

# OVERBERG

## DISTRICT MUNICIPALITY



### MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 31 DECEMBER 2018

*Compiled in terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003  
(Act 56 of 2003)*

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## 1. REPORT OF THE EXECUTIVE MAYOR

### 1.1 Implementation of the of the Municipality's budget in accordance with the service delivery and budget implementation plan

There are 47 projects on the capital budget for 2017/2018 with a total budget of R 32 740 541. By end of December 2018, R 15 474 460.50 (47.26%) of the R 34 440 541 was spent. The breakdown per department follows:

Department	Nr of Projects	Budget 2018/2019	Actual spent to date	% spent to date
Municipal Manager: Executive	2	18 000	0	0.00%
Internal Audit	2	18 000	2 445	13.58%
IDP & Communication	2	18 000	1 652	9.18%
Performance & Risk Management	2	18 000	0	0.00%
Corporate Support	5	120 000	0	0.00%
Human Resources	4	24 500	0	0.00%
Committee, Records & Councillor Support	3	78 000	24 961	32.00%
Information Services	2	56 000	0	0.00%
Financial Services	2	18 000	0	0.00%
Expenditure	2	236 000	0	0.00%
Supply Chain Management	4	56 000	2 051	3.66%
Municipal Health	3	201 000	4 102	2.04%
Environmental Management	2	44 000	13 610	30.93%
Solid Waste	1	26 977 041	13 551 106	50.23%
Emergency Services	3	3 683 000	1 817 748	49.36%
LED, Tourism, Resorts & EPWP	8	1 175 000	51 474	4.38
Roads	0	0	5 312	100%

By end of December 2018 R 94 946 996 (47.03%) of the total expenditure budget of R 201 905 026 was spent. 47.03% is considered good expenditure management.

<b>Department</b>	<b>Budget 2018/2019</b>	<b>Actual spent to date</b>	<b>% spent to date</b>
MUN MANAGER: EXECUTIVE	R 1 803 858.00	R 981 623.20	54.42%
MM: EXECUTIVE SUPPORT	R 1 553 044.00	R 125 262.69	8.07%
INTERNAL AUDIT	R 1 258 646.00	R 627 323.68	49.84%
COUNCIL EXPENDITURE	R 7 260 104.00	R 3 340 848.82	46.02%
IDP & COMMUNICATION	R 1 654 512.00	R 612 173.83	37.00%
PERFORMANCE & RISK MANAGEMENT	R 1 874 743.00	R 704 805.13	37.59%
CORP SERV: EXECUTIVE	R 658 638.00	R -	0.00%
CORPORATE SUPPORT	R 2 132 321.00	R 786 821.43	36.90%
HUMAN RESOURCES	R 2 401 410.00	R 940 959.29	39.18%
COMMITTEE, RECORDS & COUNCILLOR SUPPORT	R 2 984 151.00	R 972 152.24	32.58%
INFORMATION SERVICES	R 2 374 720.00	R 1 166 204.89	49.11%
FINANCE: EXECUTIVE	R 734 937.00	R 381 307.16	51.88%
FINANCIAL SUPPORT	R 275 117.00	R 73 302.91	26.64%
FINANCIAL SERVICES	R 16 663 144.00	R 6 253 197.70	37.53%
REVENUE	R 1 266 581.00	R 602 249.50	47.55%
EXPENDITURE	R 2 241 396.00	R 940 470.42	41.96%
SUPPLY CHAIN MANAGEMENT	R 2 319 394.00	R 1 090 103.72	47.00%
COMM. SERV: EXECUTIVE	R 1 094 200.00	R 517 297.29	47.28%
COMMUNITY SERVICES SUPPORT	R 6 430.00	R -	0.00%
MUNICIPAL HEALTH	R 14 139 826.00	R 6 619 148.15	46.81%
COMPREHENSIVE HEALTH	R 150 435.00	R 84 451.26	56.14%
ENVIROMENTAL MANAGEMENT	R 2 616 099.00	R 1 096 180.24	41.90%
SOLID WASTE	R 7 278 501.00	R 533 376.58	7.33%
EMERCENCY SERVICES	R 27 483 496.00	R 12 390 025.35	45.08%
LED, TOURISM, RESORTS & EPWP	R 15 219 502.00	R 6 999 398.66	45.99%
ROADS	R 84 459 821.00	R 47 108 311.86	55.78%

## 1.2 Any financial problems or risk facing the Municipality

Risk Item	Risk Description	Risk Background	Cause of risk	Impact	Likelihoods
R 307	Lack of revenue source	"Revenue source _ Unfunded mandates (Lack of clarity with regard to responsibility for Agri Parks in different spheres of government). Inadequate governance capacity"	<ol style="list-style-type: none"> <li>1. Lack of legal clarity on revenue generation initiatives</li> <li>2. No replacement of RSC levies</li> <li>3. Over reliance on the equitable share 85% income based on calculation</li> </ol>	Critical	Almost Certain (90%)
R 312	Loss of Roads Agency function	Should the function of Roads be transferred back to the Provincial Department the municipality will then have a catastrophic financial viability concern.	Non alignment between spheres of government	Catastrophic	Possible (60%)
R 332	Challenges w.r.t. Asset Management	There have been a number of challenges in asset management unit for example disposed items not being removed from asset register, assets cannot be located in location allocated to on asset register and there are assets that are not bar-coded.	<ol style="list-style-type: none"> <li>1. No management buy in.</li> <li>2. Lack of communication.</li> <li>3. Staff shortage</li> <li>4. New process in municipality</li> <li>5. Value of asset - ownership</li> <li>6. Condition of asset</li> <li>7. Classification of assets</li> </ol>	Significant	Possible (60%)
R 336	Possible errors in the migration of the current financial information record management, HR and Payroll	Possible errors in the migration of the current financial information record management, HR and Payroll	<ol style="list-style-type: none"> <li>1. Improper/ insufficient training (unskilled staff).</li> <li>2. Human error.</li> </ol>	Marginal	Potential (50%)
R 337	Insurance of Council Assets	Lack of sufficient insurance cover includes 3rd party claims	Insufficient cover misalignment with Asset Management	Significant	Possible (60%)
R 345	Lack of Proper Contract management and Performance of external services providers.	<ol style="list-style-type: none"> <li>1. Lack of proper contract management procedures.</li> <li>2. Requires a review of evaluation process of performance of external vendors.</li> <li>3. Non- adherence to contract specifications.</li> </ol>	<ol style="list-style-type: none"> <li>1. Legislative requirements for Procurement.</li> <li>2. Lack of specialised and key personnel</li> <li>3. Insufficient buy-in, commitment and accountability from departments.</li> <li>4. Non-compliance to policies.</li> <li>5. Non-adherence to policy's and guidelines.</li> </ol>	Significant	Possible (60%)

R 346	SCM not part of needs analysis (Per department)	1. CAPEX conformance. 2. Determination of procurement plan and related Demand Management procedures.	1. Failure to do a proper needs analysis across all departments 2. Incorporation of SCM protocol in Strategic planning processes (IDP, LED, etc.). 3. Currently being conducted in the absence of guidance and facilitation from SCM	Moderate	Possible (60%)
R 347	Limited execution of Demand Management in Relation to LED Involvement	1. "Optimal involvement and cooperation of LED and/or related sub-divisions to do effective planning and compilation of bid specifications. 2. Lack of implementation process development and implementation. 3. Lack of communication between departments resulting in financial losses.	Lack of LED and/or related sub-division's involvement in the planning phase(user department) prior to submitting of specifications.	Moderate	Possible (60%)
R 348	Excessive compliance driven without effective and efficient implementation.	1. The SCM Legislation contains a lot of regulated requirements that must be complied with in order to successfully process any procurement of goods and services in order to be Fair, Transparent, Cost-Effective and Efficient. 2. SCM unit has limitations with regards to skills and adequate human resources.	1. Limited Key Positions (Demand, Contract, Acquisitions, Logistics) to execute these requirements. 2. Limited utilisation of electronic systems 3. Technical support and reliance from user departments (accountability and cooperation)	Significant	Potential (50%)
R 349	SCM objections and appeals	Procurement processes being challenged by unsuccessful bidders.	1. Mistakes made in bid committees in relation to legislative/ tender conditions by both SCM officials and User Departments. 2. Omissions (human error/oversight), uniformed protocol, open-ended interpretations.	Moderate	Potential (50%)
R 367	Ageing Infrastructure at the resorts	Depleted and worn out infrastructure ... Buildings and Equipment. Water networks	Old infrastructure. Lack of finances. Negligence (PPE)	Critical	Expected (70%)

### 1.3 Annual Report and Audit Report

In terms of sec 72(1)(a)(iii) of the MFMA, the following is submitted regarding progress on resolving problems identified in the annual report. The municipality is encouraged to strengthen its internal monitoring by assessing the fundamentals of internal controls on a frequent basis to maintain a clean audit and administration. An action plan (OPCAR) has been implemented to address and monitor unsolved audit findings.

Most of the service delivery challenges identified in the annual report relates to the equitable share allocated.

#### Summary of the Auditor-General Report

Auditor-General Report on Financial Performance Year 2017/18	
<b>Audit Report Status*:</b>	Unqualified without findings (Clean)
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
The municipality has no material findings on compliance with specific matters in key legislation as set out in the general notice issued in terms of the Public Audit Act	None
<b>Internal Control Deficiencies</b>	<b>Remedial Action Taken</b>
No deficiencies in internal control were identified.	None
<b>Emphasis of matters</b>	<b>Remedial Action Taken</b>
<u>Restatement of corresponding figures:</u> As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors discovered during the 2017-2018 financial year in the Financial statements of the municipality at, and for the year ended, 30 June 2018	It was rectified during the Audit
<u>Underspending of grants:</u> As disclosed in note 21.08 of the financial statements, the municipality materially underspent on conditional grant by R12,9 million (2016-17: R8, 9 million).	This was mainly due to an advance receipt at year-end from the Western Cape Department of Transport and Public Works for the roads agency function.

## OPCAR

COMAF 2017/18	DESCRIPTION	ACTION	RESPONSIBLE PERSON	TARGET DATE	% COMPLETED
1.	No external assessments performed on Internal Audit	<ul style="list-style-type: none"> <li>➤ Conducting external assessments on Internal Audit, as part of the peer-review initiative amongst the Chief Audit Executives within the Overberg District.</li> </ul>	F Coetzee	<ul style="list-style-type: none"> <li>• June 2019</li> </ul>	5%
2.	Employee cost: Human Resource Plan	<ul style="list-style-type: none"> <li>➤ Finalise outstanding JD's</li> <li>➤ Review organisational structure</li> <li>➤ Placement of employees</li> </ul>	<p>Managers</p> <p>MM/HR/Managers</p> <p>MM/HR</p>	<ul style="list-style-type: none"> <li>• Dec 2018</li> <li>• Ongoing</li> <li>• June 2019</li> </ul>	<p>0%</p> <p>100%</p> <p>50%</p>
3.	<p>1. Patch management processes not implemented</p> <p>2. Lack of evidence of off-site storage of data</p> <p>3. Inadequate disaster recovery plan</p>	<ul style="list-style-type: none"> <li>➤ The SOP will be submitted to the next ICT Steering Committee in the fourth quarter of 2018</li> <li>➤ Tender implementation started 1 September 2018.</li> <li>➤ Management will submit the plan to the next ICT Steering Committee during the final quarter of 2018. The policy was already approved by Council.</li> </ul>	J Snyman	<ul style="list-style-type: none"> <li>• Dec 2018</li> <li>• Dec 2018</li> <li>• Dec 2018</li> </ul>	<p>0%</p> <p>0%</p> <p>0%</p>



4.	Revenue: Agency fees and unspent conditional grants	<ul style="list-style-type: none"> <li>➤ Annual Financial Statements will be adjusted. For review purposes ODM will use an external service provider to review working papers along with the AFS.</li> </ul>	W Stassen	<ul style="list-style-type: none"> <li>• Oct 2018</li> <li>• Aug 2019</li> </ul>	100% 0%
5.	Prevention of irregular expenditure	<ul style="list-style-type: none"> <li>➤ ODM is busy with negotiations for the rental of another property</li> <li>➤ Three months Notice was given to Chanu Creations to terminate lease based due to the fact that they are still not registered.</li> </ul>	R Geldenhuys  A Thompson	<ul style="list-style-type: none"> <li>• Jan 2019</li> <li>• Oct 2018</li> </ul>	100%  100%
6.	Irregular expenditure	<ul style="list-style-type: none"> <li>➤ Adjustment to be made to note in Financial Statements</li> <li>➤ Irregular, fruitless &amp; wasteful, unauthorised register to be included in review pack at financial statement review</li> </ul>	W Stassen  W Stassen	<ul style="list-style-type: none"> <li>• Nov 2018</li> <li>• Aug 2019</li> </ul>	100%  0%
8.	Consequence management	<ul style="list-style-type: none"> <li>➤ All irregular, unauthorized and fruitless expenditure as included in the 2017/18 AFS will be referred to the next meeting of the Section 32 meeting.</li> </ul>	CFO	<ul style="list-style-type: none"> <li>• Jan 2019</li> </ul>	5%
9.	Overstatement of receivables from exchange transactions	<ul style="list-style-type: none"> <li>➤ Statements will be adjusted accordingly</li> </ul>	W Stassen	<ul style="list-style-type: none"> <li>• Nov 2018</li> </ul>	100%
10.	PDO: Accuracy of the portfolio of evidence	<ul style="list-style-type: none"> <li>➤ Will changed the actual performance to "0"</li> </ul>	M Dunn	<ul style="list-style-type: none"> <li>• Completed</li> </ul>	100%

11.	Assets not bar-coded or duplicated barcodes.	➤ Management will implement a process to ensure that all moveable assets are bar-coded and individually identifiable	J Johnson	• April 2019	10%
12.	Property, plant and equipment (Misstatement of note 9 of the AFS)	➤ Journal will be passed to align GL to asset register.	W Stassen	• Nov 2018	100%
13.	Payable from exchange transactions (No Supporting documents)	➤ The necessary supporting documentation has now been provided.	W Stassen	• Nov 2018	100%
14.	Non-Compliance – Contract Management	➤ Management to sign contract timeously	D Kapot-Witbooi	• Continuously	100%
15.	Deviations	➤ The deviation amount of R 99 166 will be included in the note for irregular expenditure in the financial statements and be referred for a sect 32 investigation.	W Stassen	• Nov 2018	60%
16.	Tax clearance certificate - Irregular expenditure	➤ Adjustment to be made to note in Financial Statements	W Stassen	• 16Nov 2018	100%
		➤ Irregular, fruitless & wasteful, unauthorised register to be included in review pack at financial statement review.	W Stassen	• 15Aug 2019	0%

17.	Property, Plant and Equipment: Land and Buildings	➤ Financial statements and investment property register will be adjusted accordingly.	W Stassen	• 22 Nov 2018	100%
18.	Irregular expenditure (Payment in excess of amount quoted)	➤ Ensure that the controls in place are strictly adhered to. The amount of R 28 200 will be included in the note for irregular expenditure in the financial statements and it will be referred for a sect 32 investigation.	W Stassen	• 16Nov 2018	100%
19.	Deviation Register	➤ Adjustment will be made to the AFS.	W Stassen	• 16Nov 2018	100%

#### **1.4 National and Provincial adjustments budgets**

There were adjustments to certain grants which had an impact on the Municipality's budget. All changes were approved by Council on 3 December 2018.

#### **1.5 Necessity of an adjustments budget for the Municipality**

Section 28 of the MFMA read as follow:

A municipality may revise an approved annual budget through an adjustments budget.

An adjustment budget is necessary as role over funds were approved, thus additional grant spending anticipated.

Other adjustments include:

- Align non-cash operational expenditure to previous year audited outcome
- Unspent grant of Rural Roads Assets Management grant was approved by national treasury
- Account for capital and operational expenditure as approved by Council on 18 June 2018
- Accounting for virements passed during the first half of the year
- Adjust revenue and expenditure relating to Karwyderskraal to align to projections made by consultant
- Centralise all capital projects relating to computer equipment and furniture and office equipment to ensure that spending is done according to priorities.
- Transfer funds from operational to capital budget for the purchasing of a vehicle.
- Minor adjustments within operational expenditure
- Corrections relating to loan term loan from Standard Bank

- Grant received from Provincial Department for emergency services to be included in the capital budget

Accordingly, a report on adjustments to the budget will be submitted for consideration by Council on 28 January 2018.

## 2. RESOLUTIONS

### 2.1 *Mi-year budget and performance assessment*

- a) That cognisance be taken of the mid-year budget and performance assessment in respect of the first half of the 2018/2019 financial year;
- b) That the assessment report be submitted to Council on 28 January 2019 in terms of Section 54(1)(f) of the MFMA;
- c) That the proposed amendments to the KPI's and targets be submitted to council in terms of Section 54(1)(c) for approval;
- d) That, following the above [with reference to regulation 23(1)] an adjustments budget on the 2016/2017 budget be tabled for consideration at the council meeting on 28 January 2019.

## 3. EXECUTIVE SUMMARY

### 3.1 Introduction

In accordance with Section 72(1) of the Municipal Finance Management Act (MFMA) the Accounting Officer is required to-

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account-
  - (i) The monthly statements referred to in section 71 for the first half of the financial year;
  - (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
  - (iii) The past year's annual report, and progress on resolving problems identified in the annual report.
  - (iv) The performance of every municipality entity under the sole or shared control of every municipality , taking into account reports in terms of section 88 from any such entities; and
- (b) Submit a report on such assessment to-
  - (i) The mayor of the municipality;
  - (ii) National Treasury; and
  - (iii) The relevant Provincial Treasury

It should be noted that additional funds were received from National and Provincial Treasury, but Overberg District Municipality does not anticipate the national adjustments budget and the relevant provincial adjustments budget to influence the Municipality's budget towards the end of the financial year.

### 3.2 Consolidated performance

The following table summarises the overall position on the capital and operating budgets:

	<b>Capital Expenditure</b>	<b>Operating Expenditure</b>	<b>Operating Revenue</b>
Budget	R 32 740 541	R 201 905 026	R 203 514 978
Budget to Date	R 12 000 000	R 105 012 256	R 111 396 535
Year to Date	R 15 474 461	R 94 946 996	R 102 160 270
Variance to SDBIP	R 3 474 461	-R 10 065 260	-R 9 236 265
YTD% Variance to SDBIP	29%	-10%	-8%
% of Annual Budget	47%	47%	50%

### 4. IN-YEAR BUDGET STATEMENT TABLES

The in-year budget statement tables are presented below. Supporting information and explanations of are given for each table where such information will assist with understanding the information contained in the tables.



## 4.2 Monthly Budget Statement – Financial Performance (Standard classification)

DC3 Overberg - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	88 022	88 022	23 029	59 871	53 848	6 023	11%	88 022
Executive and council		-	11 876	11 876	-	4 000	4 458	(458)	-10%	11 876
Finance and administration		-	76 146	76 146	23 029	55 871	49 390	6 481	13%	76 146
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	21 012	21 012	1 847	8 644	10 308	(1 664)	-16%	21 012
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	15 391	15 391	1 079	8 445	7 696	750	10%	15 391
Public safety		-	5 336	5 336	762	65	2 470	(2 405)	-97%	5 336
Housing		-	-	-	-	-	-	-	-	-
Health		-	285	285	6	134	143	(9)	-6%	285
<i>Economic and environmental services</i>		-	84 560	84 560	20	33 646	42 280	(8 634)	-20%	84 560
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	84 460	84 460	20	33 633	42 230	(8 597)	-20%	84 460
Environmental protection		-	100	100	-	13	50	(37)	-75%	100
<i>Trading services</i>		-	9 921	9 921	-	-	4 961	(4 961)	-100%	9 921
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	9 921	9 921	-	-	4 961	(4 961)	-100%	9 921
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	203 515	203 515	24 897	102 160	111 397	(9 236)	-8%	203 515
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	48 903	48 903	4 605	19 504	25 403	(5 899)	-23%	48 903
Executive and council		-	10 617	10 617	920	4 448	5 424	(976)	-18%	10 617
Finance and administration		-	37 027	37 027	3 691	14 429	19 304	(4 875)	-25%	37 027
Internal audit		-	1 259	1 259	94	627	675	(48)	-7%	1 259
<i>Community and public safety</i>		-	56 993	56 993	3 983	26 093	29 971	(3 878)	-13%	56 993
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	15 220	15 220	1 142	6 999	7 850	(850)	-11%	15 220
Public safety		-	27 483	27 483	1 787	12 390	14 496	(2 106)	-15%	27 483
Housing		-	-	-	-	-	-	-	-	-
Health		-	14 290	14 290	1 055	6 704	7 626	(922)	-12%	14 290
<i>Economic and environmental services</i>		-	88 730	88 730	7 279	48 817	45 999	2 818	6%	88 730
Planning and development		-	1 655	1 655	111	612	884	(272)	-31%	1 655
Road transport		-	84 460	84 460	7 001	47 108	43 724	3 385	8%	84 460
Environmental protection		-	2 616	2 616	167	1 096	1 392	(295)	-21%	2 616
<i>Trading services</i>		-	7 279	7 279	4	533	3 639	(3 106)	-85%	7 279
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	7 279	7 279	4	533	3 639	(3 106)	-85%	7 279
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	201 905	201 905	15 671	94 947	105 012	(10 065)	-10%	201 905
<b>Surplus/ (Deficit) for the year</b>		-	1 610	1 610	9 025	7 213	6 384	829	13%	1 610

This table reflects the operating budget in the standard classifications which are the Government Finance Statistics Functions and Sub-Functions. These are used by National Treasury to assist the compilation of accounts for comparison purposes, regardless of the unique structures used by different institutions.

The main functions are Governance and administration; Community and public safety; Economic and environmental services; and trading services.

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

### 4.3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote)

DC3 Overberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Municipal Manager		-	13 074	13 074	-	4 247	5 057	(810)	-16.0%	13 074
Vote 2 - Management Services		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	24	24	2	12	12	0	2.5%	24
Vote 4 - Finance		-	76 408	76 408	23 027	55 612	49 323	6 289	12.8%	76 408
Vote 5 - Community Services		-	114 010	114 010	1 868	42 289	57 005	(14 716)	-26.8%	114 010
<b>Total Revenue by Vote</b>	2	-	<b>203 515</b>	<b>203 515</b>	<b>24 897</b>	<b>102 160</b>	<b>111 397</b>	<b>(9 236)</b>	<b>-8.3%</b>	<b>203 515</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Municipal Manager		-	16 406	16 406	1 243	6 392	7 974	(1 582)	-19.8%	16 406
Vote 2 - Management Services		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	10 551	10 551	525	3 866	5 510	(1 644)	-29.8%	10 551
Vote 4 - Finance		-	23 501	23 501	2 858	9 341	12 210	(2 870)	-23.5%	23 501
Vote 5 - Community Services		-	152 448	152 448	11 245	76 348	79 318	(3 969)	-5.0%	152 448
<b>Total Expenditure by Vote</b>	2	-	<b>201 906</b>	<b>201 906</b>	<b>15 871</b>	<b>94 947</b>	<b>105 012</b>	<b>(10 065)</b>	<b>-9.6%</b>	<b>201 906</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>1 610</b>	<b>1 610</b>	<b>9 025</b>	<b>7 213</b>	<b>6 384</b>	<b>829</b>	<b>13.0%</b>	<b>1 610</b>

The operating expenditure budget is approved at a municipal vote level.

The municipal votes reflect the organisational structure of the municipality which is made up of: Municipal Manager, Management Services and Community & Technical Services



#### 4.4 Monthly Budget Statement – Financial Performance (revenue and expenditure)

DC3 Overberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Properly rates		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		9 921	9 921	-	-	4 961	(4 961)	-100%	9 921	
Service charges - other		-	-	-	-	-	-	-	-	
Rental of facilities and equipment		11 355	11 355	3	25	5 678	(5 653)	-100%	11 355	
Interest earned - external investments		1 400	1 400	20	453	700	(247)	-35%	1 400	
Interest earned - outstanding debtors		0	0	884	5 368	0	5 368	#####	0	
Dividends received		-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	
Licences and permits		135	135	6	62	67	(5)	-7%	135	
Agency services		8 813	8 813	-	2 938	4 407	(1 469)	-33%	8 813	
Transfers and subsidies		158 024	158 024	22 994	88 623	90 329	(1 706)	-2%	158 024	
Other revenue		9 423	9 423	989	3 629	4 712	(1 083)	-23%	9 423	
Gains on disposal of PPE		2 960	2 960	-	1 062	-	1 062	#DIV/0!	2 960	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>-</b>	<b>202 032</b>	<b>202 032</b>	<b>24 897</b>	<b>102 160</b>	<b>110 853</b>	<b>(8 693)</b>	<b>-8%</b>	<b>202 032</b>
<b>Expenditure By Type</b>										
Employee related costs		-	105 553	105 553	7 859	50 688	56 836	(6 148)	-11%	105 553
Remuneration of councillors		-	6 169	6 169	558	3 026	3 084	(59)	-2%	6 169
Debt impairment		-	-	-	-	-	-	-	-	
Depreciation & asset impairment		-	3 101	3 101	-	22	1 551	(1 529)	-99%	3 101
Finance charges		-	5 625	5 625	6	89	2 813	(2 723)	-97%	5 625
Bulk purchases		-	-	-	-	-	-	-	-	
Other materials		-	43 941	43 941	3 340	24 918	21 970	2 947	13%	43 941
Contracted services		-	19 699	19 699	583	5 280	9 849	(4 569)	-47%	19 699
Transfers and subsidies		-	-	-	-	-	-	-	-	
Other expenditure		-	17 816	17 816	3 525	10 944	8 908	2 036	23%	17 816
Loss on disposal of PPE		-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>-</b>	<b>201 905</b>	<b>201 905</b>	<b>15 871</b>	<b>94 947</b>	<b>105 012</b>	<b>(10 065)</b>	<b>-10%</b>	<b>201 905</b>
<b>Surplus/(Deficit)</b>										
(Transfers and subsidies - capital transfers and contributions)		-	127	127	9 025	7 213	5 841	1 373	0	127
(National / Provincial and District)		-	1 483	1 483	-	-	544	(544)	(0)	1 483
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>-</b>	<b>1 610</b>	<b>1 610</b>	<b>9 025</b>	<b>7 213</b>	<b>6 384</b>			<b>1 610</b>
Taxation		-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>		<b>-</b>	<b>1 610</b>	<b>1 610</b>	<b>9 025</b>	<b>7 213</b>	<b>6 384</b>			<b>1 610</b>
Attributable to minorities		-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>		<b>-</b>	<b>1 610</b>	<b>1 610</b>	<b>9 025</b>	<b>7 213</b>	<b>6 384</b>			<b>1 610</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>		<b>-</b>	<b>1 610</b>	<b>1 610</b>	<b>9 025</b>	<b>7 213</b>	<b>6 384</b>			<b>1 610</b>

#### Reasons for variances: Revenue

- A total year to date variance of 3.89% is considered good revenue management

#### Expenditure

Expenditure to date amount to 54.51%. This is considered good expenditure management as we are halfway through the financial year and the majority of personnel receive their bonuses in the first half of the year.

**Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding)**

Vote Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 2 - Management Services		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Finance		-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	26 977	26 977	1 823	13 551	9 888	3 664	37%	26 977
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	26 977	26 977	1 823	13 551	9 888	3 664	37%	26 977
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Municipal Manager		-	72	72	-	4	26	(22)	-84%	72
Vote 2 - Management Services		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	279	278	0	25	102	(77)	-76%	279
Vote 4 - Finance		-	310	310	-	2	114	(112)	-88%	310
Vote 5 - Community Services		-	5 103	5 103	240	1 882	1 670	22	1%	5 103
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	-	5 764	5 764	240	1 923	2 112	(189)	-9%	5 764
<b>Total Capital Expenditure</b>		-	32 741	32 741	2 063	15 474	12 000	3 474	29%	32 741
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	643	643	0	29	235	(206)	-87%	643
Executive and council		-	18	18	-	-	7	(7)	-100%	18
Finance and administration		-	607	607	0	27	222	(185)	-88%	607
Internal audit		-	18	18	-	2	7	(4)	-63%	18
<b>Community and public safety</b>		-	5 059	5 059	241	1 873	1 854	19	1%	5 059
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	1 175	1 175	26	51	431	(379)	-88%	1 175
Public safety		-	3 683	3 683	215	1 818	1 350	468	35%	3 683
Housing		-	-	-	-	-	-	-	-	-
Health		-	201	201	-	4	74	(70)	-94%	201
<b>Economic and environmental services</b>		-	62	62	(1)	21	23	(2)	-9%	62
Planning and development		-	18	18	-	2	7	(5)	-75%	18
Road transport		-	-	-	-	5	-	5	#DIV/0!	-
Environmental protection		-	44	44	(1)	14	16	(3)	-16%	44
<b>Trading services</b>		-	26 977	26 977	1 823	13 551	9 888	3 664	37%	26 977
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	26 977	26 977	1 823	13 551	9 888	3 664	37%	26 977
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	-	32 741	32 741	2 063	15 474	12 000	3 474	29%	32 741
<b>Funded by:</b>										
National Government		-	-	-	-	-	-	-	-	-
Provincial Government		-	1 483	1 483	-	-	544	(544)	-100%	1 483
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	1 483	1 483	-	-	544	(544)	-100%	1 483
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	26 977	26 977	1 823	13 551	9 888	3 664	37%	26 977
Internally generated funds		-	4 281	4 281	240	1 923	1 569	354	23%	4 281
<b>Total Capital Funding</b>		-	32 741	32 741	2 063	15 474	12 000	3 474	29%	32 741

Capital spending is higher than the budget to date. This is mainly due to an item that was ordered in the 2015/2016 financial year, but only received in the 2016/2017 financial year.



#### 4.5 Monthly Budget Statement – Financial Position

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		36 715	25 167	25 167	26 428	25 167
Call investment deposits		–	–	–	–	–
Consumer debtors		2 782	1 111	1 111	2 125	1 111
Other debtors		2 008	4 015	4 015	4 151	4 015
Current portion of long-term receivables		–	–	–	–	–
Inventory		1 026	989	989	1 948	989
<b>Total current assets</b>		<b>42 531</b>	<b>31 282</b>	<b>31 282</b>	<b>34 652</b>	<b>31 282</b>
<b>Non current assets</b>						
Long-term receivables		28 433	28 433	28 433	28 433	28 433
Investments		–	–	–	–	–
Investment property		207	–	–	207	–
Investments in Associate		–	–	–	–	–
Property, plant and equipment		45 756	78 541	78 541	60 242	78 541
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		388	874	874	388	874
Other non-current assets		6 889	8 818	8 818	6 889	8 818
<b>Total non current assets</b>		<b>81 674</b>	<b>116 666</b>	<b>116 666</b>	<b>96 159</b>	<b>116 666</b>
<b>TOTAL ASSETS</b>		<b>124 205</b>	<b>147 948</b>	<b>147 948</b>	<b>130 811</b>	<b>147 948</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		2 556	3 248	3 248	2 194	3 248
Consumer deposits		12	12	12	34	12
Trade and other payables		19 513	10 131	10 131	20 167	10 131
Provisions		10 776	11 042	11 042	9 855	11 042
<b>Total current liabilities</b>		<b>32 857</b>	<b>24 432</b>	<b>24 432</b>	<b>32 250</b>	<b>24 432</b>
<b>Non current liabilities</b>						
Borrowing		258	25 135	25 135	258	25 135
Provisions		78 980	89 843	89 843	78 980	89 843
<b>Total non current liabilities</b>		<b>79 238</b>	<b>114 979</b>	<b>114 979</b>	<b>79 238</b>	<b>114 979</b>
<b>TOTAL LIABILITIES</b>		<b>112 094</b>	<b>139 411</b>	<b>139 411</b>	<b>111 488</b>	<b>139 411</b>
<b>NET ASSETS</b>	2	<b>12 111</b>	<b>8 537</b>	<b>8 537</b>	<b>19 324</b>	<b>8 537</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		12 111	8 537	8 537	19 324	8 537
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>12 111</b>	<b>8 537</b>	<b>8 537</b>	<b>19 324</b>	<b>8 537</b>

Although the cash balance improved, strong financial management and discipline will still have to be enforced. It must also be noted that most of grants have already been received. This means that the cash flow position situation will deteriorate towards the end of the financial year.

## 4.6 Monthly Budget Statement – Cash Flow

DC3 Overberg - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2017/18	Budget Year 2018/19								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
<b>R thousands</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates			-	-	-	-	-	-		-	
Service charges			9 921	9 921	-	-	4 961	(4 961)	-100%	9 921	
Other revenue			29 726	29 726	278	8 212	16 332	(8 120)	-50%	29 726	
Government - operating			158 024	158 024	22 994	90 129	105 349	(15 220)	-14%	158 024	
Government - capital			1 483	1 483	-	-	1 483	(1 483)	-100%	1 483	
Interest			1 400	1 400	904	5 302	700	4 602	657%	1 400	
Dividends			-	-	-	-	-	-		-	
<b>Payments</b>											
Suppliers and employees			(191 969)	(191 969)	(18 558)	(98 772)	(99 984)	(1 212)	1%	(191 969)	
Finance charges			(329)	(329)	(6)	(89)	(165)	(75)	46%	(329)	
Transfers and Grants			-	-	-	-	-	-		-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>-</b>	<b>8 256</b>	<b>8 256</b>	<b>5 613</b>	<b>4 782</b>	<b>28 677</b>	<b>23 895</b>	<b>83%</b>	<b>8 256</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			2 960	2 960	-	745	-	745	#DIV/0!	2 960	
Decrease (increase) in non-current debtors			-	-	-	-	-	-		-	
Decrease (increase) other non-current receivables			-	-	-	-	-	-		-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
<b>Payments</b>											
Capital assets			(32 741)	(32 741)	(2 063)	(15 474)	(12 000)	3 474	-29%	(32 741)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>-</b>	<b>(29 781)</b>	<b>(29 781)</b>	<b>(2 063)</b>	<b>(14 729)</b>	<b>(12 000)</b>	<b>2 729</b>	<b>-23%</b>	<b>(29 781)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			26 977	26 977	-	-	-	-		26 977	
Increase (decrease) in consumer deposits			-	-	(0)	22	-	22	#DIV/0!	-	
<b>Payments</b>											
Repayment of borrowing			(2 021)	(2 021)	(62)	(362)	(1 010)	(648)	64%	(2 021)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>-</b>	<b>24 956</b>	<b>24 956</b>	<b>(62)</b>	<b>(340)</b>	<b>(1 010)</b>	<b>(670)</b>	<b>66%</b>	<b>24 956</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>-</b>	<b>3 432</b>	<b>3 432</b>	<b>3 488</b>	<b>(10 287)</b>	<b>15 667</b>			<b>3 432</b>
Cash/cash equivalents at beginning:			21 735	21 735		36 715	21 735				36 715
Cash/cash equivalents at monthly year end:			-	25 167	25 167		26 428	37 402			40 147

## PART 2: SUPPORTING DOCUMENTATION

### 1. Debtor's Analysis (Table SC3)

DC3 Overberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2018/19									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts (Lo Council Policy)
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total			
R thousands													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables From Exchange Transactions - Water	1200	1	0	-	-	-	-	-	-	1	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	36	4	2	1	2	1	3	1	51	8	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	48	9	5	5	5	1	-	-	71	10	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	179	72	29	18	19	51	82	86	1275	995	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>264</b>	<b>85</b>	<b>36</b>	<b>24</b>	<b>25</b>	<b>53</b>	<b>824</b>	<b>87</b>	<b>1398</b>	<b>1013</b>	<b>-</b>	<b>-</b>
<b>2017/18 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	(132)	-	-	-	-	-	760	9	629	760	-	-
Commercial	2300	(26)	15	-	-	-	-	18	32	36	40	-	-
Households	2400	413	70	36	24	25	19	49	55	691	171	-	-
Other	2500	9	-	-	-	-	33	-	-	42	33	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>264</b>	<b>85</b>	<b>36</b>	<b>24</b>	<b>25</b>	<b>53</b>	<b>824</b>	<b>87</b>	<b>1398</b>	<b>1013</b>	<b>-</b>	<b>-</b>

### 2. Creditor's Analysis (Table SC4)

DC3 Overberg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2018/19									Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year			
R thousands												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	494	-	-	-	-	-	-	-	-	494	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	786	-	786	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	1	1	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787</b>	<b>1281</b>	<b>-</b>	<b>-</b>



### 3. Investment portfolio analysis (Table SC5)

DC3 Overberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Type of Investment	Accrued interest for the month	Market value at beginning of the month	Change in market value	Market value at end of the month
<b>R thousands</b>						
<b>Municipality</b>						
ABSA Depositor Plus		Call account	70	14 184	(3 930)	10 254
ABSA Depositor Plus		Call account	0	80	0	80
Nedbank Call Account		Call account	53	10 064	53	10 117
<b>Municipality sub-total</b>			123	24 328	(3 877)	20 451
<b>Entities</b>						
<b>Entities sub-total</b>			-	-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	2		123	24 328	(3 877)	20 451

#### 4. Allocation and grant receipts and expenditure (Tables SC6 and SC7)

DC3 Overberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	72 778	72 778	22 634	55 412	48 519	5 659	11.7%	-
Local Government Equitable Share			67 902	67 902	22 634	50 927	45 268	5 659	12.5%	
Finance Management			1 000	1 000	-	1 000	667			
EPWP Incentive			1 125	1 125	-	1 631	750			
Rural Roads Asset Management Grant			2 751	2 751	-	1 854	1 834			
	3									
Other transfers and grants [insert description]										
<b>Provincial Government:</b>		-	85 246	85 246	360	34 717	56 831	(22 148)	-39.0%	-
PT - PAWK			84 299	84 299	-	33 545	56 200	(22 655)	-40.3%	
Seta			100	100	-	101	67			
Health Subsidy			150	150	-	71	100	(29)	-28.9%	
CDW Operational Support Grant			56	56	-	-	37	(37)	-100.0%	
Human Capacity Building Grant			640	640	360	1 000	427	573	134.4%	
Other transfers and grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	-	158 024	158 024	22 994	90 129	105 349	(16 489)	-15.7%	-
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers [insert description]										
<b>Provincial Government:</b>		-	1 483	1 483	-	-	1 483	(1 483)	-100.0%	-
Fire Service Capacity Building Grant			1 483	1 483	-	-	1 483	(1 483)	-100.0%	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	1 483	1 483	-	-	1 483	(1 483)	-100.0%	-
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	159 507	159 507	22 994	90 129	106 832	(17 972)	-16.8%	-

DC3 Overberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		-	72 778	72 778	22 634	53 906	47 706	6 200	13.0%	72 778
Local Government Equitable Share			67 902	67 902	22 634	50 927	45 268	5 659	12.5%	67 902
Finance Management			1 000	1 000	-	-	500	(500)	-100.0%	1 000
EPWP Incentive			1 125	1 125	-	1 125	563	563	100.0%	1 125
Rural Roads Asset Management Grant			2 751	2 751	-	1 854	1 376	478	34.8%	2 751
Other transfers and grants [insert description]										
Provincial Government:		-	85 246	85 246	360	34 717	42 623	(7 957)	-18.7%	85 246
PT - PAWK			84 299	84 299	-	33 545	42 150	(8 605)	-20.4%	84 299
Seta			100	100	-	101	50			100
Health Subsidy			150	150	-	71	75	(4)	-5.1%	150
CDW Operational Support Grant			56	56	-	-	28	(28)	-100.0%	56
Human Capacity Building Grant			640	640	360	1 000	320	680	212.5%	640
District Municipality:		-	-	-	-	-	-	-		-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-		-
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		<b>-</b>	<b>158 024</b>	<b>158 024</b>	<b>22 994</b>	<b>88 623</b>	<b>90 329</b>	<b>(1 757)</b>	<b>-1.9%</b>	<b>158 024</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		-	-	-	-	-	-	-		-
Other capital transfers [insert description]										
Provincial Government:		-	1 483	1 483	-	-	544	(544)	-100.0%	1 483
Fire Service Capacity Building Grant			1 483	1 483	-	-	544	(544)	-100.0%	1 483
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
<b>Total capital expenditure of Transfers and Grants</b>		<b>-</b>	<b>1 483</b>	<b>1 483</b>	<b>-</b>	<b>-</b>	<b>544</b>	<b>(544)</b>	<b>-100.0%</b>	<b>1 483</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>-</b>	<b>159 507</b>	<b>159 507</b>	<b>22 994</b>	<b>88 623</b>	<b>90 873</b>	<b>(2 300)</b>	<b>-2.5%</b>	<b>159 507</b>



## 5. Councillor allowances and employee benefits (Table SC8)

DC3 Overberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages			3 936	3 936	330	1 929	1 968	(39)	-2%	3 936
Pension and UIF Contributions			202	202	17	100	101	(1)	-1%	202
Medical Aid Contributions			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			1 632	1 632	178	797	816	(18)	-2%	1 632
Cellphone Allowance			400	400	33	200	200	-	-	400
Housing Allowances			-	-	-	-	-	-	-	-
Other benefits and allowances			-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>			<b>6 169</b>	<b>6 169</b>	<b>558</b>	<b>3 026</b>	<b>3 084</b>	<b>(58)</b>	<b>-2%</b>	<b>6 169</b>
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages			3 199	3 199	393	1 440	1 723	(283)	-18%	3 199
Pension and UIF Contributions			5	5	11	67	3	64	2225%	5
Medical Aid Contributions			-	-	-	-	-	-	-	-
Overtime			-	-	-	-	-	-	-	-
Performance Bonus			144	144	-	-	77	(77)	-100%	144
Motor Vehicle Allowance			490	490	29	166	264	(98)	-37%	490
Cellphone Allowance			30	30	4	20	16	4	25%	30
Housing Allowances			8	8	0	3	4	(2)	-37%	8
Other benefits and allowances			26	26	-	-	14	(14)	-100%	26
Payments in lieu of leave			-	-	-	-	-	-	-	-
Long service awards			-	-	-	-	-	-	-	-
Post-retirement benefit obligations			-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>			<b>3 902</b>	<b>3 902</b>	<b>436</b>	<b>1 696</b>	<b>2 101</b>	<b>(405)</b>	<b>-19%</b>	<b>3 902</b>
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			71 401	71 401	5 046	34 767	38 447	(3 680)	-10%	71 401
Pension and UIF Contributions			11 251	11 251	896	5 419	6 058	(639)	-11%	11 251
Medical Aid Contributions			4 741	4 741	331	2 023	2 553	(530)	-21%	4 741
Overtime			1 783	1 783	257	1 159	960	199	21%	1 783
Performance Bonus			-	-	-	-	-	-	-	-
Motor Vehicle Allowance			5 213	5 213	383	2 341	2 807	(466)	-17%	5 213
Cellphone Allowance			394	394	33	198	212	(14)	-7%	394
Housing Allowances			716	716	50	282	386	(104)	-27%	716
Other benefits and allowances			2 960	2 960	349	2 048	1 594	454	28%	2 960
Payments in lieu of leave			470	470	3	295	253	42	17%	470
Long service awards			296	296	77	461	169	301	189%	296
Post-retirement benefit obligations			2 424	2 424	-	-	1 305	(1 305)	-100%	2 424
<b>Sub Total - Other Municipal Staff</b>			<b>101 651</b>	<b>101 651</b>	<b>7 423</b>	<b>48 992</b>	<b>54 735</b>	<b>(5 743)</b>	<b>-10%</b>	<b>101 651</b>
% increase	4		#DIV/0!	#DIV/0!						#DIV/0!
<b>Total Parent Municipality</b>			<b>111 722</b>	<b>111 722</b>	<b>8 417</b>	<b>53 714</b>	<b>59 921</b>	<b>(6 207)</b>	<b>-10%</b>	<b>111 722</b>

## 6. Material variances to the service delivery and budget implementation plan

<b>SUMMARY INCOME &amp; EXPENDITURE 2018/2019 EXCLUDING ROADS AGENCY</b>				
<b>Revenue by Source</b>	<b>Budget</b>	<b>Month Actual</b>	<b>YTD Actual</b>	<b>YTD Budget</b>
SERVICES CHARGES	R 9 921 491.00	R -	R -	R 4 960 745.50
RENT OF FACILITIES&EQUIPMENT	R 11 345 019.00	R 3 032.26	R 22 091.30	R 5 672 509.50
INTEREST EARNED-EXTERNAL INVES	R 1 400 000.00	R 20 039.40	R 452 998.74	R 700 000.00
INTEREST EARNED-OUTSTB DEBTORS	R 100.00	R 884 299.93	R 5 367 625.13	R 50.00
LICENSES & PERMITS	R 134 958.00	R 6 384.56	R 62 452.31	R 67 479.00
INCOME FOR AGENCY SERVICES	R 8 813 199.00	R -	R 2 937 733.00	R 4 406 599.50
GRANT&SUBSIDIES (OPERATING)	R 73 724 785.00	R 22 994 000.00	R 55 078 559.69	R 48 179 392.50
GRANT&SUBSIDIES (CAPITAL)	R 1 483 000.00	R -	R -	R 543 546.30
OTHER REVENUE	R 9 272 605.00	R 968 668.51	R 3 543 539.21	R 4 636 302.50
PROFIT ON SALE	R 2 960 000.00	R -	R 1 062 318.30	R -
	R 119 055 157.00	R 24 876 424.66	R 68 527 317.68	R 69 166 624.80
<b>Expenditure by Type</b>	<b>Budget</b>	<b>Month Actual</b>	<b>YTD Actual</b>	<b>YTD Budget</b>
EMPLOYEE COSTS-WAGES&SALARIES	R 66 718 009.00	R 5 023 493.82	R 31 468 960.11	R 35 925 081.77
REMUNERATION OF COUNCILLORS	R 6 168 774.00	R 558 327.89	R 3 025 735.07	R 3 084 387.00
BAD DEBTS	R -	R -	R -	R -
DEPRECIATION	R 3 101 298.00	R -	R 21 900.74	R 1 550 649.00
OTHER MATERIAL	R 2 270 998.00	R 53 488.77	R 1 284 180.05	R 1 135 499.00
INTEREST EXPENSE - EXTERNAL	R 5 618 250.00	R 5 799.60	R 89 427.63	R 2 809 125.00
CONTRACTED SERVICES	R 19 348 898.00	R 513 062.04	R 4 968 002.44	R 9 674 449.00
GRANTS & SUBSIDIES PAID	R -	R -	R -	R -
GENERAL EXPENSES - OTHER	R 14 218 978.00	R 2 716 291.20	R 6 980 478.10	R 7 109 489.00
LOSS ON DISPOSAL OF ASSETS	R -	R -	R -	R -
	R 117 445 205.00	R 8 870 463.32	R 47 838 684.14	R 61 288 679.77
<b>Total</b>	R 1 609 952.00	R 16 005 961.34	R 20 688 633.54	R 7 877 945.03

### Revenue by source

#### Reasons for variance:

-Total income to date is below anticipated with a variance of 0.92%

There is an allocation error between interest earned on outstanding debtors and rental of facilities and equipment. The net effect is however still correct.

### Expenditure by type:

#### Reasons for variance:

-Total expenditure is 21.95% lower than anticipated.

Some allocations for the current financial year is not yet allocated (e.g provisions and depreciation)  
Interest budget to date is calculated monthly while the loan is paid bi-annually

### Remedial:

Depreciation and other non-cash items to be journalised. Monthly budget allocation to be corrected in adjustment budget

**SUMMARY INCOME & EXPENDITURE 2018/2019 ROADS AGENCY**

Revenue by Source	Budget	Month Actual	YTD Actual	YTD Budget
SERVICES CHARGES	R -	R -	R -	R -
RENT OF FACILITIES&EQUIPMENT	R 10 000.00	R -	R 2 596.96	R 5 000.00
INTEREST EARNED-EXTERNAL INVES	R -	R -	R -	R -
INTEREST EARNED-OUTST DEBTORS	R -	R -	R -	R -
LICENSES & PERMITS	R -	R -	R -	R -
INCOME FOR AGENCY SERVICES	R -	R -	R -	R -
GRANT&SUBSIDIES (OPERATING)	R 84 299 321.00	R -	R 33 544 910.34	R 42 149 660.50
GRANT&SUBSIDIES (CAPITAL)	R -	R -	R -	R -
OTHER REVENUE	R 150 500.00	R 20 380.00	R 85 445.00	R 75 250.00
PROFIT ON SALE	R -	R -	R -	R -
	R 84 459 821.00	R 20 380.00	R 33 632 952.30	R 42 229 910.50
Expenditure by Type	Budget	Month Actual	YTD Actual	YTD Budget
EMPLOYEE COSTS-WAGES&SALARIES	R 38 835 300.00	R 2 835 419.75	R 19 219 260.74	R 20 911 315.38
REMUNERATION OF COUNCILLORS	R -	R -	R -	R -
BAD DEBTS	R -	R -	R -	R -
DEPRECIATION	R -	R -	R -	R -
OTHER MATERIAL	R 41 670 000.00	R 3 286 470.45	R 23 633 729.42	R 20 835 000.00
INTEREST EXPENSE - EXTERNAL	R 7 200.00	R -	R -	R 3 600.00
CONTRACTED SERVICES	R 350 000.00	R 70 323.03	R 292 129.63	R 175 000.00
GRANTS & SUBSIDIES PAID	R -	R -	R -	R -
GENERAL EXPENSES - OTHER	R 3 597 321.00	R 808 720.44	R 3 963 192.07	R 1 798 660.50
LOSS ON DISPOSAL OF ASSETS	R -	R -	R -	R -
	R 84 459 821.00	R 7 000 933.67	R 47 108 311.86	R 43 723 575.88
<b>Total</b>	R -	R -6 980 553.67	R -13 475 359.56	R -1 493 665.38

**Revenue by source**

**Reasons for variances:**

-Total revenue to date is significantly below budgeted projections. This is due to an advance received at year end (2018).

**Expenditure by type**

**Reasons for variances:**

-Total expenditure is below projections with a variance of 7.74% which is not considered material.

**Remedial:**

Roads revenue monthly budget allocation to be adjusted in adjustment budget

## 7. Capital programme performance

Municipal vote	Project Description	Amount	Year to Date	% of Budget Spent
Municipal Manager	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Municipal Manager	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Internal Audit	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Internal Audit	Purchase Furniture and Office Equipment	R 6 000.00	R 2 445.22	41%
Performance & Risk Management	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Performance & Risk Management	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
IDP & Communication	Purchase Computer Equipment and hardware	R 12 000.00	R 1 652.17	14%
IDP & Communication	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Directorate Corporate Services	Purchase Computer Equipment and hardware	R 15 000.00	R -	0%
Directorate Corporate Services	Purchase Furniture and Office Equipment	R 20 000.00	R -	0%
Directorate Corporate Services	Purchase Electrical Appliances	R 10 000.00	R -	0%
Directorate Corporate Services	Purchase and installation smoke detector	R 50 000.00	R -	0%
Directorate Corporate Services	Installation of airconditioners	R 25 000.00	R -	0%
Human Resources	Purchase Projector Screen	R 5 000.00	R -	0%
Human Resources	Purchase Voice recorder	R 1 500.00	R -	0%
Human Resources	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Human Resources	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Information Services	Purchase Computer Equipment and hardware	R 50 000.00	R -	0%
Information Services	Purchase Communication equipment	R 6 000.00	R -	0%
Committee Services, Records Management and Council Support	Purchase Furniture and Office Equipment	R 6 000.00	R 6 184.00	103%
Committee Services, Records Management and Council Support	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Committee Services, Records Management and Council Support	Purchase Airconditioners	R 60 000.00	R 18 777.38	31%



## Capital programme performance continued

Municipal vote	Project Description	Amount	Year to Date	% of Budget Spent
Financial Services	Purchase Computer Equipment and hardware	R 12 000.00	R -	0%
Financial Services	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Expenditure Management	Purchase Computer Equipment and hardware	R 230 000.00	R -	0%
Expenditure Management	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Supply Chain Management	Purchase Computer Equipment and hardware	R 12 000.00	R 2 051.00	17%
Supply Chain Management	Purchase Furniture and Office Equipment	R 6 000.00	R -	0%
Supply Chain Management	Purchase and installation Smoke detector	R 30 000.00	R -	0%
Supply Chain Management	Installation of safety gates	R 8 000.00	R -	0%
Municipal Health Services	Purchase Furniture and Office Equipment	R 6 000.00	R 4 102.00	68%
Municipal Health Services	Purchase Computer Equipment and hardware	R 15 000.00	R -	0%
Municipal Health Services	Upgrade of Office building	R 180 000.00	R -	0%
Environmental Management	Purchase Furniture and Office Equipment	R 10 000.00	R 4 460.44	45%
Environmental Management	Purchase Computer Equipment and hardware	R 34 000.00	R 9 149.22	27%
Emergency Services	Purchase Rescue Equipment	R 1 883 000.00	R 545 905.91	29%
Emergency Services	Purchase Fire Fighting vehicle	R 1 800 000.00	R 1 271 841.60	71%
Led, Tourism, Resorts & EPWP	Purchase Plant and equipment for resorts	R 15 000.00	R 1 734.78	12%
Led, Tourism, Resorts & EPWP	Upgrade Sewerage Plant - Uilenkraalsmond	R 100 000.00	R -	0%
Led, Tourism, Resorts & EPWP	Upgrade ablution facilities (Die Dam)	R 300 000.00	R -	0%
Led, Tourism, Resorts & EPWP	Upgrading of boilers (Die Dam)	R 100 000.00	R -	0%
Led, Tourism, Resorts & EPWP	Purchase of mobile toilets (Die Dam)	R 50 000.00	R -	0%
Led, Tourism, Resorts & EPWP	Upgrade of water network at Die Dam	R 400 000.00	R 49 739.13	12%
Led, Tourism, Resorts & EPWP	Purchase Furniture and Office Equipment	R 90 000.00	R -	0%
Led, Tourism, Resorts & EPWP	Installation of fencing - Uilenkraalsmond	R 120 000.00	R -	0%
Solid Waste	Develop a cell at Karwyderskraal	R 26 977 041.00	R 13 551 105.53	50%
Roads	Computer Equipment	R -	R 5 312.12	100%
		<b>R 32 740 541.00</b>	<b>R 15 474 460.50</b>	<b>47%</b>

## 8. Capital budget expenditure (SC12)

DC3 Overberg - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2017/18	Budget Year 2018/19							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<b>Monthly expenditure performance trend</b>									
July		2 000	2 000	1 648	1 648	2 000	352	17.6%	14%
August		2 000	2 000	15	1 663	4 000	2 337	58.4%	14%
September		2 000	2 000	3 278	4 941	6 000	1 059	17.7%	41%
October		2 000	2 000	3 386	8 327	8 000	(327)	-4.1%	69%
November		2 000	2 000	5 085	13 411	10 000	(3 411)	-34.1%	112%
December		2 000	2 000	2 063	15 474	12 000	(3 474)	-29.0%	129%
January						12 000	-		
February						12 000	-		
March						12 000	-		
April						12 000	-		
May						12 000	-		
June						12 000	-		
<b>Total Capital expenditure</b>	-	12 000	12 000	15 474					

## 9. Non-financial performance

The assessment of the performance on the Top Layer SDBIP for the first six months of the financial year (01 July 2018 – 31 December 2018) includes a detailed review of:

- The actual performance on the Top Layer SDBIP against the service delivery targets contained in the approved 2018/2019 Top Layer SDBIP (Annexure A). The report also includes performance comments, corrective measures and the effect on KPI's performed.

The graphs below indicate the actual performance for the Top Layer 2018/2019 SDBIP.

Only 22 of the 46 KPI's (47.83%) were measured during the first six months of the financial year, which includes 3 KPI's with target dates after December 2018 (TL 4, TL 6 and TL 38). Two of these KPI's are currently being addressed to ensure that the annual targets are met at June 2019. KPI's TL 6 was addressed before the target date, as a need was identified by DLG to report progress as and when provided by the B-Municipalities. The report and graphs reflects these KPI's as extremely well met during this period.

Two (2) KPI's (TL 40 and 46) were not met. The underperformance on TL 46 (Signing of MOU with Department of Social Development) was due to delays in the process (see performance comment - Annexure A), but will be addressed early in the second semester. During the semester corrective measures were put in place where targets were not informed as planned.

The Municipal Manager will ensure that appropriate measures are implemented by the Directorates in order to fast-track the actual performances in the areas where the mid-year reflects the under performance in the SDBIP.

KPI's not met during the period:

- TL 40 – Regravelling of roads
- TL 46 – Signing of MOU

KPI's that were well met during the period

- TL 21 – Drinking water samples
- TL 23 – Inspect waste management sites
- TL 24 – Sewerage water samples
- TL 25 - Food premises inspections
- TL 26 – EPWP training
- TL 41 – Roads bladed

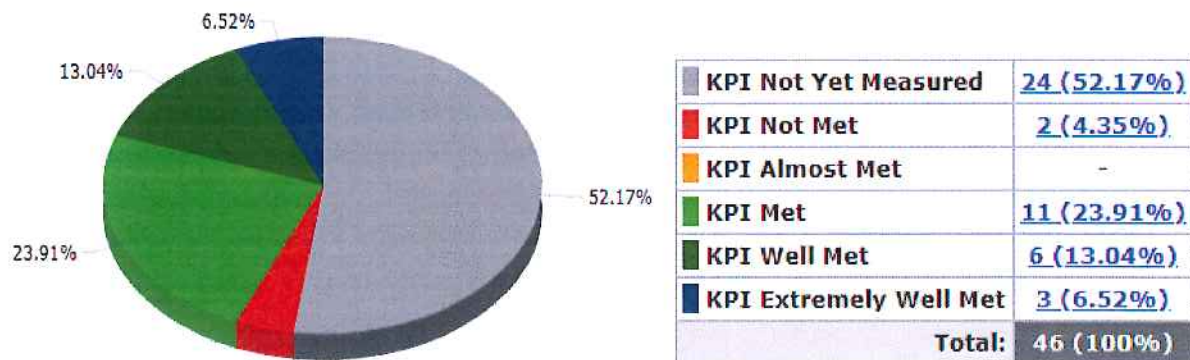
Reasons for over and under performance are provided in Annexure A. The report also indicates which KPI's are affected and needs to be amended and the reason for the amendments.

It is also necessary to adjust the capital projects, after the re-evaluation of the Capital Budget needs.

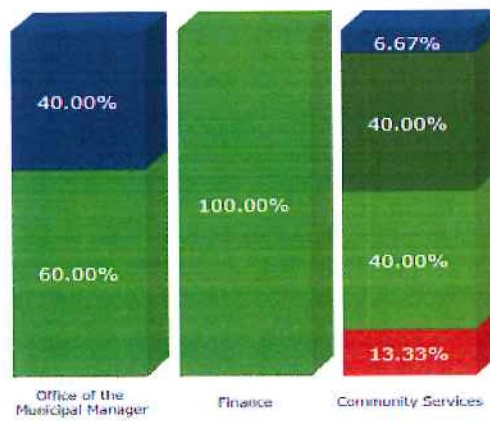
**Conclusion:**

It is recommended that the 2018/2019 SDBIP be reviewed the after the adoption of the adjustment budget.

*Top Layer SDBIP for the first six month of the financial year – ending December 2018*



### Directorate



	Office of the Municipal Manager	Finance	Community Services
KPI Not Met	-	-	<u>2 (13.33%)</u>
KPI Almost Met	-	-	-
KPI Met	<u>3 (60.00%)</u>	<u>2 (100.00%)</u>	<u>6 (40.00%)</u>
KPI Well Met	-	-	<u>6 (40.00%)</u>
KPI Extremely Well Met	<u>2 (40.00%)</u>	-	<u>1 (6.67%)</u>
<b>Total:</b>	<b>5 (22.73%)</b>	<b>2 (9.09%)</b>	<b>15 (68.18%)</b>



## Half-year report by Audit and Audit Performance Committee

### OVERBERG DISTRICT MUNICIPALITY HALF-YEARLY REPORT BY THE AUDIT AND PERFORMANCE AUDIT COMMITTEE: 1 JULY TO 31 DECEMBER 2018

#### 1. Introduction

The Audit Committee of the Overberg District Municipality, appointed in terms of section 166 of the Municipal Finance Management Act, no 56 of 2003 was also appointed by the Council to serve as the Performance Audit Committee in accordance with Regulation 14(2)(a) published in Government Notice R796 of 24 August 2001 in terms of the Local Government Municipal Systems Act, no 32 of 2000. In accordance with regulation 14(4)(a)(iii) of the same Regulations a performance audit committee must at least twice during the financial year submit an audit report to the municipal council concerned. This report is submitted in compliance with the requirement and covers the period 1 July to 31 December 2018.

#### 2. Membership

The Audit and Performance Audit Committee consists of four members:

PAL Strauss (Chairperson)
CCC Pieters
DM Farenhem
HJ Jansen van Rensburg

#### 3. Meetings

Date	Topic	PAL Strauss	CCC Pieters	DM Farenhem	HJ Jansen van Rensburg
17/8/2018	Draft AFS	√	√	√	√
28/8/2018	Draft Performance Report	√	√	√	√
21/09/2018	Quarterly meeting	√	√	√	√
05/12/2018	Quarterly meeting	√	√	√	√

#### 4. Quarterly reports

Section 45 of the Municipal Systems Act, 32 of 2000 provides that the results of performance measurements must be audited as part of the Council's internal auditing processes. In terms of regulation 14(1)(b) of the Municipal Planning and Performance Management Regulations the auditing must include assessments of the following:

- (i) The functionality of the municipality's performance management system;
- (ii) Whether the performance management system complies with the Act; and
- (iii) The extent to which the performance measurements are reliable in measuring performance.

In compliance with the abovementioned requirements the Council's Internal Audit Services performed an audit on the Municipality's measurements, also referred as Predetermined Objectives for the fourth quarter of 2017/2018 financial year and the first quarter of 2018/2019, including the Top Level SDBIP reports. The Committee considered the Internal Audit reports and any comments and recommendations were recorded and submitted to the Council.

**5. Annual Internal Audit Report on Performance Management 2017/2018**

The committee considered the Internal Audit report on the audit of the municipality's performance assessment, also referred to as Predetermined Objectives and the Annual Report 2017/2018. The objectives of the Internal Audit review were to ensure that the performance information was adequate, complete, correct and reliable, that the relevant laws and regulations were complied with in the overall performance management system, processes and procedures and that the performance measurements were reliable in measuring the performance of the municipality.

Based on the review it was concluded that the system complied with MFMA, Circular no 63 and MSA S45(a) and that, based on the samples selected, performance information was adequate reliable.

**6. Annual performance appraisal section 56/57 employees**

Performance appraisal took place on 22 November 2018 and was only done for the Municipal Manager as the CFO resigned on 30 June 2018 and was not eligible for a performance bonus in terms of his services contract and performance contract. The Director Community Services only commenced service on 6 June 2018. The Chairperson, Mr P Strauss represented the Audit and Performance Audit Committee. The appraisal session were conducted in a professional manner, chaired by the Mayor. The municipal manager was allowed ample opportunity to motivate his self-assessment and was present when the points allocation was done.

**7. Clean Audit**

The Committee want to congratulate the Municipality for achieving its 4<sup>th</sup> consecutive clean audit for the 2017/18 financial year.

**8. Areas of satisfaction**

The Committee would like to express its satisfaction with the following:

- a) The achievement of a clean audit for the 2017/18 financial year,
- b) The level of communication between all levels of the Municipality, Council, MAYCO and Management
- c) The effectiveness of the internal audit function
- d) The progress made on risk management
- e) The improved financial position of the Municipality
- f) There is a high level of compliance in the Municipality
- g) Good relationship with the Auditor-General
- h) The finalisation of the Karwyderskraal Landfill site
- i) Progress with the Dennehof resort

**9. Continuous monitoring required**

The following areas need continuous monitoring by Council and Management:

- a) Supply chain and supply chain practises
- b) The filling of key positions
- c) Clearing of audit findings and resolving of outstanding matters
- d) ICT related risks

10. Conclusion

We thank the Executive Mayor and management for their cooperation and trust that the Committee will continue to assist the Council in providing the best services to the public of the Overberg.

A handwritten signature in black ink, appearing to read 'PAL Strauss', written in a cursive style.

PAL Strauss  
Chairperson  
17 January 2018

**9. Municipal Manager's quality certification**

**QUALTY CERTIFICATE**

I, **DP Beretti**, the Municipal Manager of **Overberg District Municipality**, hereby certify that-

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid-year budget and performance assessment

For the month of December 2018 has been prepared in accordance with the Municipal Finance Management Act and regulation made under that Act.

Print Name DAVID BERETTI

Municipal Manager of Overberg District Municipality –DC3

Signature 

Date 23.1.2019

### Overberg District Municipality SDBIP 2018/2019: Top Layer SDBIP Report - Mid-year reeport ending December 2018

Ref	Strategic Objective	Municipal KPA	KPI	Unit of Measurement	Annual Target	Sep-18			Dec-18			Overall Performance for July 2018 to Dec 2018		Corrected measures on Mid-year Performance			
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R		Performance Comment	Corrective Measures	
TL1	To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development	Municipal Transformation & Institutional Development	People from employment equity target groups employed in the three highest levels of management per annum	Number of people employed in the three highest levels of management per annum	1	0	0	A				0	0				
TL2	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Develop a Risk-based Audit Plan (RBAP) for 2018/19 financial year by June 2019	Annual RBAP developed	1	0	0	A				0	0				
TL3	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Execute audit projects in terms of the Risk Base Audit Plan (RBAP)	Number of audits executed per annum	14	3	3	G	Year-end Stock procedures Eunomia Compliance - Expenditure 2017/2018 OPCAR review		4	4	4	Eunomia Compliance: Fire Brigade Services Governance Review Risk Management General controls: Ulitenkraalsmond	7	7	



TL4	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Facilitate awareness campaigns on the IDP by June 2019	Number of IDP awareness campaigns facilitated per annum	2	0	0	0	0	0	0	0	0	1	0	1	Awareness campaign conducted with Agulhas School of Skills on 2 November 2018	1	0	1
TL5	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Publishing of External Newsletters bi-annually to Stakeholders	Number of external newsletters published per annum	2	0	0	0	0	1	1	1	1	1	1	1	External Newsletter compiled and distributed to stakeholders on 21/12/2018	1	0	1
TL6	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Table to Strategic Portfolio Committee a progress report at March 2019 on the legislative Review governing Ward Committees and Community Participation	Progress report tabled	1	0	0	0	0	0	0	0	0	1	0	1	Progress Report: Legislative Review tabled to Strategic Services Portfolio Committee on 19/11/2018, Item 7.4	1	0	1
TL7	To ensure good governance practices by providing a democratic and pro-active accountable government and ensuring community participation through IGR Structures	Good Governance and Community Participation	Prepare Top Layer SDBIP for approval by Mayor within 28 days after the adoption of 2019/2020 budget	Top Layer SDBIP submitted to Mayor for approval	1	0	0	0	0	0	0	0	0	0	0	0		0	0	0







TL17	To attain and maintain financial viability and sustainability by executing accounting services in accordance with National policy and guidelines	Municipal Financial Viability and Management	Compile and submit Annual Financial Statements to the Auditor-General by 31 August 2018	Annual Financial Statements submitted to the Auditor-General	1	1	1	1	1	0	0	0					1	
TL18	To attain and maintain financial viability and sustainability by executing accounting services in accordance with National policy and guidelines	Municipal Financial Viability and Management	Report bi-annually to Council on the performance of service providers for quotations and tenders above R30000	Number of reports submitted to Council per annum	2	0	0	1	1	1	1	1	Tabled suppliers performance for the period 01/01/2018 - 30/06/2018 to Council on 3/12/2018, Item A296				1	
TL19	To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy	Regional Economic Development	Coordinate and facilitate two SCM/LED Open days by 30 June 2019	Number of SCM/LED open days coordinated and facilitated per annum	2	0	0	0	0	0	0	0					0	
TL20	To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy	Regional Economic Development	Invite service providers to register on the suppliers database by 30 June 2019	Invitation placed in local media	1	0	0	0	0	0	0	0					0	
TL21	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Take domestic drinking water samples in towns and communities to monitor water quality (SAN 241 as amended)	Number of samples taken per annum	480	130	184	110	146	240	330	330	October - 50 November - 57 December - 39  Follow-up samples were done due to non-compliance of Water Service Authorities					

				400	0	0	0	0	0	0	0	0	0	0	0	0	0
TL22	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Take food samples to monitor the quality of Food to the FCD Act and legislative requirements	Number of samples taken per annum	400	0	0	0	0	0	0	0	0	0	0	0	0
TL23	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Inspect waste management sites wrt generators and couriers of medical waste according to Municipal Health By-Law of Council	Number of sites inspected per annum	120	0	0	0	60	0	60	68	60	60	68	60	68
TL24	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Take water sample at Sewerage final Outflow to monitor water quality (SAN 241 as amended)	Number of samples taken per annum	160	40	40	40	40	40	56	56	80	80	96	96	96
TL25	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Inspect Food Premises according to Regulation R.962	Number of food Premises inspected per annum	1,560	390	447	390	390	390	423	423	780	780	870	870	870
TL26	To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy	Regional Economic Development	Coordinate EPWP training campaigns on municipal health matters in the Overberg by June 2019	Number of EPWP training held per annum	300	75	18	75	75	75	133	133	150	150	151	151	151

Comment: The measurement must be adjusted to ensure alignment with target. (Number of EPWP participants trained per annum)

July - 10  
August - 11  
September - 13  
October - 10  
November - 17  
December - 7  
New applications and follow-up inspections necessitated that more inspections be carried out

October - 28  
November - 17  
December - 11  
A sewerage spill in the Swellendam area necessitated that follow-up samples be taken

October - 171  
November - 137  
December - 115  
New applications and follow-up inspections necessitated that more inspections be carried out

75 beneficiaries trained in Swellendam Municipal area and 58 in Cape Agulhas Municipal area  
The backlog of 57 from the previous quarter was addressed during the

The backlog of 57 together with the target of the second quarter needs to be addressed during the second quarter in CAM and Swellendam area

18 EPWP beneficiaries were training on 11 & 12 September 2018 in CAM area.  
Only 18 beneficiaries reacted on the advertisement for training.

TL27	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Report quarterly to the Community Services Portfolio Committee on the activities of the Municipal Coastal Committee	Number of reports submitted per annum	4	1	1	1	Report submitted on G 20/09/2018, item 7.1			2	2	Report tabled on C 19/11/2018, item 7.1	1	1	2
TL28	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Report annually to the Community Portfolio Committee on the outcome of Karwyderskraal Landfill site adherence to the permit conditions by June 2019	Report submitted to the Community Portfolio Committee	1	0	0	0				0	0		0	0	0
TL29	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Report quarterly to the Community Portfolio Committee on the activities of the Regional Waste Forum	Number of reports submitted per annum	4	1	1	1	Report submitted on G 20/09/2018, item 7.1			2	2	Report tabled on C 19/11/2018, item 7.1	1	1	2
TL30	To promote regional economic development by supporting initiatives in the District for the development of a sustainable district economy	Regional Economic Development	Create temporary job opportunities through the alien vegetation clearing initiatives by 30 June 2019	Number of job opportunities created per annum	15	0	0	0				0	0		0	0	0
TL31	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Develop cell 4 at Karwyderskraal Landfill site by June 2019	Cell 4 developed	1	0	0	0				0	0		0	0	0
TL32	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Table the revised Disaster Risk Management Plan to Council by 30 June 2019	Revised Disaster Management Plan tabled to Council	1	0	0	0				0	0		0	0	0

TL33	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Table to Council the Revised Disaster Management Framework by 30 June 2019	Revised Disaster Management Framework tabled to Council	1	0	0	0	0	0	0	0	0	0	0	0	0	0
TL34	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Revised Safer Communities Project Plan and tabled to Community Services Portfolio Committee by December 2018	Revised Safer Community Project Plan tabled	1	0	0	0	1	1	1	1	1	1	1	1	1	1
TL35	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Present Revised Festive and Fire Season Readiness Plan by 1 December 2018 to DCF Tech	Revised Festive and Season Readiness plan presented	1	0	0	0	1	1	1	1	1	1	1	1	1	1
TL36	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Construction of a Fire Station at Caledon by June 2019	Fire Station constructed	1	0	0	0	0	0	0	0	0	0	0	0	0	0
TL37	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Report quarterly to the DCF Tech on drought and water security	Number of drought and water security reports submitted per annum	4	1	1	1	1	1	1	1	1	1	1	1	1	1
TL38	To ensure the well-being of all in the Overberg through the provision of efficient basic services and infrastructure	Basic Services and Infrastructure	Facilitate integrated fire management sessions with land owners in the Overberg by June 2019	Number of sessions facilitated per annum	8	0	3	3	0	2	2	2	2	2	2	2	2	2

Comment: Target to be adjusted to O. Tenders received were higher than the budget available. The approached to be followed is to build the station in phases

Reported on 09/11/2018, Item 5.4

Reported on 7 September 2018 to DCF Tech, Item 5.9 (2)

3 Integrated Fire sessions were held in the first quarter 18/09/2018 - Caledon Noord  
Boerevereniging 20/09/2018 - Babylonstoren BV  
25/09/2018 - Strandveld FMU

2 Integrated Fire sessions were held in the quarter  
FPA Board meeting - 26/11/2018  
Fire Working Group meeting and launch of fire season - 05/12/2018





