92.36%
Remuneration of Councillors	24 728 600	16 485 733	15 983 525	96.95%
Debt Impairment	3 063 800	2 042 533	201 030	9.84%
Depreciation and asset impairment	205 014 200	136 676 133	136 757 700	100.06%
Finance Charges	79 806 300	53 204 200	53 204 200	100.00%
Bulk Purchases - Electricity	934 980 500	623 320 333	706 684 439	113.37%
Bulk Purchases - Water	128 143 000	85 428 667	97 655 661	114.31%
Other Materials	51 450 600	34 300 400	24 847 265	72.44%
Contracted Services	195 199 500	130 133 000	73 982 118	56.85%
Transfers and grants	14 018 400	9 345 600	5 144 088	55.04%
Other Expenditure	208 565 100	139 043 400	121 707 807	87.53%
<b>TOTAL</b>	<b>2 474 870 700</b>	<b>1 649 913 800</b>	<b>1 624 025 402</b>	<b>98.43%</b>

**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 has not operated since 10 July 2015 and is subsequent in liquidation. Included in Electricity purchases are amounts in terms of the Generation Purchase agreement with Mondi.

A corresponding increase in Revenue amounting to R182,4 million is apparent under Service Charges – Electricity.

### 3.8 Revenue per Category

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

REVENUE BY SOURCE	ADJUSTED BUDGET 2015/2016	PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016 (YTD)	% OF PRO- RATA BUDGET SPENT
Rates	374 178 000	249 452 000	248 005 089	99.42%
Service Charges – Electricity revenue	1 336 170 000	890 780 000	959 659 849	107.73%
Service Charges – Water revenue	268 270 000	178 846 667	155 431 675	86.91%
Service Charges – Sanitation revenue	81 200 000	54 133 333	54 187 123	100.10%
Service Charges – Refuse revenue	67 137 000	44 758 000	44 402 006	99.20%
Rental of facilities and equipment	11 524 000	7 682 667	8 252 700	107.42%
Interest earned – external investments	21 981 500	14 654 333	14 060 284	95.95%
Interest earned – outstanding debtors	90 000	60 000	1 525 583	2542.64%
Fines	3 732 300	2 488 200	1 168 691	46.97%
Licences and permits	3 606 600	2 404 400	2 277 723	94.73%
Agency services	7 000 000	4 666 667	4 165 390	89.26%
Operating Grants and Subsidies	258 722 700	172 481 800	167 623 487	97.18%
Other Revenue	28 965 300	19 310 200	18 929 427	98.03%
<b>TOTAL</b>	<b>2 462 577 400</b>	<b>1 641 718 267</b>	<b>1 679 689 027</b>	<b>102.31%</b>

The above table represents operating revenue per category as at 29 February 2016.



### 3.9 Surplus and Deficit by Service Category

	ADJUSTED BUDGET 2015/2016			ACTUAL AS AT 28 FEBRUARY 2016		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Rates and General Services</b>						
Executive and Council	2 955	6 416	(3 461)	131	(8 333)	8 464
Budget and Treasury Office	404 814	10 495	394 319	254 967	3 710	251 257
Corporate Services	15 705	62 179	(46 474)	3 904	33 663	(29 759)
Community and Social Services	11 311	48 083	(36 772)	8 678	29 945	(21 267)
Sport and Recreation	20 033	124 477	(104 444)	2 957	80 108	(77 151)
Public Safety	4 677	108 098	(103 421)	1 851	62 778	(60 927)
Housing	103 053	16 388	86 665	7 144	9 290	(2 146)
Health	13	10 848	(10 835)	-	5 352	(5 352)
Planning and Development	1 950	46 738	(44 788)	1 125	26 291	(25 166)
Road Transport	25 519	201 128	(175 609)	6 294	111 628	(105 334)
Water (Portion of PMU funded by Rates & General Services)	7 562	10 780	(3 218)	2 592	4 413	(1 821)
Waste Water Management (Sanitation) (Portion of PMU funded by Rates & General Services)	7 562	12 721	(5 159)	(301)	5 376	(5 677)
<b>Total Rates and General Services</b>	<b>605 154</b>	<b>658 351</b>	<b>(53 197)</b>	<b>289 342</b>	<b>364 221</b>	<b>(74 879)</b>
<b>Airport</b>	<b>596</b>	<b>736</b>	<b>(140)</b>	<b>384</b>	<b>291</b>	<b>93</b>
<b>Trading Services</b>						
Electricity	1 352 844	1 176 754	176 090	966 035	859 915	106 120
Water	440 574	368 630	71 944	159 935	231 977	(72 042)
Clarified Water	8 500	13 437	(4 937)	67 327	9 082	58 245
Sewerage	211 850	150 786	61 064	121 370	95 612	25 758
Refuse Removal	113 465	106 177	7 288	75 294	62 928	12 366
<b>Total Trading Services</b>	<b>2 127 233</b>	<b>1 815 784</b>	<b>311 449</b>	<b>1 389 961</b>	<b>1 259 514</b>	<b>130 447</b>
<b>Total Service Category</b>	<b>2 732 983</b>	<b>2 474 871</b>	<b>258 112</b>	<b>1 679 687</b>	<b>1 624 026</b>	<b>55 661</b>

NOTES:

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

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.

### **3.10 Debtors Age Analysis**

#### **➤ Debtors age analysis by category**

<b>DEBTORS AGE ANALYSIS BY CATEGORY</b>	<b>0-30 DAYS</b>	<b>31-60 DAYS</b>	<b>61-90 DAYS</b>	<b>OVER 90 DAYS</b>	<b>TOTAL</b>
Government	4 816 024	-109 096	494 135	4 199 127	9 400 190
Business	187 267 879	5 893 619	3 897 827	67 181 633	264 240 958
Households	51 125 645	3 957 689	3 292 686	53 634 596	112 010 616
Other	7 249 190	616 585	814 213	15 501 611	24 181 599
<b>Total</b>	<b>250 458 738</b>	<b>10 358 797</b>	<b>8 498 861</b>	<b>140 516 967</b>	<b>409 833 363</b>
<b>%</b>	<b>61.11%</b>	<b>2.53%</b>	<b>2.07%</b>	<b>34.29%</b>	

➤ **Breakdown of Challenges per Category**

**1. Government Accounts**

TOP 10 GOVERNMENT ACCOUNTS				
ACCOUNT NUMBER	NAME OF DEPARTMENT		TOTAL	COMMENTS
			R	
998029	Department of Public Works	Stand 1244/0, Ngwelezane A	578 951.69	<p>Extensive individual reporting per account was included in previous reports. Following a previous Council resolution, the relevant government departments were engaged through official correspondence from the Mayor. Despite these letters and a continued effort from the staff in the Credit Control section, having meetings and writing numerous letters and emails, the accounts as listed above remain unpaid. It must be noted that the Government has 396 accounts with Council and the majority of these accounts have been paid. It is only a certain small group of accounts, where the relevant departments indicated that the properties / usage of the properties must still be verified by the user department and the applicable Department of Public Works, where the accounts are not paid. A decision was therefore taken to issue notices of disconnection of services to any an all government departments and to keep the services disconnected until all the accounts are paid. These notices will be issued in early February 2016 and the proposed disconnections will be in the last week of February 2016. There will also be continuous engagements during this period in an attempt to resolve the accounts before such a drastic step becomes necessary.</p> <p>Update February 2016 - The electricity was not disconnected during the period of reporting (February 2016) and the disconnection process was moved to the first week of March 2016.</p>
1552325	Department of Public Works	Stand 16832/0, Agricultural Properties	377 831.64	
1991812	Province of Kwazulu Natal	Stand 8917/0, Carsdale	353 668.92	
455632	Department of Public Works	Stand 166/0, Vulindlela	205 590.47	
2202725	Minister of Land Affairs	Stand 15829/0, Agricultural Properties	157 177.20	
1552318	Department of Public Works	Stand 16802/0, Agricultural Properties	105 528.61	
455696	Department of Public Works	Stand 369/0, Enseleni	85 010.99	
1552357	Department of Public Works	Stand 16833/0, Agricultural Properties	61 581.58	
226784	Department of Public Works	Stand 1482/0, eSikhaleni H	61 277.87	
2292976	Department of Public Works	Stand 13661/0, Mandlazini Agri-Village	53 779.78	

## 2. Business Accounts

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
1854904	Basfour 3721 (Pty) Ltd	20 112 790	20 967 790	Basfour 3721 (Pty) Ltd / Indlovu Dev Trust 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 launched an anti-dissipation 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 decision was also taken to refuse the issuing of clearance certificates 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.
				June 2015 - The court date for the application to be heard is set for 16 March 2016.
				February 2016 - There is not further progress as the court date is awaited.
1929003	Zotec development (Pty) Ltd	4 012 400	4 012 400	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.
				February 2016 - There is no further progress as the matter has been set down for arbitration. The legal services section is handling this matter.
1441047	Tata Steel KZN (Pty) in Liquidation	36 406 842	45 440 032	Tata Steel KZN (Pty) Ltd in Liquidation. This account is for electricity and the second account is for rates and basic charges. The company was placed in liquidation following failed business rescue proceedings. A separate detailed report did serve before Council in this regard. The matter is being handled by the Liquidator that was appointed by the Master of High Court. The Liquidator has placed the property up for auction / tender as the previous negotiations with possible purchasers did not materialise. The Liquidator advised that a compromise offer is expected to be issued by the 3rd week of January 2016. The Liquidator has now advised that he will be requesting clearance figures and proceed with the transfer of the property. It is still expected that the full outstanding amount will be recovered.
				February 2016 - The application for clearance has not been made yet. There is no further progress to report.

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
1940649	Shifting Sands (Pty) Ltd	1 081 594	1 171 477	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.
				August 2015 - All corrections required have been actioned. The matter is now being discussed with the customer.
				February 2016 - The debtor is honouring the arrangement and paying in instalments.
1610626	Tisand (Pty) Ltd	3 165 983	3 441 971	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.
				February 2016 - No further progress to report.
392020	River Rock Invest (Pty) Ltd	1 340 213	1 413 575	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.
				February 2016 - No progress to report. Matter is being handled by Legal Services Section together with City Development. It was proposed that City Development & Legal Services provide a separate report detailing the nature of the dispute and the report has been completed and is in circulation for comments.
1929028	PSE Development Initiatives (Pty) Ltd	629 099	629 099	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. The report was completed and will serve shortly. The report is currently in comments folder

ACCOUNT NUMBER	NAME OF BUSINESS	90 DAYS +	TOTAL	COMMENTS
2024857	Sugarberry Trading	521 760	521 760	The account is for the contract for litterbin advertising. The details of this debt were reported continuously in the quarterly report from the user department. It was then resolved by Council that the contract be cancelled and the account be handed over to Council's attorneys for collection. The contract was then formally cancelled and handed over to Council's attorneys for collection. On request of the Legal Services section, this matter is being held in abeyance pending further negotiations with the debtor. A report was completed by the user department and will serve in February 2016.
1461195	Tata Steel KZN (Pty) in Liquidation	768 613	1 656 237	<p>Tata Steel KZN (Pty) Ltd in Liquidation. This account is for electricity and the second account is for rates and basic charges. The company was placed in liquidation following failed business rescue proceedings. A separate detailed report did serve before Council in this regard. The matter is being handled by the Liquidator that was appointed by the Master of High Court. The Liquidator has placed the property up for auction / tender as the previous negotiations with possible purchasers did not materialise. The Liquidator advised that a compromise offer is expected to be issued by the 3rd week of January 2016 The Liquidator has now advised that he will be requesting clearance figures and proceed with the transfer of the property. It is still expected that the full outstanding amount will be recovered.</p> <p>February 2016 - The application for clearance has not been made yet. There is no further progress to report.</p>
416383	River Rock Investments (Pty) Ltd	1 600 565	1 676 235	<p>River Rock Investments account is in respect of unpaid charges in respect of rental that are under dispute. Matter still under consideration by legal services and City Development. They are paying their monthly charges excluding the disputed charge.</p> <p>February 2016 - No progress to report. Matter is being handled by Legal Services Section together with City Development. It was proposed that City Development &amp; Legal Services provide a separate report detailing the nature of the dispute and the report has been completed and is in circulation for comments.</p>

### 3. Households

All credit control and debt collection actions as provided for in the Credit Control and Debt Collection policy are taken on a continuous basis against defaulters. These include the disconnection and blocking of electricity, the restriction of water as well as the handing over of accounts to attorneys for further collection.

There are many challenges with the collection of debt of which poverty appears to be the biggest challenge to overcome.

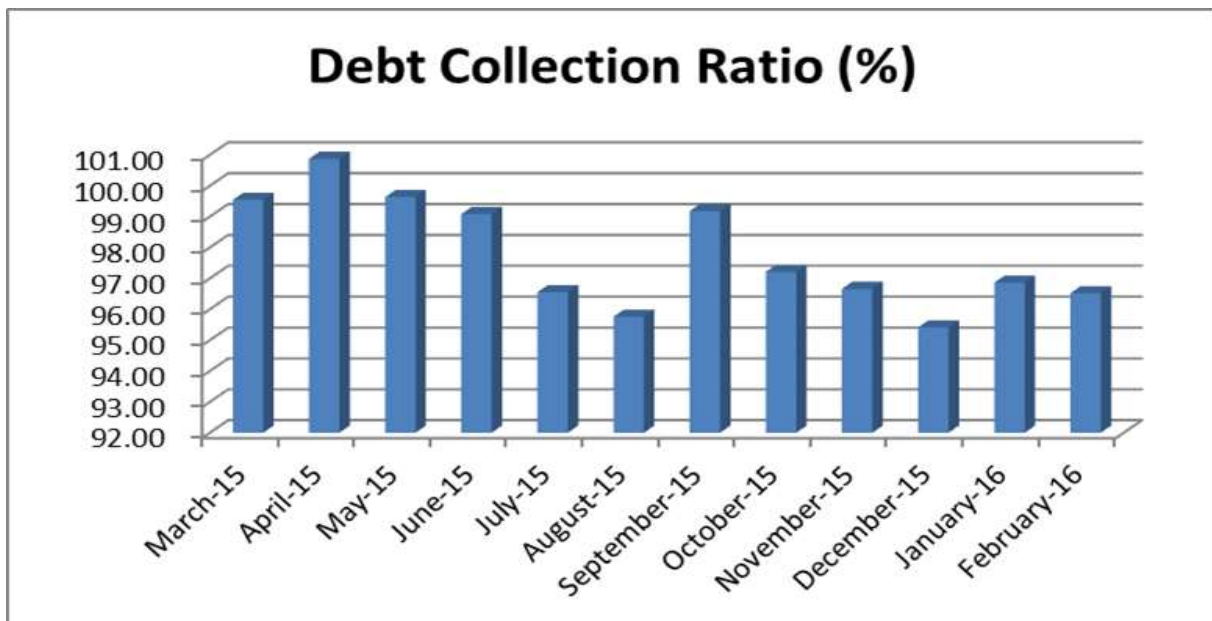
A further detailed report is in preparation that will provide an analysis of debt, together with proposals from a strategic perspective on possible solutions to improve debt collection.

The table below refers:

TOWNS	BUSINESS OVER	HOUSEHOLDS OVER 90 DAYS		TOTAL
	90 DAYS	URBAN	TRADITIONAL AREAS	
	R	R	R	
Richards bay	62 450 548.05	824 502.81	921 902.07	1 746 404.88
Vulindlela	149 431.10	304 929.40	3 467 285.25	3 772 214.65
eNseleni	214 095.00	603 966.32	4 961 306.36	5 565 272.68
eSikhaleni	905 035.80	6 600 529.56	14 209 326.56	20 809 856.12
Empangeni	2 715 024.00	6 835 583.09	-	6 835 583.09
Ngwelezane	207 120.50	3 440 681.10	12 541 170.18	15 981 851.28
<b>Total</b>	<b>66 641 254.45</b>	<b>18 610 192.28</b>	<b>36 100 990.42</b>	<b>54 711 182.70</b>

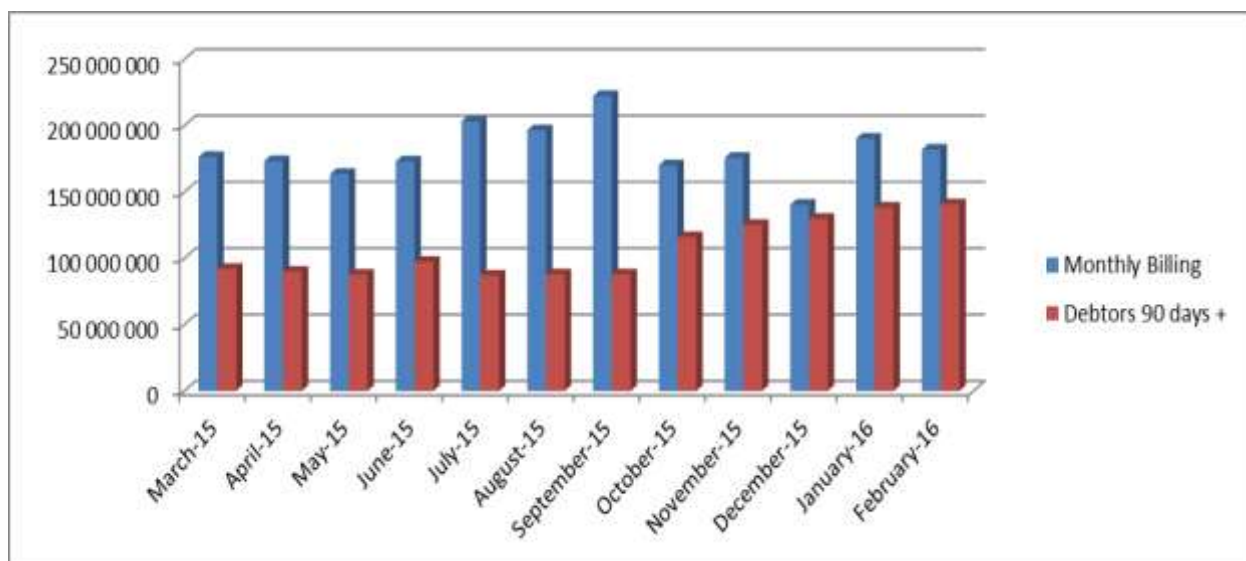
The debt collection rate for the previous 12 months is as follows:

MONTH	PERCENTAGE (%)
February-16	96.52
January-16	96.86
December-15	95.41
November-15	96.66
October-15	97.21
September-15	99.18
August-15	94.24
July-15	96.55
June-15	99.08
May-15	99.63
April-15	100.87
March-15	99.54





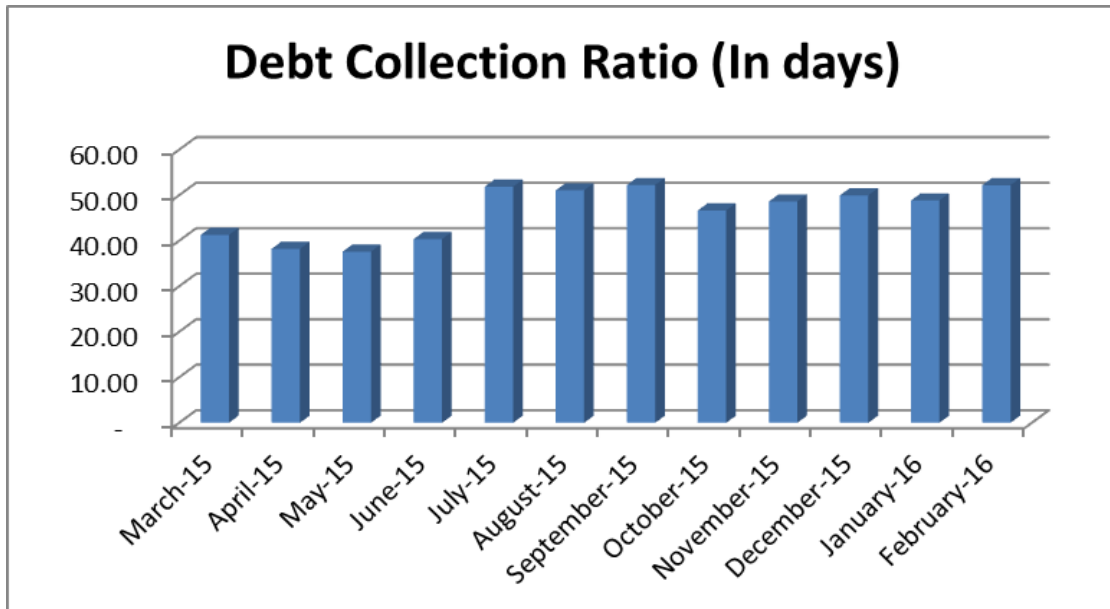
Month	Monthly Billing	Debtors 90 days +	Percentage
February-16	181 912 368	140 516 969	77.24%
January-16	190 158 214	136 145 267	71.60%
December-15	140 463 164	129 798 712	92.41%
November-15	175 600 147	125 240 549	71.32%
October-15	170 151 856	116 009 460	68.18%
September-15	222 259 385	87 932 444	39.56%
August-15	163 599 892	87 813 204	53.68%
July-15	203 257 139	86 978 439	42.79%
June-15	173 081 964	97 215 214	56.17%
May-15	163 518 965	87 638 012	53.60%
April-15	173 226 083	89 918 524	52.16%
March-15	176 382 683	92 006 897	47.56%



## **Debt Collection Rate**

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

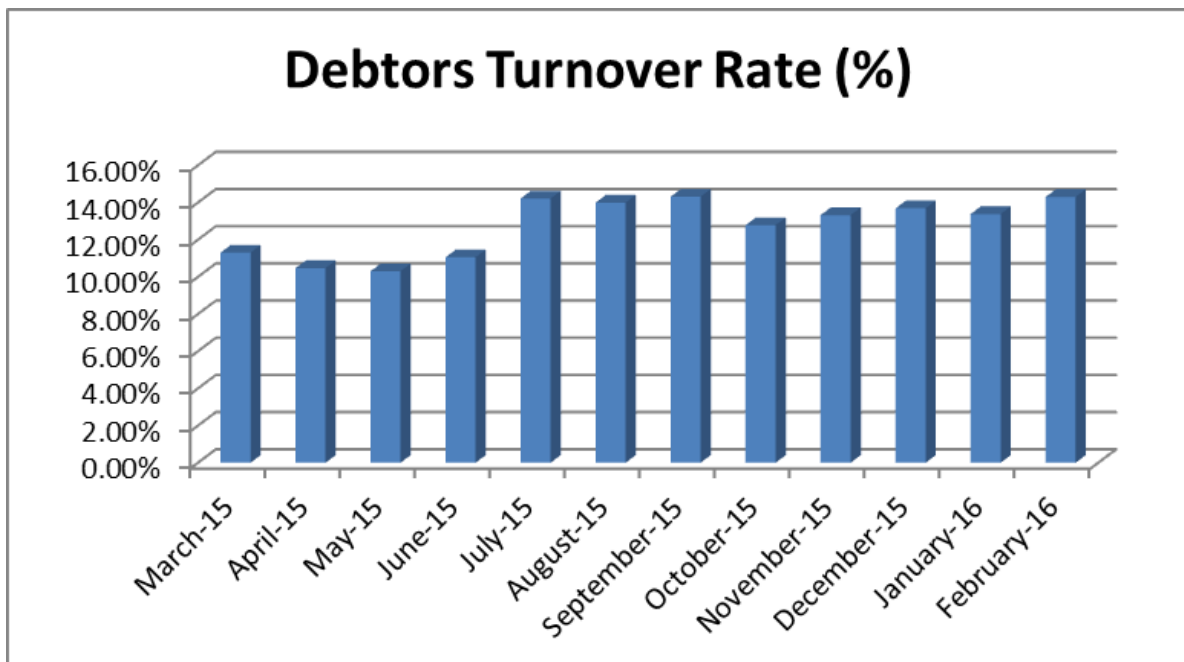
MONTH	COLLECTION IN DAYS
February-16	52.19
January-16	48.83
December-15	49.97
November-15	48.62
October-15	46.65
September-15	52.22
August-15	51.45
July-15	51.86
June-15	40.35
May-15	37.59
April-15	38.20
March-15	41.26



### **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
February-16	14.30%
January-16	13.69%
December-15	13.69%
November-15	13.32%
October-15	12.78%
September-15	14.31%
August-15	13.99%
July-15	14.21%
June-15	11.05%
May-15	10.30%
April-15	10.47%
March-15	11.30%



## **Summary of Credit Control Technical Actions Performed**

DESCRIPTION	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
SMS Notification - General	9 217	5 832	6 781	6 682	6 838	7 962	2 132	10 402
SMS Notification - It & S	201 571	53 674	11 289	-	55 195	-	56 388	49 956
Final Request - Residential	3 265	2 305	5 329	2 886	3 789	3 301	4 078	3 196
Final Request - Business	328	148	328	191	256	263	413	234
Electricity Disconnection Level 1 (Switch Off Supply)	91	125	109	134	85	86	157	144
Electricity Disconnection Level 2. Remove Circuit Breaker	2	7	5	3	3	1	2	-
Illegal Consumption Inspection (Water or Electricity)	1 014	1 996	1 239	1 199	1 955	1 316	1 682	1 865
Water Restriction Level 1. (Restrict supply with a water flow restriction device)	640	803	438	574	1 034	454	897	620
Water Restriction Level 2. (Install water pressure reducing valve)	9	8	5	13	-	3	14	22
Water Disconnection (Business accounts)	20	24	20	8	6	7	14	7
Finals (New consumers, moving in or out, readings taken, disconnected / reconnected)	206	181	177	165	179	144	167	197

### **3.11 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 R175 927,77 as per **Annexure AB - DMS 1117068**.

Councillor's debt amounts to R3 444,82 as per **Annexure AC - DMS 1117068**.

## **4. EXCEPTION REPORTING ON OPERATING EXPENSES - FOR ENTIRE MUNICIPALITY**

The Chief Financial Officer will highlight the 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 for this expenditure to be monitored and managed on a monthly basis:

EXPENDITURE PER CATEGORY	ADJUSTED BUDGET 2015/2016	PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016 (YTD)	(OVER) EXPENDITURE	% OF PRO-RATA BUDGET SPENT
	R	R	R	R	%
Overtime - Non-structured	38 477 200	25 651 467	19 093 575	6 557 892	74%
Overtime - Structured	47 200	31 467	6 929 785	(6 898 318)	22023%
Shift Additional Remuneration	-	-	1 315 476	(1 315 476)	0%
<b>TOTAL</b>	<b>38 524 400</b>	<b>25 682 933</b>	<b>27 338 836</b>	<b>(1 655 903)</b>	<b>106%</b>

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

EMPLOYEES	JULY 2015		AUGUST 2015		SEPTEMBER 2015	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	30 581	759	30 953	766	29 013	869
Temporary	643	69	403	20	549	63
	<b>31 224</b>	<b>828</b>	<b>31 356</b>	<b>786</b>	<b>29 562</b>	<b>932</b>

EMPLOYEES	OCTOBER 2015		NOVEMBER 2015		DECEMBER 2015	
	Total Hours	Total Employees	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	29 108	785	33 231	789	28 644	793
Temporary	516	53	285	22	183	8
	<b>29 624</b>	<b>838</b>	<b>33 516</b>	<b>811</b>	<b>28 827</b>	<b>801</b>

EMPLOYEES	JANUARY 2016		FEBRUARY 2016	
	Total Hours	Total Employees	Total Hours	Total Employees
Permanent	35 974	772	39 262	796
Temporary	1 943	100	22	6
	<b>37 917</b>	<b>872</b>	<b>39 284</b>	<b>802</b>

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 February 2016. The relevant departments have supplied the comments for the over-expenditure incurred on overtime.

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 Employee Related Costs - Overtime

In terms of Council Resolution 10542 dated 01 December 2015, Council resolved that:

*“2. the overtime paid as compensation for officials that were required to perform overtime work be condoned by Council.”*

During the period July 2015 to January 2016 the employees in the following functions worked overtime of more than 15 hours per week which is the maximum that may be allowed in terms of Council’s revised overtime policy (DMS 854249). The detailed information is contained in Annexure AD (DMS 1109828).

The following tables sets out the applicable information:

FUNCTION	FUNCTION DESCRIPTION	1.5 OVERTIME	2.0 OVERTIME	TOTAL HRS	MAXIMUM HRS ALLOWED PER MONTH	DIFFERENCE
FX001001005001	Buildings Maintenance	145.00	91.00	236.00	150.00	86.00
FX001001003	Cemeteries Funeral Parlours and Crematoriums	36.00	48.00	84.00	75.00	9.00
FX002001001004	Electricity and Gas Distribution and Planning	357.00	96.00	453.00	375.00	78.00
FX002001001001	Marketing and Customer relations	138.00	63.00	201.00	150.00	51.00
FX011001007	Police Forces Traffic and Street Parking Control	512.50	948.50	1 461.00	1 275.00	186.00
FX002001001003	Process Control Systems	65.50	10.50	76.00	75.00	1.00
FX013002003003	Recreational Facilities - Swimming Pools	40.00	48.00	88.00	75.00	13.00
FX012001004002	Roads - Urban Roads	109.00	21.00	130.00	75.00	55.00
FX015001002002	Sewerage - Pumpstations	100.00	65.00	165.00	150.00	15.00
FX015001002003	Sewerage - Sewerage Network	3 289.00	1 187.00	4 476.00	3 150.00	1 326.00
FX014001003	Solid Waste Removal	200.00	240.00	440.00	375.00	65.00
FX014001004	Street Cleansing	160.00	192.00	352.00	300.00	52.00
FX002001002	Street Lighting	145.50	26.50	172.00	150.00	22.00
FX016001001003	Water Treatment - Scientific Services	168.50	32.50	201.00	150.00	51.00
<b>Grand Total</b>		<b>5 466.00</b>	<b>3 069.00</b>	<b>8 535.00</b>	<b>6 525.00</b>	<b>2 010.00</b>

### 4.3 Volume of Transfers

Type of Transfer of Funds	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Total Number of Transfers
Capital	0	0	1	3	4	14	0	0	22
Operating	0	10	7	28	23	76	34	21	199
<b>Total</b>	<b>0</b>	<b>10</b>	<b>8</b>	<b>31</b>	<b>27</b>	<b>90</b>	<b>34</b>	<b>21</b>	<b>221</b>

Department	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Total Value of Transfers
Corporate Services	-	72 000	-	168 800	5 000	1 032 800	203 500	14 000	1 496 100
Community Services	-	-	401 700	1 214 000	2 495 500	3 492 700	125 100	-	7 603 900
Office of The Municipal Manager	-	877 600	-	7 000	-	7 000	56 400	1 034 000	1 982 000
City Development	-	6 900	7 700	-	364 000	3 481 900	169 800	65 700	4 096 000
Financial Services	-	4 740 000	3 000	2 000	1 160 000	1 162 000	3 500	30 500	7 101 000
ITS - Electrical Supply Services	-	50 000	-	1 515 000	13 400	1 943 300	190 000	39 500	3 751 200
ITS - Engineering Support Services	-	-	-	6 000	3 500	60 000	-	-	69 500
ITS - Roads and Stormwater	-	-	-	218 000	3 102 900	3 320 900	-	-	6 641 800
ITS - Water and Sanitation Services	-	-	-	878 900	532 800	4 686 000	6 300	-	6 104 000
DCOMMS - Health And Public Safety	-	-	-	-	-	-	-	20 000	20 000
<b>Total</b>	<b>-</b>	<b>5 746 500</b>	<b>412 400</b>	<b>4 009 700</b>	<b>7 677 100</b>	<b>19 186 600</b>	<b>754 600</b>	<b>1 203 700</b>	<b>38 845 500</b>

**Security** - The table below indicates the pro-rata budget and actual expenditure for the line item. It is clearly evident that the expenditure is increasing at an alarming rate over the years.

	2012/2013		2013/2014		2014/2015		2015/2016	
LINE ITEM	ADJUSTED BUDGET	ACTUAL	ADJUSTED BUDGET	ACTUAL	ADJUSTED BUDGET	ACTUAL	PRO-RATA BUDGET	ACTUAL
	R	R	R	R	R	R	R	R
SAFEGUARD ANS SECURITY	3 727 590	3 654 283	12 928 500	7 596 226	8 285 500	7 290 401	14 805 867	23 610 939

The spending patterns per department are as follows:

EXPENDITURE PER LINE ITEM	ADJUSTED BUDGET 2015/2016	PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY (YTD)	UNDER/(OVER) EXPENDITURE	% OF PRO-RATA BUDGET OVERSPENT
	R	R	R	R	%
CITY DEVELOPMENT	2 028 600	1 352 400	1 665 433	(313 033)	123%
COMMUNITY SERVICES	9 024 100	6 016 067	9 545 746	(3 529 679)	159%
CORPORATE SERVICES	2 215 700	1 477 133	2 173 567	(696 434)	147%
FINANCIAL SERVICES	1 319 200	879 467	1 579 028	(699 561)	180%
INFRASTRUCTURE AND TECHNICAL SERVICES	7 601 200	5 067 467	8 641 165	(3 573 698)	171%
OFFICE OF THE MUNICIPAL MANAGER	20 000	13 333	6 000	-7 333	0%
<b>TOTAL</b>	<b>22 208 800</b>	<b>14 805 867</b>	<b>23 610 939</b>	<b>(8 819 739)</b>	<b>159%</b>



## 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										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
COMMUNITY SERVICES AND HEALTH										
FX011001005	Fire Fighting and Protection	2 886 000	-	2 886 000	1 924 000	989 823	-	1 067 918	2 057 741	(133 741)
FX011001007	Police Forces, Traffic and Street Parking	3 699 700	-	3 699 700	2 466 467	2 960 552	360	25 636	2 986 548	(520 081)
FX005001006003	Occupational Clinic	-	-	-	-	-	-	-	-	-
FX005001012	Security Services	355 000	-	355 000	236 667	115 450	-	125 884	241 334	(4 667)
FX012001005	Taxi Ranks	132 000	-	132 000	88 000	95 077	-	-	95 077	(7 077)
FX014001003	Solid Waste Removal	5 748 300	-	5 748 300	3 832 200	817 771	3 522 807	-	4 340 578	(508 378)
FX014001004	Street Cleansing	4 641 800	-	4 641 800	3 094 533	504 263	2 744 859	-	3 249 122	(154 589)
FX015001001	Public Toilets	182 800	-	182 800	121 867	130 364	-	-	130 364	(8 497)
<b>Total</b>		<b>17 645 600</b>	<b>-</b>	<b>17 645 600</b>	<b>11 763 733</b>	<b>5 613 300</b>	<b>6 268 026</b>	<b>1 219 438</b>	<b>13 100 764</b>	<b>(1 337 031)</b>

□ **Police Forces, Traffic and Street Parking Control**

The reason for the over expenditure was due the festive season holiday period and the Public Safety and Security Department was inundated with a lot of unplanned events that had necessitated deployments of personnel including special operations e.g. alcohol road blocks wherein there were lot of successes (more than 30 drunken drivers were arrested) thus attracted a lot of unplanned overtime. Our roads network needed to be covered at all material times including public holidays i.e. 16, 25, 26 December 2015.

□ **Security Services**

The last dance event is becoming very popular with popular artists that serve as crowd pullers thus attracting a lot of man power that spilled over to 1 January 2016 at the Beach Festival. The programs of our Political Office Bearers were quite intense resulting to more call outs by our security Compliance Officers during this reporting period.

□ **Solid Waste, Street Cleaning and Public Toilets**

Over time in Waste Management FXs for Taxi Ranks, Waste Removal and Public Toilets are due to the need for cleaning of Taxi ranks, Street, towns and Ablution facilities during weekend. The number of staff working overtime has remained minimal and not increased for the last 4 years therefore there is no abuse of overtime. Only the approved over time is worked in this Section.

Therefore, over expenditure may be linked to under budgeting for this basic service and it is compulsory that these areas be cleaned in order to have a healthy environment and in compliance with back to basics phenomenon.

COMMUNITY SERVICES - ENVIRONMENTAL AND RECREATION SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
COMMUNITY SERVICES RECREATION										
FX001001003	Cemeteries	812 900	-	812 900	541 933	487 912	45 272		533 184	8 749
FX001001005002	Halls	177 900	-	177 900	118 600	82 331	44 722		127 053	(8 453)
FX013002004001	Sport Development and Sportfields	362 300	-	362 300	241 533	162 591	39 760		202 351	39 182
FX013001001	Beaches and Jetties	378 000	-	378 000	252 000	191 300	165 470		356 770	(104 770)
FX013002003003	Recreational Facilities - Swimming Pools	402 600	-	402 600	268 400	261 920	230 571		492 491	(224 091)
FX013001002	Community Parks (including Nurseries)	333 000	-	333 000	222 000	215 713	48 012		263 725	(41 725)
<b>Total</b>		<b>2 466 700</b>	<b>-</b>	<b>2 466 700</b>	<b>1 644 467</b>	<b>1 401 767</b>	<b>573 807</b>	<b>-</b>	<b>1 975 574</b>	<b>(331 107)</b>

□ **Halls**

Due to the high demand for usage of the halls, several functions/events are often hosted on the same day. Officials are required to ensure that the premises and furniture are properly taken care of and to ensure that after each function the hall is cleaned and ready for the next hirer. The majority of these events/functions take place outside of normal working hours and result in overtime expenditure.

Due to the specialised lighting system available at the newly refurbished Empangeni Hall it is imperative that an official always be present during events to ensure the correct operation of the lighting system, curtains and air conditioning system, once again resulting in overtime expenditure.

□ **Community Parks**

Most of the overtime done during this period was due to trucks being at the Mechanical Workshop for a long period of time. The department had trucks that had been standing at the Workshop for weeks and beyond, and that resulted in a backlog in collection of vegetation debris and overtime was scheduled to improve or clear vegetation debris as per our operational requirements.

□ **Beaches and Jetties**

It must be noted that all overtime worked in this section was pre-approved planned overtime. 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 continuous maintaining of the Blue Flag Status criteria 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. Cognisance should be taken that each New Year the Financial Department is cutting budget for overtime while the demand for overtime is increasing due to the increase in visitors utilizing the beach area during weekends and public holidays.

□ **Recreational Facilities – Swimming Pools**

It must be noted that all overtime worked in this section was pre-approved planned overtime. The facilities are open 7 days a week and staff are needed to work weekends and public holidays for the general cleaning of the swimming pool as well as the area. The demand is increasing by the public to utilise the pools during weekends and public holidays. Also swimming galas are only held during weekends and this requires more staff to set up as well as place lanes in the pool. All of this leads into over expenditure on overtime.

## 5.2 Corporate Services

### 5.2.1 Overtime

CORPORATE SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
ADMINISTRATION										
FX005001001	Administrative and Corporate Support	330 800	-	330 800	220 533	145 322	40 930	37 535	223 787	(3 254)
FX005001008	Legal Services	200	-	200	133	164	-		164	(31)
FX004001001001	Mayor & Council	123 300	-	123 300	82 200	42 852	47 022		89 874	(7 674)
FX005001007	Information Technology	15 000	-	15 000	10 000	-	-		-	10 000
FX001001005003	Municipal Buildings	15 600	-	15 600	10 400	6 497	-		6 497	3 903
<b>Total</b>		<b>484 900</b>	<b>-</b>	<b>484 900</b>	<b>323 267</b>	<b>194 835</b>	<b>87 952</b>	<b>37 535</b>	<b>320 322</b>	<b>2 945</b>

#### □ Administration and Corporate Support, Mayor and Council

**Admin & Support:** The over expenditure was incurred due to agenda deliveries done on weekends and after hours.

**Municipal Buildings:** Overtime was incurred by staff members assigned at Halls and Thusong Centres. The process of transferring these staff members to Corporate Services has not yet been finalised.

**Mayor and Council:** Over expenditure was incurred due to loud hailing and attending meetings/functions over weekends.

### 5.3 Financial Services

#### 5.3.1 Overtime

FINANCIAL SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/(OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
FX005001003002	Revenue and Expenditure	14 700	22 200	36 900	24 600	-	-		-	24 600
FX005001013	Supply Chain Management	134 300	-	134 300	89 533	84 876	-		84 876	4 657
<b>Total</b>		<b>149 000</b>	<b>22 200</b>	<b>171 200</b>	<b>114 133</b>	<b>84 876</b>	<b>-</b>	<b>-</b>	<b>84 876</b>	<b>29 257</b>

## 5.4 Municipal Manager

### 5.4.1 Overtime

MUNICIPAL MANAGER										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
FX005001009	Marketing, Customer Relations, Publicity	1 500	-	1 500	1 000	1 483	-		1 483	(483)
FX004001002005	Municipal Manager	2 400	-	2 400	1 600	2 320	-		2 320	(720)
<b>Total</b>		<b>3 900</b>	<b>-</b>	<b>3 900</b>	<b>2 275</b>	<b>3 803</b>	<b>-</b>	<b>-</b>	<b>3 803</b>	<b>(1 203)</b>

#### □ Marketing, Customer Relations and Publicity and Office of the Municipal Manager

Employees from the Office of the Municipal Manager Marketing, Customer Relations and Publicity and were part of the staff assisting during the State of the City Address.

## 5.5 Infrastructure and Technical Services

### 5.5.1 Overtime

INFRASTRUCTURE AND TECHNICAL SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
ELECTRICAL SUPPLY SERVICES										
FX002001001001	Marketing and Customer relations	26 000	-	26 000	17 333	10 812	-	-	10 812	6 521
FX002001001003	Process Control Systems	21 900	-	21 900	14 600	9 104	-	-	9 104	5 496
FX002001001004	Electricity and gas Distribution and Planning	4 921 000	-	4 921 000	3 280 667	3 467 648	-	-	3 467 648	(186 981)
FX002001002	Street lighting	205 400	-	205 400	136 933	133 132	-	-	133 132	3 801
<b>Total</b>		<b>5 174 300</b>	<b>-</b>	<b>5 174 300</b>	<b>3 449 533</b>	<b>3 620 696</b>	<b>-</b>	<b>-</b>	<b>3 620 696</b>	<b>(171 163)</b>

#### □ Electricity and Gas Distribution and Planning

There were a total of 22 major power interruptions in the form of cable faults and terminations. The faults were at eSikhaleni, Empangeni & Ngwelezane areas. In addition we had a total of 379 LV no power calls; these have had a significant contribution to the over-expenditure in question.



INFRASTRUCTURE AND TECHNICAL SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R	R	R	R
ENGINEERING SUPPORT SERVICES										
FX010001007001	Project Management Unit - Administration	3 300	5 000	8 300	5 533	-	-	-	-	5 533
FX005001005	Fleet Management	490 300	-	490 300	326 867	337 842	-	-	337 842	(10 975)
FX001001005001	Building Maintenance	102 100	-	102 100	68 067	62 967	-	-	62 967	5 100
<b>Total</b>		<b>595 700</b>	<b>5 000</b>	<b>600 700</b>	<b>400 467</b>	<b>400 809</b>	<b>-</b>	<b>-</b>	<b>400 809</b>	<b>(342)</b>

□ **Fleet Management**

Overtime is restricted to Emergency and Break downs, due to the aging Fleet more break downs occur and more overtime is required. Overtime is managed by means of Registers and only approved by the Workshop Manager.

INFRASTRUCTURE AND TECHNICAL SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R		R	R
TRANSPORT, ROADS AND STORMWATER										
FX012001004002	Roads - Urban Roads	900	10 000	10 900	7 267	5 837	-	-	5 837	1 430
FX012001004003	Roads - Rural Roads	6 000	10 000	16 000	10 667	3 233	-	-	3 233	7 434
FX015001003	Storm Water Management	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>6 900</b>	<b>20 000</b>	<b>26 900</b>	<b>17 933</b>	<b>9 070</b>	<b>-</b>	<b>-</b>	<b>9 070</b>	<b>8 863</b>

INFRASTRUCTURE AND TECHNICAL SERVICES										
OVERTIME										
FUNCTION	DESCRIPTION	ADJUSTED BUDGET 2015/2016			PRO-RATA BUDGET (YTD)	ACTUAL FEBRUARY 2016(YTD)				UNDER/ (OVER) EXPENDITURE
		NON- STRUCTURED	STRUCTURED	TOTAL		NON- STRUCTURED	STRUCTURED	SHIFT ADDITIONAL REMUNERATION	TOTAL	
		R	R	R	R	R	R		R	R
WATER AND SANITATION SERVICES										
FX015001002002	Sewerage - Pumpstations	491 000	-	491 000	327 333	285 043	-	58 503	343 546	(16 213)
FX015001002003	Sewerage - Sewerage Network	6 678 900	-	6 678 900	4 452 600	4 127 021	-	-	4 127 021	325 579
FX016001001003	Water Treatment - Scientific Services	20 900	-	20 900	13 933	21 212	-	-	21 212	(7 279)
FX016001002001	Water Distribution - Rural Water	2 436 500	-	2 436 500	1 624 333	1 689 228	-	-	1 689 228	(64 895)
FX016001002002	Water Distribution - Urban Water	2 322 900	-	2 322 900	1 548 600	1 641 913		-	1 641 913	(93 313)
<b>Total</b>		<b>11 950 200</b>	<b>-</b>	<b>11 950 200</b>	<b>7 966 800</b>	<b>7 764 417</b>	<b>-</b>	<b>58 503</b>	<b>7 822 920</b>	<b>143 880</b>

□ **Sewerage – Pump station**

At the Empangeni Group pumps and Reservoirs, the Reservoir Readings, Cleaning of screens and inspections took place. This is a daily task done by Empangeni Plumbers. This section assists them to alternate weekends including public holidays when their staffs are weekend off. Assist Empangeni Plumbers with grass cutting at Reservoirs. At the Arboretum and Alton Macerators there is a shortage of staff at these Macerators. Staffs are required to work double shifts when staffs are off sick/leave. The new 12hour shifts were implemented on the 1 April 2015 (4 days in 4 days off basis). Due to Load shedding, staffs were called out to monitor levels. Personnel were called out to assist plumbers switching pumps on/off as they were working on main line. (Brackenham / M / S9 pumpstations). Blockages, overflows and electrical problems encountered after hours at the following pumpstations: Ticor, Kuleka, LCH2, LCH2, C.P1 North Road, eSikhaleni Pump F, Pearce Crescent, Arboretum 1, Brackenham.

□ **Water Treatment – Scientific Services**

Water Quality officials attend Water Pollution Incidents as they occur, therefore overtime is never planned.

□ **Water Distribution – Rural Water**

Due to the theft of manhole lids, it causes too many blockages because everything goes into that open manhole. That has contributed on having the over time. Shortage of water around northern depot area put more pressure into our water tankers to supply water until late which contribute on having increased overtime. Hiring of jetting machine also contribute on increase overtime, as we would wait for suppliers to provide the equipment (Jetting machine) for Council's use.

□ **Water Distribution – Urban Water**

Major factor that contribute to overtime over-expenditure is the ever increasing of the Municipality's 'ageing' water and wastewater infrastructure. The insufficient or no budget on Capital water and sewer replacement projects is steadily resulting in an increase in pipeline failures and breakdowns, due to age. 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 work shop than at work, i.e. if four vehicle are in 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 proper 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 overtime.

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

The following monthly budget statement tables (**DMS 1117049**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
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 29 February 2016.

### **8. CREDITORS ANALYSIS**

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) for the month ended 29 February 2016.

### **9. INVESTMENT PORTFOLIO ANALYSIS**

Refer to supporting table SC5 - Investment portfolio (**Annexure O**) for the month ended 29 February 2016.

### **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 29 February 2016.

### **11. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) for the month ended 29 February 2016.

### **12. CAPITAL PROGRAMME PERFORMANCE**

Refer to the following tables for the month ended 29 February 2016:

- ❑ 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**).

### **13. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

Refer to **DMS 1119729** (**Annexure AE**).

## **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 including the comments on the mSCOA project.

## DISCUSSION BY THE FINANCIAL SERVICES PORTFOLIO COMMITTEE ON 30 MARCH 2016

The low spending of the Capital Budget as at 29 February 2016 was noted with concern. It bears noting that based on the Adjusted Capital Budget of R501 million only 42,92% has been spent. The Chief Financial Officer indicated that the difference in spending will be visible in the next financial reporting as the payments of projects were effected during the month of March.

A question of clarity was raised regarding the Tata Steel debt that is increasing whereas the company has been liquidated. The Chief Financial Officer indicated that there is still a basic charge and rates levied as the office is still operating. This has contributed to the escalation of the money indebted to the Municipality by Tata Steel.

## RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 29 February 2016, 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 1117049)** be noted;
2. the comments on the Municipal Standard Chart of Accounts (mSCOA) project status included under point 3.1 of the report be noted; and
3. Council is requested to condone the overtime hours worked above the maximum allowed hours of 15 per week under point 4.2 of the report.